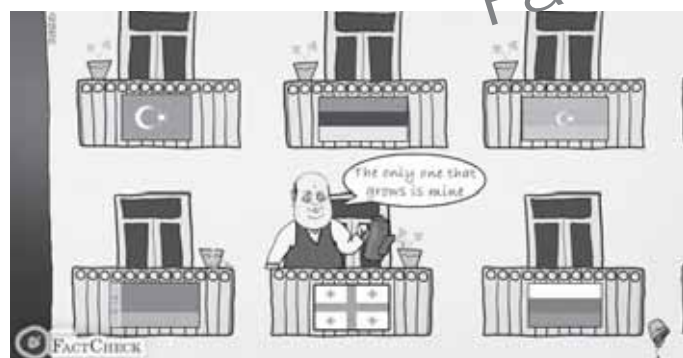




Nodar Khaduri:

Minister of Finance of Georgia

“Georgia is the only country in the region with a growing economy.”



Zviad KHORGUASHVILI
FactCheck

On 7 March 2015, the Minister of Finance of Georgia, Nodar Khaduri, stated that Georgia is the only country in the region with a growing economy. FactCheck took interest in this statement and verified its accuracy.

It should be pointed out that the Minister of Finance of Georgia made a statement about economic growth on 5 February 2015 as well. He said that Georgia would have higher economic growth than Azerbaijan, Armenia, Moldo-

va, Belarus and Russia in 2015. FactCheck believes that the Minister of Finance of Georgia relied upon the data of the European Bank for Reconstruction and Development (EBRD) when making this statement.

It should be noted that the Government of Georgia reassessed its economic forecasts soon after. On 25 February 2015, in about three weeks after this statement, the Minister of Economy and Sustainable Development of Georgia, Giorgi Kvirikashvili, stated that the economic growth of Georgia would be up to 2% in 2015.

As for the 7 March 2015 statement of the Minister of Finance of Georgia, FactCheck looked into the economic fore-

casts of four different international organisations.

According to the chart, the statement of the Minister of Finance of Georgia is not compatible with any of the data. Georgia is not the only country in the region with positive economic dynamics. The Government of Armenia had planned a 4.2% economic growth for 2015 whilst the Central Bank of Armenia scaled down the growth to 0.4%-2%. As for Azerbaijan, it planned a 1.5% economic growth whilst the most recent economic forecasts for Turkey show a 3.8% economic growth. As for Russia, according to the Russian Central Bank, a 4% economic recession should be expected in 2015.

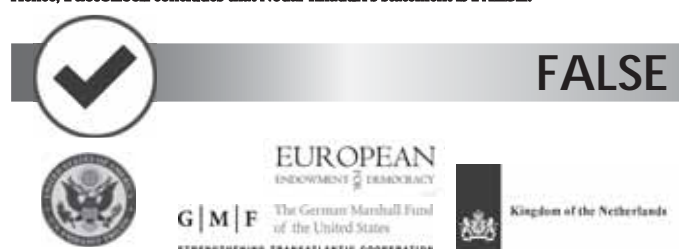
Chart 1: Economic Growth Forecasts for 2015

Countries	EBRD Forecast	World Bank Forecast	IMF Forecast	United Nations Forecast	National Banks/ Governments' Forecast
Armenia	0.0%	3.3%	3.5%	4.0%	0.4%-2%
Moldova	0.0%	3.0%	3.5%	3.5%	-
Belarus	-1.5%	1.8%	1.5%	2.5%	-0.5%
Azerbaijan	1.5%	4.4%	6.5%	4.2%	1.5%
Russia	-4.8%	-2.9%	0.5%	0.2%	-4.0%
Georgia	4.2%	5.0%	5.0%	4.8%	2.0%
Turkey	3.0%	3.5%	3.0%	3.3%	3.8%

Source: EBRD, World Bank, IMF, United Nations

CONCLUSION

On 5 February 2015, the Minister of Finance of Georgia, Nodar Khaduri, stated that Georgia would have the highest economic growth in the region which was in accordance with the economic forecasts of the European Bank for Reconstruction and Development (EBRD); however, this forecast was soon altered by the government itself and a 2% economic growth was determined as a forecast for 2015. On 7 March 2015, the Minister of Finance of Georgia stated that Georgia would be the only country in the region with a growing GDP. FactCheck looked into the forecasts of four international organisations such as the EBRD, World Bank, International Monetary Fund and the United Nations. None of these forecasts confirms the statement of Mr Khaduri. FactCheck also managed to obtain the forecasts of the national banks and governments of the countries throughout the region. Of Georgia's neighbours, only Russia is expecting a recession in 2015 whilst the economic forecasts of the others are positive. Hence, FactCheck concludes that Nodar Khaduri's statement is FALSE.



Zurab Japaridze:



“Not a single new investor has entered Georgia's energy sector in the last two years.”

Teona ABSANDZE
FactCheck

On 22 February 2015, on air on the Rustavi 2 TV channel, a member of the United National Movement, Zurab Japaridze, stated: “Not a single new investor has entered Georgia's energy sector in the last two years.” Neither the National Statistics Office of Georgia nor the Ministry of Energy and Natural Resources of Georgia keep annual statistics concerning new investors which have entered Georgia's energy sector and the amount of foreign capital invested therein. The Ministry of Energy of Natural Resources of Georgia sent FactCheck a list of those companies which signed memoranda with the Ministry on carrying out new investment projects in the period of 2013-2014 (the signing dates are indicated in the parentheses).

1. Hydrolea LTD (11.09.2013)
2. Austrian-Georgian Development LTD (12.09.2013)
3. Georgian Hydro Power LLC (22.10.2013)
4. Royal Haskoning DHV (Pty) LTD (30.10.2013)
5. Ahlatci Enerji Sanayi ve Ticaret A.S. (11.10.2014)
6. Calik Enerji Sanayi ve Ticaret A.S. (11.10.2014)
7. JSC Svaneti Hydro (31.10.2014)
8. Bugato Energy LLC (07.02.2014)
9. JSC Supsa Energy (12.03.2014)
10. JSC Georgian Energy Development Fund (08.04.2014, 22.09.2014, 17.07.2014)
11. Trialeti 2013 LTD (16.05.2014)
12. Mardhouse LTD (19.05.2014)
13. Energo Windpower LLC (23.05.2014)
14. Georgian International Energy Corporation LTD (16.06.2014)
15. Eg LTD (16.06.2014)

FactCheck decided to obtain more information regarding these companies and the in-

vestments they made.

For instance, the founder of Hydrolea is a Bulgarian company, Crosscountry Capital EAD. In 2014, Hydrolea completed the construction work for the Akhmeta HPP in the Akhmeta district. The Hydrolea company will construct three new HPPs on the Rivers Kasleti and Darchi-Osmeleti in the Mestia municipality. FactCheck contacted the director of Hydrolea, Dali Mikuchadze, who stated that Hydrolea was registered in July 2012 with the plan to construct the Akhmeta HPP also elaborated in 2012.

Calik Enerji is a Turkish company which, according to its signed memorandum, has taken the obligation to construct cascade HPPs (Alpana and Sadmeli HPPs) on the River Rioni in the Racha-Lechkhumi and Kvemo Svaneti region. The construction work is scheduled to start in 2017 and be completed in 2021. The Turkish company also carries out construction work for the Gardabani Cycle Power Plant (CPP) which started in 2014. However, the memorandum on the construction of the CPP was signed much earlier, in August 2012.

In regard to new investors which have come to Georgia in the exact period of 2013-2014, one prominent example is the largest Indian transnational company-conglomerate, Tata Group, which entered Georgia in 2013. Its daughter company, Tata Power International, together with the Clean Energy company and the IFC InfraVentures Fund, signed an agreement in 2013 to construct cascade HPPs in the Ajara region.

According to the information obtained from the Ministry of Energy and Natural Resources of Georgia, the Korean company, K Water, started to invest in the construction of new HPPs on the territory of Georgia in 2014.

That according to the National Statistics Office of Georgia, the amount of total foreign direct investments in the energy sector equalled USD 99 million in 2014 which is 60% less than in 2013. It needs to be mentioned that the volume of real production in the energy production and energy distribution sectors decreased by 2.8% in 2014.

CONCLUSION

Several foreign companies started to carry out new investment projects in Georgia in 2013 and 2014. In the same period, new investors, including Tata Power International and the Korean, K Water, entered Georgia's energy sector. It must be noted that the biggest chunk of foreign direct investments in 2011-2013 was made in the energy sector. However, there was a 60% decline in the volume of investments in the field of energy in 2014 as compared to 2013. Even though investments and production in the energy sector decreased in 2014, the assessment of the MP in regard to new investors is incorrect. Therefore, FactCheck concludes that Zurab Japaridze's statement is MOSTLY FALSE.

