

# FactCheck



MINISTER OF ECONOMY AND SUSTAINABLE DEVELOPMENT OF GEORGIA



## Dimitri Kumsishvili:



### “In the first three months of 2016, the number of international visitors grew by 14.7%.”



Mariam CHACHUA  
FactCheck

On 4 April 2016, the Minister of Economy and Sustainable Development of Georgia, Dimitri Kumsishvili, discussed tourism statistics. As he stated, the number of international visitors increased significantly in March of this year. Mr Kumsishvili made emphasis upon the income from tourism and noted that Georgia received USD 2 billion in income from tourism in 2015 whilst this amount has increased by GEL 148 million so far in 2016.

FactCheck verified the accuracy of the statement.

According to the data of the Georgian National Tourism Administration, the number of international visitors reached 1,134,436 in the first quarter of 2016 which is 14.7% more as compared to the number of international visitors registered in the first quarter of the previ-

ous year. The share of visitors who spent one day in the country was 47.4% whilst the share of tourists was 35.9%.

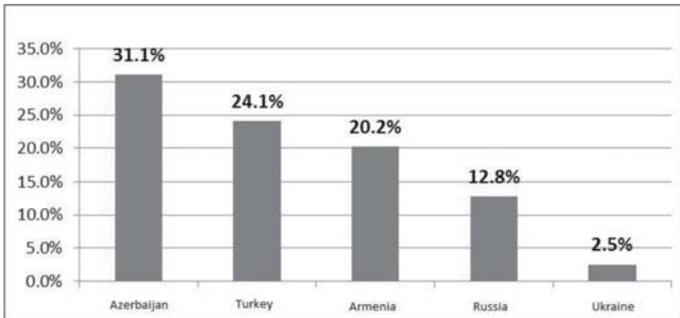
Of note is that the number of one-day entrees increased by 24% as compared to the previous year and the number of tourists increased by 15%. The number of international visitors increased by 64,600 (16.7%) in March 2016 as compared to March 2015. Of this number, the amount of tourists increased by 33,800 (24.8%). The majority of the visitors were from Azerbaijan, Turkey and Armenia.

According to the data of the National Bank of Georgia, tourism incomes increased by 8.3% in 2015 and reached USD 1.9 billion. The National Bank has not yet published the data of the first quarter of 2016 and, therefore, it is currently not possible to assess the extent to which tourism incomes have increased. According to the information of the Georgian National Tourism Administration, the total amount of transactions made by foreign bank cards was

GEL 219 million in the first two months of 2016 which is GEL 47 million more as compared to the same period of the previous year. Additionally, we can assume that tourism incomes have increased as well in parallel with the increased number of visitors.

Of important note is that the introduction of the visa-free regime on 15 February 2016 has significantly affected the growth in the number of visitors. For example, the number of visitors from Iran increased twelvefold in March 2016 and reached 13,651. Of additional mention, too, is that the Government of Georgia started to introduce stricter visa regulations beginning from September 2014 which had a significantly negative impact upon the number of visitors and tourists coming to Georgia. After approximately one year, the Government of Georgia admitted that the policy was an error and started to improve the situation through the simplification of visa regulations by legislative means.

Graph 1: Top Five Countries in Terms of Rising Number of Tourists



Source: Georgian National Tourism Administration

## CONCLUSION

IN 2016, THE NUMBER OF INTERNATIONAL VISITORS INCREASED BY 14.7% AND REACHED 1,134,436. THE NUMBER OF TOURISTS (VISITORS WHO SPEND MORE THAN 24 HOURS IN THE COUNTRY) AMOUNTS TO 35.6%. TOGETHER WITH THE INCREASED NUMBER OF VISITORS, TOURISM INCOME HAS PRESUMABLY ALSO INCREASED. HOWEVER, AS THE NATIONAL BANK OF GEORGIA HAS NOT YET PUBLISHED THE BALANCE OF PAYMENTS STATISTICS, IT IS CURRENTLY NOT POSSIBLE TO MAKE AN ACCURATE ASSESSMENT. OF PARTICULAR NOTE IS THAT THE VOLUME OF TRANSACTIONS MADE BY FOREIGN BANK CARDS IN THE PERIOD OF JANUARY-FEBRUARY 2016 INCREASED BY GEL 47 MILLION AS COMPARED TO THE SAME PERIOD OF THE PREVIOUS YEAR. ADDITIONALLY, AFTER THE TERMINATION OF THE VISA REGIME WITH IRAN, THE NUMBER OF IRANIAN TOURISTS HAS ALSO INCREASED SIGNIFICANTLY.

FACTCHECK CONCLUDES THAT DIMITRI KUMSISHVILI'S STATEMENT IS TRUE.

### TRUE



EUROPEAN ENDOWMENT OF DEMOCRACY

G|M|F

The German Marshall Fund of the United States



Kingdom of the Netherlands

STRENGTHENING TRANSATLANTIC COOPERATION

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# Savers just outnumber fun-lovers internationally



The FINANCIAL

## are evenly divided

Internationally, people with a 'save now' mindset just outnumber people with a 'have fun now' mindset – but the numbers are very close. GfK asked over 27,000 internet users across 22 countries to say how strongly they agree or disagree with the statement "I want to enjoy life today and will worry about savings and investments later".

Internationally, a third (34 percent) of online consumers say they agree – made up of 12 percent who agree completely, and 22 percent who agree somewhat. The numbers disagreeing are slightly higher, standing at 38 percent overall – made up of 14 percent who disagree strongly and 24 percent who disagree somewhat. A further quarter (25 percent) say they are neutral, neither agreeing nor disagreeing.

Although a third (33 percent) of women internationally agree with enjoying life now and worrying about financial security later, a greater number (40 percent) disagree. Men, however, are more evenly divided with 36 percent agreeing and 35 percent disagreeing.

## Twenty-somethings beat teenagers on percentage of fun-lovers

Online consumers aged 20-29 years old have the highest percentage of fun-lovers of any age group, with 41 percent agreeing with having fun now and worrying about savings later. Teenagers (15-19 years old) and those aged 30-39 years old come next – standing almost equal at 37 percent and 36 percent respectively.

And a quarter (26 percent) of people aged 50-59 years old and 60+ years old also agree with living for today.

On the other end of the scale, the numbers showing a more 'save now' mindset increases fairly steadily with each age group. This starts at a third (34 percent) of both teenagers and 20-29 year olds and peaks at 43 percent of 50-59 year olds and 42 percent of those aged 60 and over.

## Hong Kong is only country where the majority favor saving today

Hong Kong stands out as the only country where more than half of the online population show a 'save now' mindset. In this country, 54 percent disagree with the idea of enjoying life today and worrying about savings and investments later. The Czech Republic runs second with 49 percent disagreeing, followed by Brazil with 45 percent.

# We May not be Hungry, But We Are Starving...

Continued from p. 2

What is even more interesting is that the money devoted to food is not spent to maximize the calories or micronutrients intake. Studies in India, Morocco and in some other countries showed that increase in purchasing power does not always result in better nutrition because there are too many other things, the so called "cheap luxuries", which are competing with food. Examples of cheap luxuries are TVs, mobile phones, computers - things that are considered by many people to be more important than food. Another "competitor" to food is the spending on various social events like funerals, weddings, birthdays etc. Frequently people are forced to spend on these types of events because of the social pressure or a very natural desire to lead an interesting life in a place where there are no movie theaters, concert halls, or even shops.

## FOOD AND NUTRITION EDUCATION IS CRUCIAL FOR GEORGIA'S FUTURE

Although the reasons why people do not spend all their income on food (even when they desperately need food) are more or less clear, it is vital to realize that the benefits of good nutrition are particularly important for two categories of people who do not decide what they eat: unborn babies and young children. Good nutrition at early age increases lifetime earnings by making people more productive.

Current technological advances allow for purchasing of relatively cheap and at the same time nutritional food.

Nowadays, in many countries iodized salt or fortified food (read our blog "Mandatory Flour Fortification in Georgia: a Boon or a Burden for the Poor?") is available, but not always demanded by the population. It is critical for the government to understand that proper food policy is not only about ensuring adequate amount of food. The nutritional quality of food is often as important.

In spite of the fact that Georgia is more developed than many poor countries that are still struggling with hunger and illiteracy, our higher incomes and education levels do not seem to translate into better nutrition for kids and adults. According to FAO, the percentage of kids under five who are stunted (reduced growth rate in human development) in Georgia is as high as 11.3%. This fact signals the lack of attention to investment in proper nutrition, which is as important as investment in education. Both shape the future of the next generation and hence the future of the country.

# Majority of business leaders say women are paramount in navigating current disruption in auto industry

The FINANCIAL

96% of auto leaders say diversity of thought and experience are crucial for navigating disruption in the auto industry 56% say women are a critical source of underutilized talent in the auto industry Yet only 12% expect a significant increase in female leadership in the next five years

automotive executives from 20 countries found that 56% of business leaders acknowledge women as a critical source of underutilized talent. However, yet only 1 out of 10 companies say their organization is very effective at attracting women and few expect to bolster their ranks with more female leaders over the next five years.

The survey finds that automotive companies could do more to effectively measure their progress on gender diversity. Ninety percent of auto companies believe they need to dramatically change their approach to attracting, retaining and promoting talent and only 22% of auto companies surveyed have structured

programs to identify and develop women's careers.

Men and women also have different views on reaching gender parity. Thirty-nine percent of women surveyed say that corporate culture that doesn't support gender diversity and inclusiveness is a barrier to reaching the top compared to 16% of men.

The survey found only 27% of banking and 6% of insurance respondents expect a "significant" increase in female leaders in the next five years. Sixty-one percent of banking respondents expect a "slight" increase in female leaders in the next five years, as do 72% of insurance respondents.

# PASHA Bank Easter Charity



PASHA Bank congratulated its partners and clients on Easter in a traditional way: on behalf of its stakeholders the Bank transferred the amount to charity organization SOS Children's Village that will be used to fund full-year English language courses for all university applicants living in the Village.

Association SOS Children's Villages Georgia is a non-profit organization operating in Georgia since 1989. It aims to protect the rights of the children at risk of losing or deprived of parental care and to provide support to the vulnerable children through community

based and alternative child care services with the purpose of children's socialization and social integration.

"PASHA Bank has been providing a full range of corporate and investment banking services in Georgia since 2013. For all of this time we have kept corporate social responsibility at the cornerstone of our presence in Georgia and we have carried out a number of charity and social activities to date. Last Easter we made quite a significant donation to the charity fund "First Step Georgia". This year too, in keeping with our tradition of doing a good deed and made a donation to SOS Children's Villages Georgia

on behalf of our partners and employees," – said Anano Korkia, Head of PR and Marketing at PASHA Bank.

"On behalf of SOS Children's Village I'd like to thank PASHA Bank for the donation and underline that any contribution to our children's education guarantees their better future. We strongly believe that PASHA Bank – our new reliable friend – will be a role model to promote active involvement from businesses and will have a positive influence on lives of certain individuals as well as the society as a whole." – said Nodar Topuridze, advocacy advisor at SOS Children's Villages Georgia.



PARLIAMENTARY MAJORITY



## “Georgia has a high economic growth as compared to the region and the European Union.”

**FALSE**

Beso Namchavadze  
FactCheck

On 11 April 2016, commenting upon the NDI's public opinion polls, a member of the Parliamentary Majority, Gia Zhorzholiani, stated: "The economic situation has worsened globally...There is a difficult situation in Europe and a problematic situation in southern Europe and the Asian countries. Generally, as compared to the region and the European Union, Georgia's economic growth rate is high. Of course, this is absolutely not enough and, naturally, the population is not satisfied with the economic growth rate."

FactCheck verified whether or not Georgia has a high economic growth rate as compared to our region and the countries of the European Union.

Georgia's economy grew by 2.8% in 2015. According to the prognosis of the Government of Georgia, the economic growth rate will be 3% in 2016. The preliminary economic growth rate of January-February 2016 is already known and is at 1.7%. In order to see how Georgia's economy grows as compared to the countries of our region and those of the European Union, we need to consult the data of international organisations.

Even though Georgia is no longer a member of the Commonwealth of Independent States (similar to Ukraine), the

International Monetary Fund puts both Georgia and Ukraine in the same group with other CIS member countries. In the CIS region, Georgia holds the 6<sup>th</sup> position in terms of its economic growth rate as of 2015 (see Table 1). Uzbekistan registered the highest economic growth rate (8.0%). Our immediate neighbour, Armenia, ranks above us as well. Ukraine has the worst economic growth rate as its economy shrunk by 9.9% in 2015. According to the prognosis for the economic growth rate for 2016, Georgia with its 2.5% expected economic growth rate ranks 5<sup>th</sup> among the CIS countries.

According to the classification of the World Bank, Georgia is grouped in the region comprising Eastern Europe and Central Asia's developing countries. This means that the 12 countries of Eastern Europe are added to the countries of the CIS region. In this group, we have the following picture (see Table 2): Georgia is 10<sup>th</sup> out of 13 countries in terms of its economic growth rate in 2015 whilst ranking 9<sup>th</sup> according to its economic growth rate in 2016. In both cases, we are outperformed by our neighbour, Turkey. Additionally, we have to take into consideration the fact that Georgia's economy is less developed as compared to the aforementioned 12 Eastern European countries and, therefore, has more potential for achieving a high economic growth rate.

Gia Zhorzholiani compares Georgia's economic growth rate

to the economic growth rates of the countries of the European Union which is incorrect. Generally, countries with higher income have less potential for economic growth than poorer countries with less income. The EU member states with their high incomes consider a 2%-3% economic growth rate as success. However, we did compare Georgia's economic growth rate to the economic growth rates of the EU countries. According to the economic growth rates in 2015, Georgia is outperformed by 11 EU member states and by 10 member states in 2016. For instance, Ireland's economy grew by 7.8% in 2015 whilst Malta's economic growth rate was 5.4%.

In terms of its economic growth rate in 2015, Georgia holds the 88<sup>th</sup> place among the 151 developing countries although it will move down to the 98<sup>th</sup> place based upon the prognosis for 2016. In total, the world economy grew by 3% in 2015, the economy of developing countries by 4%, the economy of developing Asian countries by 6.6% and the economy of developing European countries by 3.5%.

Georgia's economic growth rate has dropped considerably since 2013. In 2012, the economy grew by 6.4% and the economic growth rate was 3.3% in 2013. The year 2014 was better as compared to 2013 with the economic growth rate reaching 4.6%. Since 2015, however, the economic growth rate has started to drop again.

Table 1: Economic Growth Rate in CIS Countries

Country	2015	2016*
Uzbekistan	8.0	5.0
Turkmenistan	6.5	4.3
Kyrgyzstan	3.5	3.5
Armenia	3.0	1.9
Tajikistan	3.0	3.0
Georgia	2.8	2.5
Kazakhstan	1.2	0.1
Azerbaijan	1.1	-3.0
Moldova	-1.1	0.5
Russia	-3.7	-1.8
Belarus	-3.9	-2.7
Ukraine	-9.9	1.5

Source: International Monetary Fund (\*2016 forecast)

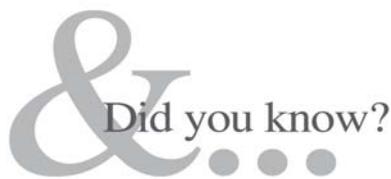
Table 2: Economic Growth Rate in Developing Countries of Eastern Europe

Country	2015	2016
Montenegro	4.1	4.7
Turkey	3.8	3.8
Romania	3.7	4.2
Macedonia	3.7	3.6
Poland	3.6	3.6
Kosovo	3.3	3.4
Bulgaria	3.0	2.3
Hungary	2.9	2.3
Bosnia and Herzegovina	2.8	3.0
Georgia	2.8	2.5
Albania	2.6	3.4
Croatia	1.6	1.9
Serbia	0.7	1.8

Source: International Monetary Fund

## CONCLUSION

FACTCHECK CONCLUDES THAT GIA ZHORZHOLIANI'S STATEMENT IS FALSE.



The FINANCIAL is read by nearly 75 % of Top Financial Decision-makers in Georgia.

It reaches more CEO's than all Georgian newspapers combined.

Source: Global Idea



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