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What do people look for in a job?

ANI LORTKIPANIDZE, GORBI

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EY research challenges value of financial advice to understand why 33% of wealth management clients plan to switch providers

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6 May, 2019 News Making Money http://www.finchannel.com

What can be learned from the experiences of theKhadori 3 HPP Project?

By NORBERTO PIGNATTI and LEVAN PAVLENISHVILI

ISET

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The conflict was apparently-based on the diverging expectations of the environmental and health impacts of the small HPP'sconstruction and operation. Considering the echoing intensity of the local population's response, we decided to learn more about the project, and to treat it as a case study,to analyzethe possible constraints of building small HPPs in Georgia.

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Climate change: What help can you get to go green?

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So what help is still available if you want to go green?

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"We continue effectively serving our customers responsibly and efficiently"

Interview with Vusal Verdiyev, FINCA Bank CEO

FINCA Bank Georgia is a joint stock company built on a platform developed over 21 years of operations in the country. FINCA Bank Georgia is part of the FINCA Impact Finance Network, a group of 20 microfinance and financial institutions that provides socially responsible financial services and enables low-income entrepreneurs and small business owners to invest in the future.

In the interview with The FINANCIAL, Vusal Verdivev, CEO of FINCA Bank, talks about the challenges, achievements and new trends that the Bank is facing today.

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Does France Need More Taxes or More Engaged Workers?

BY KRISTJAN ARCHER

Attempting to quell five months of street protests, French President Emmanuel Macron announced last week that he would cut income taxes and reform pensions -- in addition to his earlier promises to raise the minimum wage.

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Fossil fuel giants failing to disclose investor risk, study warns

The FINANCIAL

Oil and gas firms are largely failing to disclose the information investors need to accurately assess their exposure to risk associated with climate change and the transition to a low carbon economy, according to a report by financial think tank Carbon Tracker.

The findings are the latest in a string of studies warning that the energy sector is exposed to billions of dollars of so-called transition risks as the world pivots to a low carbon economy in line with Paris climate goals.

Fossil fuel firms remain largely dependent for future income on discovering and exploiting hydrocarbon resources, a process that requires significant capital expenditure.

Continued on p. 9

CURRENCIES

	May 5	Apr 27
1 USD	2.7070 ▼	2.7007
1 EUR	3.0194 ▼	3.0067
100 RUB	4.1400 ▲	4.1654
1 TRY	0.4532 ▲	0.4578

Lehman Brothers Bankruptcy

On this day in 2008, the venerable Wall Street brokerage firm Lehman Brothers seeks Chapter 11 bankruptcy protection, becoming the largest victim of the subprime mortgage crisis that would devastate financial markets and contribute to the biggest economic downturn since the Great Depression.

At the time of its collapse, Lehman Brothers was the country's fourth-largest investment bank, with some 25,000 employees worldwide—but it began as a humble dry goods store founded by German immigrant Henry Lehman in 1844 in Montgomery, Alabama.

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CURRENT PRICES ON GASOLINE AND DIESEL

6 MAY, 2019, GEORGIA

Gulf

Prices in GEL	
G-Force Super	2.57
G-Force Premium	2.43
G-Force Euro Regular	2.35
Euro Regular	2.29
G-Force Euro Diesel	2.59
Euro Diesel	2.49
CNG	1.49

Prices in GEL	
Eko Super	2.64
Eko Premium	2.57
Eko Diesel	2.63
Euro Diesel	2.59
Euro Regular	2.49
Diesel Energy	2.53

Prices in GEL	
Super Ecto 100	2.69
Super Ecto	2.55
Premium Avangard Ecto	2.44
Euro Regular	2.29
Euro Deasel	2.49

Prices in GEL	
Nano Super	2.58
Nano Premium	2.48
Nano Euro Regular	2.38
Nano Diesel	2.40
Nano Euro Diesel	2.53
GNG	1.45

ROMPETROL

Prices in GEL	
Efix Euro 98	2.64
Efix Euro Premium	2.57
Euro Regular	2.49
Efix Euro Diesel	2.59
Euro Diesel	2.53

ISET ECONOMIC INDICATORS

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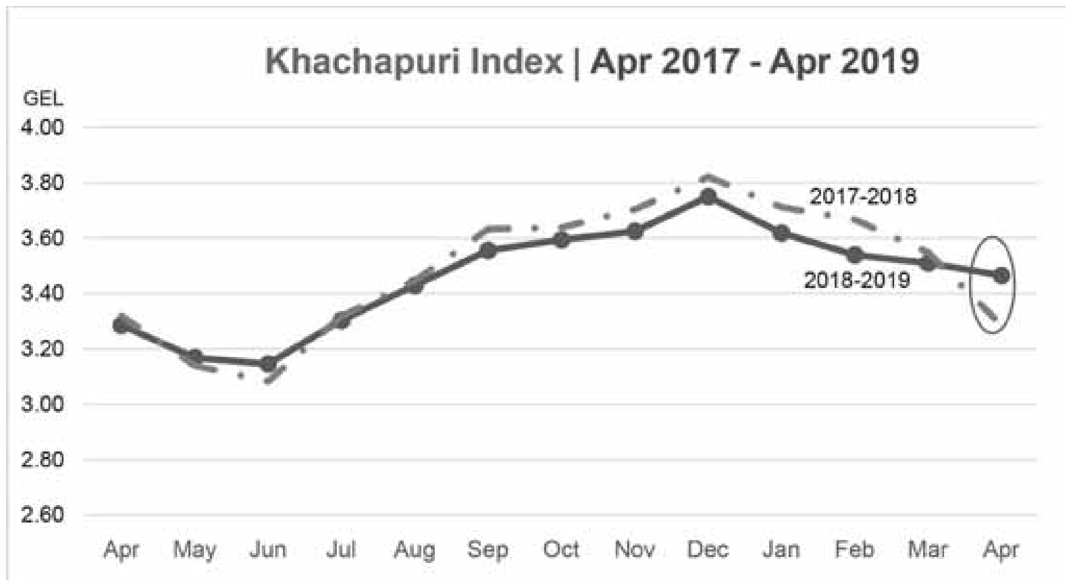
KHACHAPURI INDEX

For more: WWW.ISET-PI.GE

THE EASTER EFFECT ON THE KHACHAPURI INDEX

The average cost of cooking one standard Imeretian khachapuri in April 2019 was 3.47 GEL, and the Index lost 1.3% compared to the previous month (March 2019).Such a decrease was in line with anexpected seasonal declining trend, which is largely driven by a springtime adjustment to the price of milk and milk products.

Nevertheless, in annual terms (compared to April 2018), the Index actually **increased by 5.5%**. The reason behind this might well be the **Easter effect**.This year, the religious holiday was celebrated at the end of the April in Georgia. There is typically greater demand for cheese and milk products during the week prior to Easter.Thus, this increased demand during the prior week directly affects the price of cheese, the main contributor toinflation in the Khachapuri Index. Consequently, in April 2019, the price of cheese increased by 9.5%,compared to the same month of last year, while the price of flour and milk also increased by 7.6% and 1.7%, respectively.



THE ISET ECONOMIST

A BLOG ABOUT ECONOMICS AND THE SOUTH CAUCASUS www.iset-pi.ge/blog

What can be learned from the experiences of theKhadori 3 HPP Project?

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The Environment Impact Assessment (EIA) report for the Khadori 3 HPP has been publicly available on the ministry of environment and agriculture'sofficial website since 2017. It is designed around the old Georgian Law on Environmental Impact Permits, abolished in 2017, asthe project wasapproved before these legislative amendments.

Continued on p. 13

Climate change: What help can you get to go green?

If the UK is going to cut its greenhouse gases to almost zero by 2050, as recommended by a Committee on Climate Change report, it will need businesses and ordinary people to make some big changes.

The government has run various schemes to help people make their homes more energy efficient over the years, although some have stopped running since 2015.

So what help is still available if you want to go green?

Renewable energy

If you want to power your home using energy from renewable sources, instead of relying on fossil fuels, you could install solar panels or even a small-scale wind turbine.

In most cases you should not need to get planning permission.

Until last month, people generating solar or wind power at home could receive money for doing so, by applying to the government's Feed-in Tariff (FIT) scheme.

The scheme was made up of two payments made by energy suppliers:

A "generation payment" - a fixed amount of money for every kilowatt hour of electricity generated

An "export payment" - for solar panel and wind turbine owners selling any extra units they generate, but do not use, back to their energy supplier

This scheme is now closed to new entrants, although people already taking part can carrying on receiving payments.

The government has proposed a new scheme to replace the FIT called the Smart Export Guarantee. This will only replace the "export payment" part of the current system.

The Domestic Renewable Heat Incentive scheme is designed to help with the costs of installing a renewable heating system.

Property owners can apply for funding to set up systems including solar panels, biomass boilers and certain types of heat pump.

A similar scheme is run separately in Northern Ireland.

In Scotland, the Home Energy scheme also offers interest-free loans of up to £17,500 to install renewable energy systems.

Insulation

Good insulation stops heat escaping, meaning less energy is needed to keep a property warm.

In England and Wales, people on lower incomes can apply for help under the government's Energy Company Obligation scheme.

This puts a duty on larger suppliers to install energy-saving measures, including insulation and more efficient boilers, in the homes of people who are claiming one of a list of benefits.

This is available to homeowners and to tenants with the permission of their landlords.

Can music festivals go green?

How to go green and use less plastic when you travel

The Warmer Homes scheme in Scotland does a similar thing, and is funded by the Scottish government.

In Northern Ireland, households with an income below £20,000 can apply to the government-funded Affordable Warmth scheme for a tailored package of energy-saving measures.

People with incomes below £40,000 with older, inefficient boilers in Northern Ireland can also apply for a grant of up to £1,000 to replace them with energy-efficient models.

Electric cars

Electric car owners do not have to pay vehicle excise duty unless their car is worth more than £40,000 and registered after 31 March 2017.

They can also apply for a grant of a maximum of £500 to cover the costs of installing a charging point at home.

Late last year, the government scrapped a grant for new plug-in hybrids, which still partly rely on petrol, and reduced discounts on all-electric cars from £4,500 to £3,500.

The Renewable Energy Association believes this is a positive step, though, since it is designed to shift support away from hybrids to completely battery-powered cars.

BBC News

EY research challenges value of financial advice to understand why 33% of wealth management clients plan to switch providers

Research says more than 80% of wealth management clients express interest in financial advice and planning, yet half of these remain on the sidelines.

The FINANCIAL

An increasing number of wealth management clients are willing to pay for financial advice, but what they value is evolving rapidly, as 33% of clients have switched providers in the past three years, and another third plan to do so in the next three years, according to the EY 2019 Global Wealth Research report, which is based on a detailed survey of 2,000 wealth management clients in 26 countries and speaking with 50 different wealth management executives.

With no sole provider able to solve respondents' varied needs, wealth management clients are maintaining relationships with an average of five different types of providers. And as the industry grapples with new entrants, new technologies and changing client expectations, wealth managers must take a step back to evaluate their offerings and redefine how they provide financial advice to better meet client needs and expectations.

Use of independent advisors and FinTechs expected to rise

According to the research, the use of independent advisors is expected to rise 18% over the next three years, suggesting the flexibility in the solutions and fees being offered is more attractive to clients.

Similarly, the percentage of respondents expecting to use FinTechs will increase from 38% today to 45% in the next three years. Although these new entrants have relatively low assets under management (AUM), the research suggests that the number of respondents using FinTechs is on par with usage of long-established wealth institutions.

Respondents are moving to smaller, more nimble providers – specifically FinTechs and independent advisors – for more tailored solutions that meet their evolving needs. The research indicates that traditional wealth managers should take note and try to better understand and deliver on what matters most to their clients, such as anticipating their major life events and proactively adjusting accordingly.

Emerging technology preferences exceed 2016 projections

Digital channels are also evolving faster than wealth managers and their clients anticipated three years ago. In 2016, only 20% of clients projected that they would prefer to use mobile apps for wealth management activities by 2019; whereas this year's research shows 41% of respondents preferring mobile apps as their primary channel for wealth management.

When it comes to emerging technology, 1.4% of respondents prefer digital and voice-enabled assistants as a primary channel today. However, 9% say they would prefer this channel in the near future. This trajectory indicates a considerable swing in momentum – but these numbers may be significantly underestimating growth potential, just as mobile app growth potential was underestimated in 2016.

Despite rapid demand for digital solutions, respondents still desire human interaction as 25% of respondents prefer face-to-face or phone calls as their primary method of engagement, and almost half (42%) prefer these methods when receiving financial advice.

Nalika Nanayakkara, EY Americas Wealth & Asset Management Advisory Lead, says:

"As wealth managers prioritize their digital investments across multiple channels, they need to consider how client engagement may evolve in the coming years. This may mean reallocating budgets from websites to voice-enabled sooner rather than later, and capitalizing on hybrid models, where clients have access to both digital tools and human interaction."

Clients demand alternative pricing models

Nearly half of wealth management client respondents (46%) are unhappy with the fees they pay and do not trust they are being charged fairly, with dissatisfaction particularly high (66%) among ultra-high net worth clients.

Most respondents (55%) want their wealth managers to use a payment method that offers more transparency, objectivity and certainty. Percentage of AUM is currently the most common payment method; however, fixed fee and hourly support methods are most desired.

Alex Birkin, EY Global Wealth & Asset Management Advisory Leader, says:

"Wealth managers realize that clients expect more than just strong investment performance but struggle to communicate the value of their offerings and services. The answer is not simply lowering fees, but rather a combination of increasing transparency and predictability when it comes to pricing models and equipping advisors with ways to communicate value beyond investment returns."

Half of respondents hold back from engaging in advice and planning

Wealth managers are overlooking the value in offering robust advice, planning and budgeting services. More than 80% of their clients express interest in advice and planning services, but fewer than 40% utilize them currently. Additionally, just 28% of respondents discuss saving with their wealth manager, even though this is a critical opportunity for providers to engage in conversations about their daily budgeting.

Birkin says: "Beyond the everyday and specific targets, clients aspire to reach a level of independence where their money empowers them, whether it helps to remove worry or achieve a greater purpose. Wealth managers must redefine the value of financial advice by focusing on the intangibles – those solutions with less measurable or quantifiable benefits, but which improve their clients' day-to-day lives."

Warren Buffett says he wants to do more business in Britain, Europe

(Reuters) - Billionaire Warren Buffett wants to do more business in the United Kingdom and Europe regardless of how Brexit turns out.

The Berkshire Hathaway Inc Chairman and Chief Executive Officer said he would "love to put more money in the UK" despite uncertainty over whether and how Britain will leave the European Union.

"I would like to see Berkshire Hathaway better known in the UK and Europe ... I would hope they would think of Berkshire more often when businesses are for sale," Buffett said at his annual shareholders' meeting in Omaha, Nebraska. "We're hoping for a deal in the UK and or in Europe no matter how Brexit comes out."

"I have the feeling it was a mistake to vote to leave," Buffett added, but said, "it doesn't destroy my appetite in the least for making a very large acquisition in the UK."

"It strikes me as a horrible problem," Berkshire Vice Chairman Charlie Munger added.

The endorsement by one of the world's most revered investors comes during a period of tremendous uncertainty about the state of the European economy as well as Britain's status within the region's governing bloc.

Britain voted to leave the European Union three years ago in what is known as "Brexit," but Prime Minister Theresa May has failed to secure a deal that satisfied parliament.

Buffett, meanwhile, has been eagerly looking for big deals where he could make better use of his company's $114.2 billion cash hoard. He now appears even more willing to venture beyond the United States, where he is best known, for deals.

Reporting by Trevor Hunnicutt and Jonathan Stempel; Editing by Jennifer Ablan and Nick Zieminski

Lehman Brothers Bankruptcy

The FINANCIAL

On this day in 2008, the venerable Wall Street brokerage firm Lehman Brothers seeks Chapter 11 bankruptcy protection, becoming the largest victim of the subprime mortgage crisis that would devastate financial markets and contribute to the biggest economic downturn since the Great Depression.

At the time of its collapse, Lehman Brothers was the country's fourth-largest investment bank, with some 25,000 employees worldwide—but it began as a humble dry goods store founded by German immigrant Henry Lehman in 1844 in Montgomery, Alabama.

After Henry's brothers Emanuel and Mayer joined him in 1850, the business became known as Lehman Brothers.

In 1994, American Express—which had acquired the firm a decade earlier—spun Lehman Brothers off in an initial public offering (IPO). Under the leadership of CEO Richard Fuld, the investment firm began to expand its offerings in the aftermath of the 1999 repeal of the Glass-Steagall Act, which had barred affiliations between commercial banks and investment banks and their activities.

In this newly deregulated financial industry, Lehman Brothers increased its involvement in proprietary trading (or trading with the firm's own money to make a profit for itself), securitization, derivatives, asset management and real estate.

Subprime Mortgages

The housing boom of the early to mid-2000s saw Lehman and other Wall Street firms become heavily involved in collateral debt obligations (CDOs) and mortgage-backed securities (MBSs).

Lehman also expanded into loan origination, acquiring five mortgage lenders between 2003 and 2004, including some specializing in subprime mortgages, which were given to borrowers with weaker credit who ordinarily wouldn't have been able to obtain a mortgage.

As housing prices began to fall rapidly in mid-2006, many subprime borrowers began to default on their payments, revealing the risky nature of these debts.

Despite these warning signs, Lehman Brothers continued to originate subprime mortgages and increase its real estate holdings after housing prices went into decline, and by the end of fiscal year 2007 the firm held some $111 billion in commercial or residential real-estate-related assets and securities (more than double what it had held at the end of the previous year).

Signs of Trouble

Due to the weakening real estate market, as investors and ratings agencies expressed serious doubts about these types of assets, due to their lack of liquidity in the market, they began to lose confidence in Lehman and its investment banking peers.

Bear Stearns, one of Lehman's closest competitors, was the first to go under, narrowly avoiding bankruptcy with a sale to J.P. Morgan Chase (backed by the federal government) on March 16, 2008. In the aftermath of Bear's sudden collapse, rumors circulated that Lehman Brothers would be the next to fall.

Like Bear and other investment banks, Lehman's reliance on short-term funding deals known as repurchase agreements, or "repos," to raise the billions of dollars it needed to run business operations each day made it especially vulnerable to any crisis in investor and market confidence.

Lehman sought to reassure its investors, raising $6 billion in equity in June 2008, despite reporting its first loss since going public in 1994.

Then on September 10, the firm announced that it expected $5.6 billion in write-downs (reductions in the estimated or nominal value of an asset) for its "toxic" assets and a $3.93 billion loss for the third quarter. In addition, Lehman said it planned to spin off $50 billion of toxic assets into a separate publicly held corporation.

Larggest Bankruptcy in U.S. History

In response to this announcement, the major ratings agency Moody's threatened to downgrade Lehman's debt ratings, and on September 12, Federal Reserve Chairman Timothy Geithner, Treasury Secretary Henry Paulson and others met at the Fed in New York to discuss the firm's fate.

Despite concerns about the consequences a Lehman Brothers collapse would bring, the federal government and representatives of the administration of President George W. Bush ultimately refused to bail out another investment bank.

Hopes of a sale to another bank fell short as well: One prospective buyer, Bank of America, decided to buy Merrill Lynch instead, while British regulators blocked a last-ditch deal to sell Lehman to Barclays of London.

Out of options, Lehman Brothers declared bankruptcy early on the morning of September 15. The firm declared $639 billion in assets and $613 billion in debts, making it the largest bankruptcy filing in U.S. history.

That day, the Dow Jones Industrial Average plunged more than 500 points, its steepest decline since reopening after the 9/11 terrorist attacks. Lehman's collapse sent financial markets into turmoil for weeks, leading many to question the federal government's decision to let the bank fail.

After Lehman's bankruptcy filing, Barclays agreed to purchase the firm's North American investment banking and capital markets businesses, saving some 10,000 jobs.

As James Peck, the judge who approved the deal, put it in court: "I have to approve this transaction because it is the only available transaction. Lehman Brothers became a victim, in effect the only true icon to fall in a tsunami that has befallen the credit markets. This is the most momentous bankruptcy hearing I've ever sat through. It can never be deemed precedent for future cases. It's hard for me to imagine a similar emergency."

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surveys & insights

What do people look for in a job?

ANI LORTKIPANIDZE, GORBI

What motivates employees when hunting for a job?

A human psychology theory from Frank Herzberg tries to explain why salary is critical in keeping employees satisfied at work. According to him, basic salary was important as a survival need because it protects against employee dissatisfaction. It could not, however, strongly motivate. He did note that recognition, promotional opportunities and self-worth are key motivators.

A study conducted by the European Value Study (EVS), a large survey research program that has studied basic values for almost 40 years provides insight into what people in 16 European countries think. This initiative has asked several questions regarding important aspects of the perceptions of work. GORBI has been a part of the project since 2008 and is the data provider for Georgia and Azerbaijan for the most recent year.

In order to increase the efficiency, effectiveness, productivity and job commitment of employees businesses must satisfy the needs of employees by providing good working conditions. But what do employees consider as good working conditions?

As we can see from Chart 1, in the countries surveyed, remuneration is the most important factor. By common sense, this finding is not surprising, since the vast majority of people wouldn't do their jobs if they weren't paid for their work. As we see in Georgia's example, achieving something seems to be the second most important factor in a job.

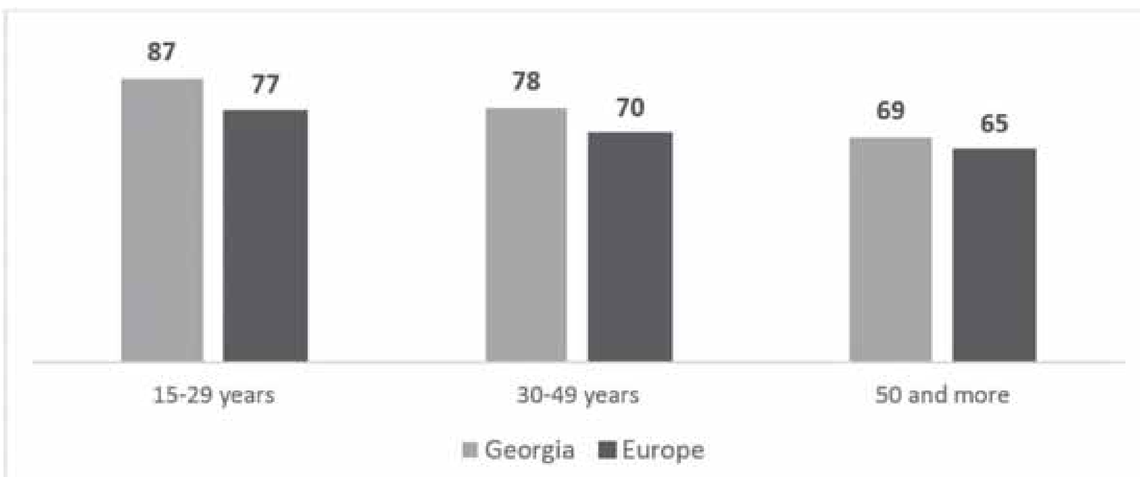
It is even more interesting to look at the percentage of people who think that achieving something is important in a job by their age. In all 16 countries surveyed, younger people pay more attention to this aspect of work and in Georgia this trend is even stronger - 69 percent of people aged 50 and older in Georgia think that that achieving something is important, compared to 87 percent of those aged 15-29. This is also a noteworthy result, since younger people are more ambitious and want to achieve something in their work to advance in their careers.

Chart 1. Important aspects in a job (%, mentioned)

Rank	Important at Job	Europe	Rank	Important at Job	Georgia
1	Good Pay	85	1	Good Pay	86
2	Good Hours	70	2	Achieving Something	74
3	Achieving Something	69	3	Good Hours	69
4	Generous Holidays	56	4	Responsible Job	58
5	Use Initiative	56	5	Use Initiative	53
6	Responsible Job	52	6	Generous Holidays	32

Source: European Value Study, 2017

Graph 1. People who think that Achieving Something is important in the job (%)



Source: European Value Study, 2017

The logic of these results is in line with a study conducted by Pew Research in 2011 in the United States where among those aged 18 to 34 nearly nine-in-ten (88%) say they either have or earn enough money now or expect they will in the future. Only 9% say they don't think they will ever have enough to live the life they want. Adults ages 35 and older are much less optimistic—28% say they don't anticipate making enough money in the future. The fact that for younger ones are more hopeful about success in the future seems to be associated with the desire of young workers to achieve something in their job so that they can become more successful in the future.

In a country like Georgia where the official unemployment rate is around 14 percent and around 800, 000 people are living below the poverty line, finding a well-paying job with good hours, generous holidays and the opportunity to achieve something is a luxury. Nevertheless, it is still important for employers to know, what people value in their jobs, since satisfied employees are always important for an organization to ensure the maximum commitment and performance. If an employee feels happy with their company and work, they consistently contribute more to their organizations. This idea has also been verified by a survey conducted in Croatia in large and medium size companies where it was found that job satisfaction determines organizational performance, rather than organizational performance determining job satisfaction.

GORBI is an exclusive member of the Gallup International research network and has more than two decades of experience in survey research (gorbi.com)

Fossil fuel giants failing to disclose investor risk, study warns

The FINANCIAL

Oil and gas firms are largely failing to disclose the information investors need to accurately assess their exposure to risk associated with climate change and the transition to a low carbon economy, according to a report by financial think tank Carbon Tracker.

The findings are the latest in a string of studies warning that the energy sector is exposed to billions of dollars of so-called transition risks as the world pivots to a low carbon economy in line with Paris climate goals.

Fossil fuel firms remain largely dependent for future income on discovering and exploiting hydrocarbon resources, a process that requires significant capital expenditure. But it is precisely these future resources and reserves that are at greatest risk of being stranded in a world which keeps warming beneath two degrees, the study, titled Reporting for a Secure Climate, warns.

The analysis concludes the corporate disclosure practices intended to render transparent the risks a company is exposed to - and the actions they are taking to mitigate these risks - are lacking in this crucial area, leaving investors unable to make informed decisions.

"The long-term financial impacts of climate change are clearly material to the upstream oil and gas sector, yet current company disclosures do not go far enough to communicate the extent to which their capital expenditure plans are addressing this risk," said Robert Schuwerk, executive director at Carbon Tracker.

Its conclusions are likely to accentuate investor concerns, which have already been heightened following a series of recent studies highlighting incompatibilities between fossil fuel investments and international commitments to slash carbon emissions.

Analysis issued last month by the NGO Global Witness identified $4.9tr of planned investment in exploration and extraction from new fields that "is incompatible with reaching the world's climate goals."

"Investors will rightly be concerned that despite industry rhetoric to the contrary, the oil and gas sector's spending plans are so drastically incompatible with limiting climate change," said Murray Worthy, senior campaigner at Global Witness.

Previous Carbon Tracker analysis identified $1.6tr of investment that faced being stranded if government policies were tightened to the degree necessary to meet the Paris Agreement, which pledges to keep warming well below 2 degrees.

Meeting these targets will require a "rapid and far reaching" transition across the economy, according to the UN's most recent report on climate change. A study earlier this year by the Network for Greening the Financial System (NGFS), a coalition of 34 central banks and supervisors, outlined between $1tn and $4tn of potential losses to the energy sector as a result of transition-related climate risks.

Today's Carbon Tracker report concludes that if investors are to be able to accurately assess these risks, disclosures will need to ensure transparency in relation to expected future capital expenditure on exploration and development activities as well as on the assumptions that underpin a company's upstream strategy.

"Investors want reassurance that upstream oil and gas companies are factoring climate-constraints into their capital expenditure strategy. We believe that they could be doing a lot more to communicate this to their investors," said Kate Wooler-ton, lead author of the report.

Responding to the report, Jeanne Martin, senior campaigns officer at pressure group ShareAction, said: "Oil majors are failing to come clean to investors about whether their assets will be stranded in a below 2C world. Is that because increased transparency would reveal that these companies have no intention of driving the low-carbon transition, as claimed in their glossy sustainability reports?

"With the 2019 AGM season in full swing, investors should use their full shareholder rights to support climate shareholder resolutions and vote against boards that continue to demonstrate inaction on climate change."

There are growing signs that some investors are responding to this call. A survey of fund managers responsible for $10tr of assets, found this week that 86 per cent of managers wanted oil firms to align with the Paris 2015 UN goals, while two thirds want to switch their investments to low-carbon solutions.

Meanwhile, leading German corporate giants RWE and BASF today responded to calls from activist investors at the Climate Action 100+ group and confirmed they would undertake a full review of their lobbying activity to ensure it is supportive of the goalsof the Paris Agreement.

"Union Investment highly appreciates BASF's and RWE's positive first responses to the IIGCC/ Climate Action 100+ engagement," said Henrik Pontzen, Head of ESG at Union Investment. "Transparency is a prerequisite for making good and informed investment decisions. We therefore very much welcome the important commitments both companies have made to review and publish the results regarding the Paris Agreement alignment of their lobbying activities."

Carbon intensive businesses can expect calls for greater reporting transparency to continue to intensify as more and more investors wake up to the stranded asset risks that have to date been hidden in their portfolios.

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"We continue effectively serving our customers responsibly and efficiently"

Interview with Vusal Verdiyev, FINCA Bank CEO

FINCA Bank Georgia is a joint stock company built on a platform developed over 21 years of operations in the country. FINCA Bank Georgia is part of the FINCA Impact Finance Network, a group of 20 microfinance and financial institutions that provides socially responsible financial services and enables low-income entrepreneurs and small business owners to invest in the future.
In the interview with The FINANCIAL, Vusal Verdivev, CEO of FINCA Bank, talks about the challenges, achievements and new trends that the Bank is facing today.

VUSAL VERDIYEV, FINCA Bank CEO

Q. What were the main achievements of FINCA Bank in 2018? What results are you expecting by the end of 2019?

A. The year 2018 was infused with a number of achievements, as well as challenges. Although the institution continued growing, overall the growth pattern was slower than in previous years. To some extent this was due to the number of regulatory changes enacted during 2018, which affected the growth pattern of the overall banking industry. The Bank continued successful diversification towards non-interest income streams and retail business. New regulations and lots of changes stipulated various adjustments in the business model. The Bank continued delivering on its mission of serving our core segments responsibly, effectively and efficiently through innovative solutions as we quickly adapted to new regulatory requirements, developed new products and services meeting the needs of clientele. The main focus has been and will be infusing FINCA Bank Georgia's products and channels with digital convenience, to ensure streamlined and affordable access to financial services. Therefore, we continue to invest in our digital infrastructure.

Last year we also celebrated the 20-year anniversary of our presence in Georgia. Independent studies show highly inspirational results of our performance in Georgia. As a result of partnership with FINCA Bank Georgia, over 27,000 employments have been generated (36% of jobs created by women), with the prevailing majority outside of the capital city (62% of FINCA Bank clients live in rural areas). 90% of the customers studied noted that they have fully achieved the business goals for which they originally started their partnership with our bank. There is no better success than the achievements of our customers. The success of our customers is our history, and their goals – our future. Therefore, we continue to further progress and improve our business model and services so as to better serve our customers and support them in the achievement of personal aspirations and business goals.

2019 continues to be a year of transformation of business processes. The purpose is to increase our outreach, especially in rural areas through technologically innovative solutions, launch new retail products, and enlarge our network of partners to provide more effective services in all regions of the country. FINCA Impact Finance operates in 20 countries around the globe and Georgia is among the priority markets for the network. Although due to recent regulatory changes expected growth remains moderate this year, there is still an opportunity for us to continue transforming our offerings.

Q. What are the main loan trends at FINCA Bank? How is FINCA Bank adapting to the new regulations?

A. We worked very closely with the National Bank of Georgia and transformed our processes to cope with the new regulations. The core segments we serve, micro and small business owners, who do not have registered businesses, of course need financial support and the business processes in practice at FINCA Bank Georgia fully comply with the new regulations and are adapted to the needs of customers so that we continue effectively serving them responsibly and efficiently. Just recently we have introduced new innovative products, which we believe are unique in the market and correspond to our customer base's needs. This will support growth of the Bank during 2019 as well.

Q. What are the main challenges that FINCA Bank is facing today?

A. The main challenge is the competition in the market. Regulations have become stricter, all banks and financial organization are downscaling their programmes to reach more and more business owners and the market which historically was served by microfinance/retail oriented institutions. At the same time, not all offerings in the market well serve the needs of the customer base, and often expose them to financial risks. In other words, overall supply of financial services is not a challenge in Georgia, however delivery of the financial services which fully correspond to the needs of the customers and treat them responsibly is still a challenge. The financial literacy level in the country and segments we serve also remains a challenge for the sector. Therefore, our focus is not only on the streamlining of business processes, but investing more and more in educational programmes to support our customers in making financially literate decisions. I am extremely proud that FINCA Bank Georgia is the first financial institution in the country officially certified by Global SMART Campaign for customer protection, and recently re-certified against even more strict requirements.

Q. How do you see the future of FINCA Bank?

A. FINCA Bank Georgia, as part of the FINCA Impact Finance network of financial institutions, is in the process of continuous transformation and streamlining of business processes with the goal of achieving the best customer experience and satisfying the wants and needs of our core segments. As digitalization is the future of the banking sector and we are part of it, along with customer experience improvement projects, digitization will be one of our priorities for our business in the county. We continue to be an unconventional community-based niche bank that profitably and responsibly provides innovative and impactful financial services to enable low-income individuals and communities to invest in their futures.

Q. What do you consider the future of banking? How do you see the future of the Bank in terms of developed internet technologies?

A. As I mentioned above, the future of many businesses is digital. On one hand we invest in technologies and staff development programmes to better adapt to new realities, and on the other hand we see the need for financial and digital literacy of our customers. Therefore, these two directions are of paramount importance to us. In 2019 we already implemented several projects to serve this purpose and intensive work is still underway to bring more and more innovative products and solutions to the market.

FactCheck

GRASS FACTCHECK

“ Roman Gotsiridze:

STATEMENT:

“IN THE COURSE OF THE LAST SIX YEARS, GEORGIA’S GDP GROWTH EXCEEDED THAT OF ARMENIA’S ONLY TWICE. IN THE LAST SIX YEARS, THERE HAS NOT BEEN A SINGLE INSTANCE IN GEORGIA WHEN THE GDP GROWTH REACHED 5%.”

VERDICT:

FACTCHECK CONCLUDES THAT ROMAN GOTSIRIDZE’S STATEMENT IS HALF TRUE.

Egnate SHAMUGIA
FactChek

RESUME:

Since 2013 up to the present day, Armenia’s economic growth exceeded Georgia’s three times – in 2015 (by 0.3 of a percentage point), in 2017 (by 2.7 percentage points) and in 2018 (by 0.5 of a percentage point). In addition, there were three other cases when Georgia had a higher economic growth as compared to Armenia – in 2013 (by 0.1 of a percentage point), in 2014 (by 1 percentage point) and in 2016 (by 2.6 percentage points). In total, however, Georgia’s economy increased by 25.7% as compared to 2012 whilst Armenia’s growth is slightly lower at 25.1%. Therefore, it would be more appropriate to note that Georgia and Armenia have more or less equal economic growth rates or that Georgia’s performance is marginally better. Referring to data from certain years and using the information to make claims that Armenia has better results in a given component is not accurate.

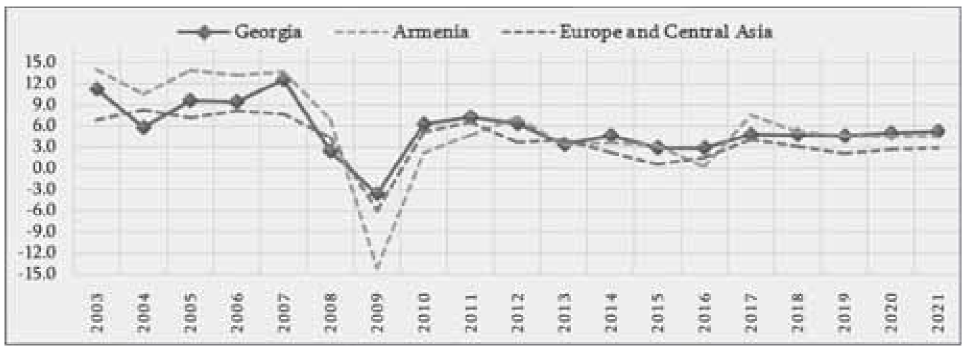
In 2013-2018, Georgia’s economic growth rate was close to 5% only in 2017 and 2018 at 4.8% and 4.7%, respectively. Taking this into consideration, it is appropriate to point out that under the Georgian Dream’s rule, Georgia’s economic growth has never reached the 5% threshold which itself is low for a developing country. In the last two years, Armenia’s GDP growth was 7.5% in 2017 and 5.2% in 2018. However, of additional note is that Armenia’s economy practically did not increase (0.2%) in 2016 which provided favourable starting conditions for a relatively high economic growth in the next year.

Table 1: Economic Growth (%)

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Georgia	11.2	5.8	9.6	9.4	12.6	2.4	-3.7	6.2	7.2	6.4	3.4	4.6	2.9	2.8	4.8	4.7
Armenia	14.0	10.5	13.9	13.2	13.7	6.9	-14.2	2.2	4.7	7.2	3.3	3.6	3.2	0.2	7.5	5.2
(EMDEs)	6.8	8.3	7.1	8.1	7.7	4.4	-6.0	5.2	6.6	3.7	4.0	2.2	0.6	1.5	4.1	3.1

Source: GeoStat, ArmStat, IMF, World Bank

Graph 1: Economic Growth (%)



Source: Geostat, Armstat, IMF, World Bank

ANALYSIS

United National Movement faction Chair, Roman Gotsiridze, during a committee hearing, spoke about economic growth and compared Georgia’s performance to that of Armenia’s. As stated by Mr Gotsiridze: “In 2018, Armenia’s GDP increased by 5.2% and Georgia’s increased by 4.7%. In 2017, Armenia’s economy increased by 7.5% and Georgia’s economy increased by 4.8%. In 2016, Armenia’s GDP increased by 3.5% and Georgia’s GDP increased by 3.4%. In 2015, Armenia had a 3% economic growth rate whilst Georgia had 2.9%. Only twice did Georgia’s GDP growth exceed that of Armenia’s. In the last six years, there was not a single instance in Georgia when the GDP growth reached 5%.”

Since 2013 up to the present day, Armenia’s economic growth exceeded Georgia’s three times – in 2015 (by 0.3 of a percentage point), in 2017 (by 2.7 percentage points) and in 2018 (by 0.5 of a percentage point). Similarly, there were three periods when Georgia had higher economic growth as compared to Armenia – in 2013 (by 0.1 of a percentage point), in 2014 (by 1 percentage point) and in 2016 (by 2.6 percentage points). As illustrated by Table 1, Georgia’s economic growth rate did not exceed the 5% threshold in the last six years. Of further note is that a 5% economic growth rate for a developing country is quite a low figure. Therefore, referring to an insufficient economic growth rate is justified. In 2013-2018, the highest economic growth rate was registered in 2017 whilst the figure for 2018 was 4.7%. In the same years, Armenia’s economic growth rates were 7.5% and 5.2%, respectively. In 2016, Georgia’s economic growth rate was 2.8% whilst Armenia’s was just 0.2%. In 2015, Georgia’s economic growth rate lagged behind that of Armenia’s. In 2015, Georgia’s economy increased by 2.9% and Armenia’s economy increased by 3.2%. In 2013-2014, similar to 2016, Georgia’s economic growth figures exceeded Armenia’s economic growth figures. In particular, Georgia’s economic growth rate was 4.6% in 2014 and Armenia’s economic growth rate was 3.6%. In 2013, Georgia’s economic growth rate was 3.4% and Armenia’s was 3.3%. Therefore, in the course of the last six years, Georgia’s annual economic growth rate exceeded that of Armenia’s in three periods instead of two.

Of note is that Roman Gotsiridze compares Georgia’s economic growth rate to the same indicators in Armenia in a six-year period. In total, it overlooks which economy increased faster (which should be the main subject of interest). In 2013-2018, Georgia’s economy increased more than that of Armenia’s which would be 25.7% for Georgia and 25.1% for Armenia. In addition, in this six-year period, Georgia’s annual average GDP growth rate is 3.9% and Armenia’s is 3.8%. Therefore, Georgia’s economy increased faster in the last six years as compared to Armenia’s. Although, of note is that this figure does not significantly exceed that of Armenia’s. However, in the case of Armenia, the growth rate mean deviation is higher both for the highest and lowest values whilst Georgia’s growth is relatively stable and less prone to volatility.

On the one hand, both countries have close trade relations. Of Georgia’s total exports in 2013-2018, Armenia annually takes an average of 8.7% whilst Armenia’s share in Georgia’s total imports in the same period is an average of 2.9%. Therefore, Armenia is one of Georgia’s biggest trade partners and, consequently, the macroeconomic environment directly affects Georgia’s GDP growth. On the other hand, the economic growth of both countries is largely stipulated by the regional situation. As illustrated by Graph 1, both the economic growth figures for both countries have similar growth trends as those in Europe and Central Asia (without high-income countries).

Of further note is Armenia’s economic growth rate in 2017-2018. The high growth figures registered in those years, on the one hand, were stipulated by a significant improvement[1] of regional economic growth as compared to the previous year and, on the other hand, they were stipulated by the low 0.2% economic growth rate registered in 2016 which provided “better” starting positions for the high economic growth in the following periods. At the same time, Georgia’s economic growth rate was 2.8% in 2016 when regional growth was only 1.5%. Therefore, Georgia had different starting conditions in terms of economic growth as compared to Armenia in 2017 and 2018.

1 This factor also played a big role in the improvement of the economic growth rate in Georgia.

TBC Bank acquires leading Uzbek payment platform Payme

TBC Bank Group PLC (“TBC Bank” or “the Bank”) announces that it has entered into an agreement to acquire a 51% stake in LLC Inspired, a leading payment platform in Uzbekistan trading under the Payme brand (“Payme”).

Payme is a leading payment service provider in Uzbekistan that supplies high-quality payment solutions to its 1.3 million customers. It facilitates utility payments, P2P transfers, loan repayments, mPOS for QR-based payments and ecommerce purchases. It also provides a marketplace platform for loans from certain Uzbek banks. Payme has grown rapidly in recent years, increasing its number of clients by around 70% during 2018, while its revenue and net income grew by 41.9% and 24.5% respectively year-on-year.

The transaction is in line with TBC Bank’s international strategy to expand its regional operations and marks an important milestone in building the Bank’s capacity in the highly promising Uzbekistani market. Uzbekistan is a very attractive market with a population of 32 million that is growing at around 2.0% per year, while total retail loans to GDP ratio stood at 7.2% at the end of 2018.

The Bank’s strategy is to develop a greenfield, next generation banking ecosystem for retail and MSME customers in Uzbekistan. The primary focus will be on digital channels, including a fully-digital bank, Space.

Vakhtang Butskhrikidze, Chief Executive Officer of TBC Bank, commented:

“The acquisition of Payme is another important step in our planned expansion into Uzbekistan. It will enable us to gain immediate access to a large customer base in the country and use our core digital strengths in Georgia to innovate in the Uzbekistani market. With Payme joining our effort, we intend to further develop the payment business and also use it as a platform to develop new ecosystems in the country. I am excited about the partnership with Payme’s highly successful management team and I look forward to working closely together with the team in devising and executing the Bank’s strategy in Uzbekistan for the benefit of our stakeholders. In addition, the acquisition is expected to increase the total number of users that the TBC Group and its subsidiaries are serving by more than 50% to 3.7 million.”

Ro’zmatov Sarvar Nasrullayevich, Managing Owner of Payme commented:

“We are thrilled to partner with a leading bank in the region, with advanced digital capacities and a strong commitment to Uzbekistan. I am confident that together we will bring the company to the next level and offer our customers new, cutting-edge solutions and services in a very short period of time.”

Grant Thornton acted as exclusive financial adviser, Baker & McKenzie LLP as international legal adviser and Centil Law as a local legal adviser to TBC Bank in relation to this transaction.

Does France Need More Taxes or More Engaged Workers?

BY KRISTJAN ARCHER

Attempting to quell five months of street protests, French President Emmanuel Macron announced last week that he would cut income taxes and reform pensions -- in addition to his earlier promises to raise the minimum wage. Macron's concessions, including the modest impact of his labor code reforms, will cost the French government roughly 10 billion euros ($11.4 billion).

But instead of levying more taxes on businesses to pay for the plan, French leaders may want to consider trying to engage France's actively disengaged workers, who are costing the country billions in lost productivity. In 2018, more than one in five French workers (21%) were actively disengaged in their work -- one of the highest rates in Western Europe.

Gallup defines engaged employees as those who work with passion and feel a profound connection to their company; they drive innovation and move the organization forward. Actively disengaged employees, on the other hand, are damaging to an organization. They monopolize managers' time; have more on-the-job accidents; account for more quality defects; contribute to "shrinkage" or theft; are sicker; miss more days; and quit at a higher rate than engaged employees do.

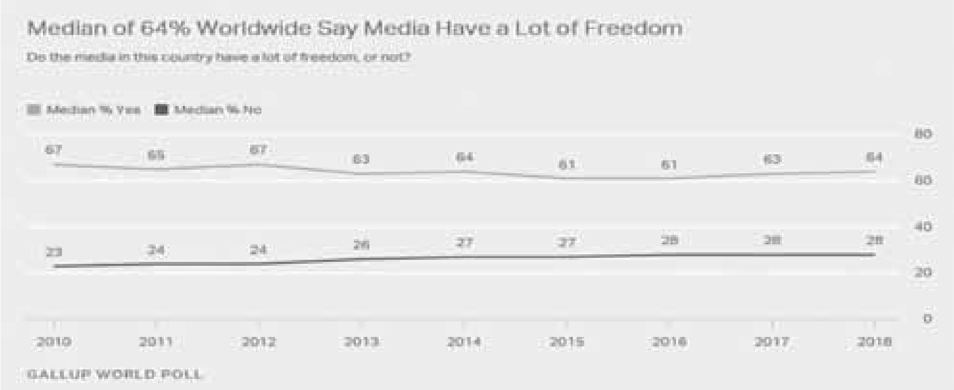
Gallup estimates that actively disengaged employees in France cost organizations between 90 billion and 102 billion euros ($101 billion to $115 billion) in lost productivity. This loss is not isolated to France; Gallup estimates in its State of the Global Workplace report that among the global workforce, $7 trillion in lost productivity is attributable to disengagement.

If France moved 4% of its total workforce who are actively disengaged to the engaged category, it could add a nationally cumulative 18 billion euros ($20.4 billion) to French organizations' bottom lines. The taxes generated from such an increase in productivity would amount to an increase of 6 billion euros ($6.8 billion) in tax revenue for the French government without increasing the burden on the French citizen.

Converting 4% of France's workforce from actively disengaged to engaged would raise its percentage of engaged workers to 12%, putting France on par with the Netherlands (12%), Ireland (12%) and the United Kingdom (14%) in relation to the percentage of the workforce that is engaged.

Employee engagement is a challenge that both the private sector and government could work together to address. Through creating programs and initiatives that focus on helping employees to find a greater purpose in their work, France could help raise its workforce's engagement levels to improve bottom lines and build greater prosperity for the larger population.

World Sees Media as a Little More Free



BY JULIE RAY, GALLUP

Amid rising concerns about the freedom of the press across much of the world this World Press Freedom Day, the world in general is more likely to see the media as having a lot of freedom than it was a few years ago.

Across 133 countries surveyed last year -- one of the deadliest on record for journalists -- a median of 64% of adults agreed the media in their country have a lot of freedom, while 28% disagreed. These results are similar to the 2017 figures, but represent a slight improvement from 2016.

Alt text: Line graph. Nearly two in three worldwide see media having a lot of freedom.

These perceptions vary around the world, however, and in 28 countries, less than half of adults say their media have a lot of freedom. Many of these are states with poor track records on media freedom (such as Belarus or Republic of the Congo) and where there is increasing evidence of eroding media freedom (such as Gabon, where a newspaper was temporarily shuttered in 2018 for reporting on the president's health).

As in past years, European nations dominate the list of countries with the highest perceived media freedom. More than nine in 10 adults in Denmark, Norway, the Netherlands, Finland, Sweden and Switzerland say their media have a lot of freedom. The only non-European country in that very top range is Canada.

Canada's neighbor to the south -- where the media have routinely been called "fake news" and the "enemy of the people" for the past two years -- narrowly misses making the top 10 list. Eighty-eight percent of Americans say the media in their country are free. This is in line with results in 2017, but up from levels in 2015 and 2016, when figures were in the lower 80s.

The increase in the U.S. given the prickly relationship between President Donald Trump and the mainstream media may be an unintended byproduct of this environment. It's possible that the intense focus on the media over the past several years has created more visibility to its role as a government watchdog, and a hyper focus on its freedom.

No Occupancy: High Court Backs Czech Hotel Owner's Crimea Test For Russian Guests

Despite death threats, Tomas Krcmar says he doesn't regret denying rooms at his four-star Moravian hotel to Russians unless they acknowledge that Crimea belongs to Ukraine.

"I reacted emotionally to the annexation of Crimea," he told RFE/RL, in a reference to Russia's covert invasion and grab of Ukraine's Black Sea peninsula in 2014. "When I made my decision [to ban Russians who didn't disclaim the annexation], I certainly did not expect that such a wave would arise...and never in my worst nightmare did I think this would last five years. But I'm glad [the controversy] happened."

Within a few weeks of putting a sign on the door barring all Russians from his four-story Brioni Boutique Hotel in the eastern Czech city of Ostrava in 2014, he was fined 50,000 crowns (about $2,170) by the Czech Trade Inspectorate for violating antidiscrimination laws.

He fought the verdict and a regional court agreed, canceling the fine.

Then the Czech Supreme Administrative Court annulled that decision and returned the case to a regional court in Ostrava. In early 2018, that court ruled against Krcmar but reduced the fine to 5,000 crowns.

That didn't satisfy Krcmar.

"I don't agree to being fined, even if I only have to pay one crown," he told iDnes.cz.

Now, the Czech Constitutional Court has concluded that while turning away guests based on ethnicity or religion would violate the country's laws on discrimination, rejecting them based on nationality does not. The April 30 ruling noted that even the Czech government discriminates based on nationality when it decides which nationalities may enter the country without a visa, for example.

The high court also said the original ruling and fine had "affected [Krcmar's] freedom of political expression."

Krcmar finally feels vindicated.

"I consider this a success -- that the truth is on our side," he told RFE/RL.

But he said the latest verdict has brought a flurry of "negative reactions" that include serious personal threats.

"Some of the written reactions addressed to our hotel in recent days we had to give to police," he said. "They went too far. I got death threats. These were [from] Czechs, not Russians."

Krcmar -- one of whose grandparents was Ukrainian -- drew a connection between the Soviet invasion of Czechoslovakia in 1968 and Russia's seizure of Crimea in 2014.

"The parallel is that you don't need to constantly step on the same rake," Krcmar said. "[Russian] President [Vladimir] Putin didn't invent anything new [in his annexation of Crimea]. I get the impression that many people didn't learn history well and I helped to refresh their knowledge."

The UN overwhelmingly passed a nonbinding resolution within days of the annexation affirming the "territorial integrity of Ukraine" and declaring a referendum organized by Russian occupation forces there invalid.

Krcmar changed his strategy within weeks of the original ban, subsequently allowing Russian guests if they signed a text stating that Crimea belongs to Ukraine.

Krcmar estimated that about 10 percent of his Russian guests objected to the demand and refused to stay in his hotel.

The hotelier-cum-political activist is unhappy with what he sees as a lack of action on the part of the West toward actions by Moscow -- the latest being Putin's decision last week to offer passports to Ukrainians.

"Everything is clear here -- he continues to push forward his message," Krcmar said. "The reaction of neighboring states and the sanctions imposed by the European Union and other countries, of course, have some effect. But in general, everything is moving in a bad direction. The imperial policy of Russia doesn't change."

Written by Pete Baumgartner based on an interview by RFE/RL Russian Service correspondent Oleksandra Vagner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What can be learned from the experiences of theKhadori 3 HPP Project?

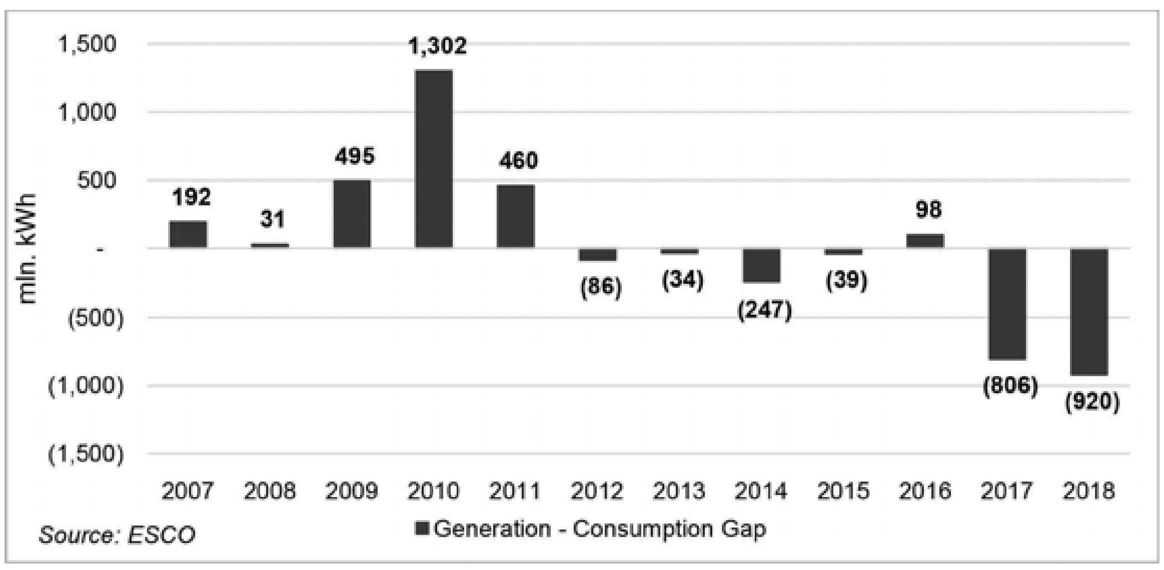
Continued from p. 2

The elaboration of an environmental impact assessment before the construction or operation of any HPP is a compulsory procedure in many countries, including Georgia. The main goal of an EIA is toevaluatea project's implementation,which includes assessingthe existing technical documentation of planned activities and information regarding the natural and social environment. The determination of the expected environmental and social impacts (including residual and cumulative) on different phases of a project should be obtained when analyzing and appraising the relevant information. The most important facets of an EIA are the identification of any mitigation measures (necessary to identifynegative impacts),the establishment of environmental management and monitoring schemes, and ensuring public awareness about planned activities and engagement.

An EIA is a comprehensive document, analyzing several types of project impacts. As economists, we opted to investigate the sub-chapters of the Khadori EIA, which describes both the socio-economic conditions in the area and the socio-economic impacts of the project.

We discernedthat reviewingthe socio-economic conditions detailed within the sub-chapter does not offera truly precise understanding of the conditions, as the data provided refers either to the municipality or to the region, and not to the area most directly affected by the project. This poses an important question: how does one define a project implementation area?Is it a whole municipality, a region, or those settlements that are the most subject to the direct social, economic, and environmental impacts ofits implementation? We believe the last option offers the best definition for small projects, like the Khadori HPP. When considering thesub-chapteron the possible socio-economic impacts of implementation, we found that it includesa quite simple methodology, which only distinguishes the impacts according to a "sign" (positive or negative)and an "intensity" level (low, medium or high). Although the range of impacts analyzed is quite exhaustive (among them: the impact on resource usage, employment, transportation infrastructure, health, andrisks of environmentaldamage and on the economic benefits), the information provided, once again, lacks detail.

Figure 1. Annual Electricity Consumption-Generation Gap (Deficit) including transmission losses



The document offers a, vague,description of each impact and provides unsubstantiatedquantitative results. It delivers neither detailed information on any specific methodology, the approach used to assess the impacts, nor a proper reference to any previous studies or to the qualitative data utilized to support the conclusion of their analysis. Subsequently, one cannot check the validity of the underlying assumptions,conclusions or rationale behind the approval of the project in terms of economic profitability. One can only safely assume that the project is financially viable for its investors, however, this is not enough to conclude whether the project imposesthe relevant economic costs on third parties (such as thelocal population).

For impartiality,it is important to mention twofurther significantaspects: (i) the report on the ecological expertise of this particular EIA does not highlight any problems with the sub-chapters covering the socio-economic conditions and impacts of the projects. It simply touches on the environmental impacts of the project, and it requiresthat the project implementation team provide additional documentation to the ministry. (ii) The comprehensive data of settlements' socio-economic conditions are not collected in Georgia. The main socio-economic indicators, such as unemployment, business activity, etc.,are statistically representative only at the regional, or municipal, level at best. Thus, any significant research trying to assess expected socio-economic impacts would have to conduct separate data collection within the project implementation area to identify these necessary indicators. It therefore appears that a tradeoff exists between conducting a cheaper socio-economic investigation of the project,performed with inadequate detail (and mainly for ticking boxes), and a more accurate, but relatively more costly, analysis. Clearly, if the socio-economic analysis is not expected to be thoroughly scrutinized, there is no incentive to undertake a more costly process.

We believe, as one of the major goals of the EIA is to provide clarity and transparency in the implementation of projects that have potentially negative impacts on third parties, thatthe quality and the level of detail of the socio-economic assessment and environmental impacts within the EIA should be improved upon. This would facilitate a dialogue between the investorsand communities involved, as well as the adoption of adequate risk-mitigation measures, thus helping diffuse tensions and preventclashes like those at Pankisi.

On a positive note, the assessments ofthe environmental and social impacts of all projects in Georgia are, currently, regulated by a new (improved) law. The law states that communities should be involved in the environmental impact evaluation process, at the earliest stage possible, in order to considerthe opinions of all stakeholders.Nevertheless, without accurate data and greater scrutiny, even the improved legislation may fail to avoid certain misunderstandings and the provocation of unnecessary tensions among different parties.

Although one HPP producing 27.5 mln. kWh per annum may not make anotable difference in the power sector, it is evident that small HPPs in Georgia could help cover part ofthe widening negative gap between generation and consumption.This gap now typifies most of the year, with the exception of the summer,[1] and has been intensifyingover the past two years (Figure 1).

This deficitmay well become more severe still, unless more proactive measures are taken. One of such measures is the popularization and acceleration of investments in renewable sources, including small HPPs, which, relatively, have a smaller negative impact on the environment.Otherwise, any political or marketinstabilities,connected to the main energy suppliers,Russia and Azerbaijan, may causepotentialpower outages, which can have significant economic and social costs. For example, Michael Schmidthaler and Johannes Reichl estimated that a power outage in Italy on 28 September 2003 caused over 1.15 billion Euro of damage to society,[2] which corresponds to almosto. percent of the annual Italian GDP. In a study of the Pakistani market, Arun P. Sanghvi estimated the impact of power shortages in developing countries. He revealed that in Pakistan the resulting direct and indirect cost of power outages from 1984-1985 was 525 million dollars, representing a 1.8% reduction in Pakistani GDP.

In conclusion, while the need for small HPPs is largely derived from a political will to achieve energy security, in order to avoid unwanted tensions and conflicts,there is a necessity for the institutionalization of an inclusive and evidence-based approach to HPP authorization. Such an approach should highlight, in an objective and transparent way, the socio-economic rationale behind the authorization, accompanied by accurate estimates of the expected costs and the benefits tosociety (particularlythose local communities most affected).

High-quality analyses of projects' environmental impacts certainly have the potential to facilitate more informed and thusconstructive debates, andmoreover the opportunityto decrease manipulation. This, in our view, is the best course of action for future developments.

1 The summer period includes April, May, June, and July.
2. The duration of which varied between 3-16 of the day in different regions of Italy.

Fitch Revises Georgian Leasing's Outlook to Stable; Affirms at 'B+

Fitch Ratings has revised Georgian Leasing Company Ltd's Outlook to Stable from Positive, while affirming the company's Long-Term Issuer Default Rating (IDR) at 'B+'.

Georgian Leasing Company's IDRs and Support Rating are driven by support from Bank of Georgia (BoG, BB-/Stable). Fitch's view of probability of support is based on full ownership, close integration and a record of capital and funding support, agency said.

The company operates solely in Georgia, the group's domestic market. It provides financial leasing and focuses on corporate clientele of BoG as well as retail-type leasing to SME, microbusinesses and individuals. Georgian Leasing Company's clients are often higher-risk borrowers when compared with BoG's, although this is mitigated by availability of a liquid collateral and higher yield.

Georgian Leasing Company, which is 100%-owned by BoG, aligns its strategy and risk policies to those of its parent, although the company's management is independent in operational decisions. Georgian Leasing Company also benefits from access to some of BoG's systems, including risk management and IT/back-office functions.

Fitch expects Georgian Leasing Company's ratings to move in line with the parent's IDR.

A significant and sustained improvement of the company's performance and prospects, and a greater strategic alignment within the parent group would, in Fitch's view, increase BoG's propensity to support the company and could drive the equalisation of the ratings with the parent.

"A material weakening of BoG's propensity or ability to support the company might result in a wider notching differential from the parent. This could be driven by an increase of support cost for BoG, a greater risk of regulatory restrictions on support, a waning of Georgian Leasing Company's strategic importance, or depletion of BoG's headroom (ie safety cushion) over regulatory required capital", agency said.

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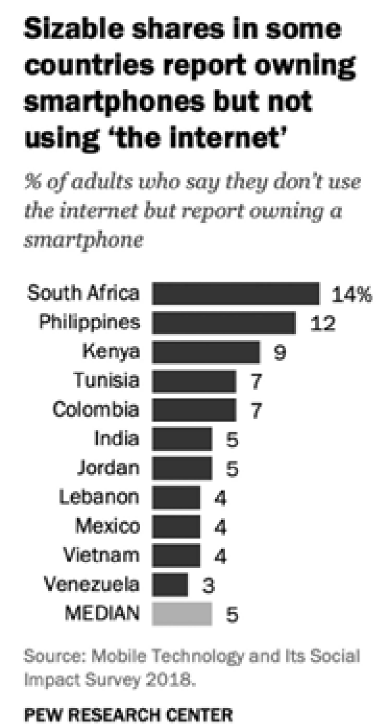
In some countries, many use the internet without realizing it

Pew RESEARCH



A smartphone user in Allahabad, India, a country in which 5% of adults who say they don't use the internet report owning a smartphone. (Sanjay Kanojia/AFP/Getty Images)

What is the internet? And who is an internet user? The questions may seem straightforward, but more than a decade of research in the United States and abroad suggests that some people who use the internet may not be aware that they're doing so. Results from recent Pew Research Center surveys in the U.S. and 11 emerging economies show that confusion about what the internet is stems from two different – but related – sources.

Sizable shares in some countries report owning smartphones but not using 'the internet'First, many people who use smartphones are unaware that the apps and browsers on their devices involve using the internet. In the Center's survey of emerging economies, as many as 38% of those who say they do not use the internet also indicate that they have a phone that connects to the internet. Due to differences in internet use across these countries, this group represents as much as 14% of the total adult population in South Africa, or as little as 3% in Venezuela.

These mismatches are often highest in developing countries and can even extend to people who use their smartphones to do things that necessitate using the internet for tasks such as looking for or applying for jobs.

Across 11 developing countries surveyed in fall 2018, one of the defining factors in people's awareness they are using the internet is whether they have access to a home or office computer. Majorities of "unconscious internet users" (that is, those who say they do not use the internet, but do use social media, a smartphone or a feature phone) lack access to a home computer or tablet, meaning they likely visit the internet primarily through a mobile phone. In three countries, those with lower levels of education are also somewhat more likely to be unconscious internet users, though in most countries there is no relationship with educational attainment. But, while older people are somewhat less likely to use the internet, smartphones or social media than younger people, they are not more likely to be unconscious users.

This phenomenon extends to advanced economies as well: Previous surveys by the Center have found that a small share of people in nearly every country surveyed underreport internet use. Estimates that account for social media use and smartphone ownership tend to be somewhat larger than those that only include people's self-reported internet use. For example, 90% of South Koreans say they use the internet, when asked, but 97% of South Koreans report using the internet, owning a smartphone or using social media – a gap of 7 percentage points.

Other developed countries also show gaps between these narrow and broad measures of internet use, including Spain (7 percentage points), Italy (5 points) and France (4). And in our most recent technology-focused survey of U.S. adults, conducted in January and February, one-quarter of those who say they do not use the internet do indicate they own a smartphone – although since relatively few Americans do not go online, that group works out to just 2% of the total adult population.

There are people in many countries who use Facebook and WhatsApp but report not using 'the internet'Second, apart from a lack of awareness that smartphones and feature phones connect to the internet, many people who use social media and messaging apps appear unaware that the platforms themselves are part of the broader internet. This is a relatively well-known phenomenon in the case of Facebook: Sheryl Sandberg, the company's chief operating officer, was once quoted as saying, "People actually confuse Facebook and the internet in some places." And in countries like the Philippines, Facebook offers a free version that allows users to visit the site without incurring mobile data charges.

Some of this may seem to be a niche issue, mostly of interest to survey researchers. But measurement matters for our understanding of political phenomena and how people access information. As many policies and programs are structured around reaching the population that is not online – "internet for all" – it's important to have a clear and accurate reading of who is and is not online. Our research also suggests that the dominance of certain providers – especially Facebook and WhatsApp – is important to this understanding given that considerable shares in some countries appear to be using them without even realizing that they're going online.

Focus groups conducted in the Philippines in March 2018 highlighted the extent to which people used Facebook as a portal to the internet at large, relying on it as a website for online dating, finding jobs and acquiring news, along with general uses like messaging, sharing pictures with family and video calls. As two participants highlighted in one exchange, "It seems like almost all people in the world have Facebook ... it seems impossible if you don't have [a Facebook account]." Indeed, the Philippines stands out for having the largest share of people among these 11 countries who say they use Facebook but also report not being online (12%). Similarly, as much as 10% of the population in South Africa reports using WhatsApp but not using the internet.

As was true with the distinction between smartphones and the internet, this lack of understanding of the nature of social media is not confined to emerging economies. Among U.S. adults who say they do not use the internet, some 14% indicate in each case that they use Facebook or the video sharing platform YouTube.

Taken together, these findings indicate that people can be unaware of what the internet is in a variety of ways. Across all 11 countries surveyed, anywhere from 5% to 25% of the population fits this pattern of being an unconscious internet user. The highest rates of this behavior occur in Kenya and the lowest rates occur in Lebanon and Vietnam.

Turkey: Purchase Of Russian Missiles No Reason To Exclude It From F-35 Work

The FINANCIAL

Turkey says its purchase of Russian S-400 missile defense systems is no reason to exclude the country from the U.S.-led F-35 fighter jet project.

Defense Minister Hulusi Akar's comments on May 3 came hours after the acting U.S. defense chief warned that ending Turkey's participation in F-35 production work would be one of the consequences of Ankara's actions.

Akar also said Turkey was evaluating the latest U.S. offer to sell it, as an alternative, the U.S.-made Patriot missile defense systems -- which he said was a more positive proposal than Washington's previous offers.

Akar told Turkish broadcaster NTV that excluding Ankara from the F-35 jet project would put "very serious" burdens on the other partners in the project.

"There is no clause saying 'you will be excluded if you buy S-400s' in this partnership. Excluding us just because any one country wants so would not be in line with justice, laws, or rights. This should not happen," Akar said.

Turkey, as a NATO member, is participating in the production of the fighter jet for use by alliance militaries and has plans itself to purchase 100 of the jets.

Several Turkish manufacturers are making parts and equipment for the F-35 -- including the internally carried Stand-off Missiles, air-frame assemblies, and wiring.

The United States has demanded that Ankara call off its deal with Russia, saying the S-400 missiles are incompatible with NATO systems and are a potential threat to the F-35s.

Akar said Turkey had explained to the United States and other NATO allies that Ankara had taken measures to ensure that the S-400s would not pose a threat to the F-35 jets.

Acting U.S. Defense Secretary Patrick Shanahan said on May 3 that he had met with Lockheed Martin and United Technologies Corp last week about the possibility of moving F-35 work out of Turkey.

"If Turkey decides that the S-400 is a decision they want to go forward with, then we have to move work out of Turkey," he said.

Washington has suggested Turkey might be able to obtain the Patriot missile systems if it drops its plan to buy the Russian missiles.

Turkish President Recep Tayyip Erdogan has insisted he will buy the Russian system and says it is a done deal. Erdogan on May 1 claimed that the F-35 project would collapse if Turkey did not participate.

With reporting by Reuters and AFP

financial news

Self-employed persons

The FINANCIAL

32.6 million persons aged 15 to 74 in the European Union (EU) were self-employed in 2018. They accounted for 14% of total employment.

Share of self-employed highest in Greece and Italy

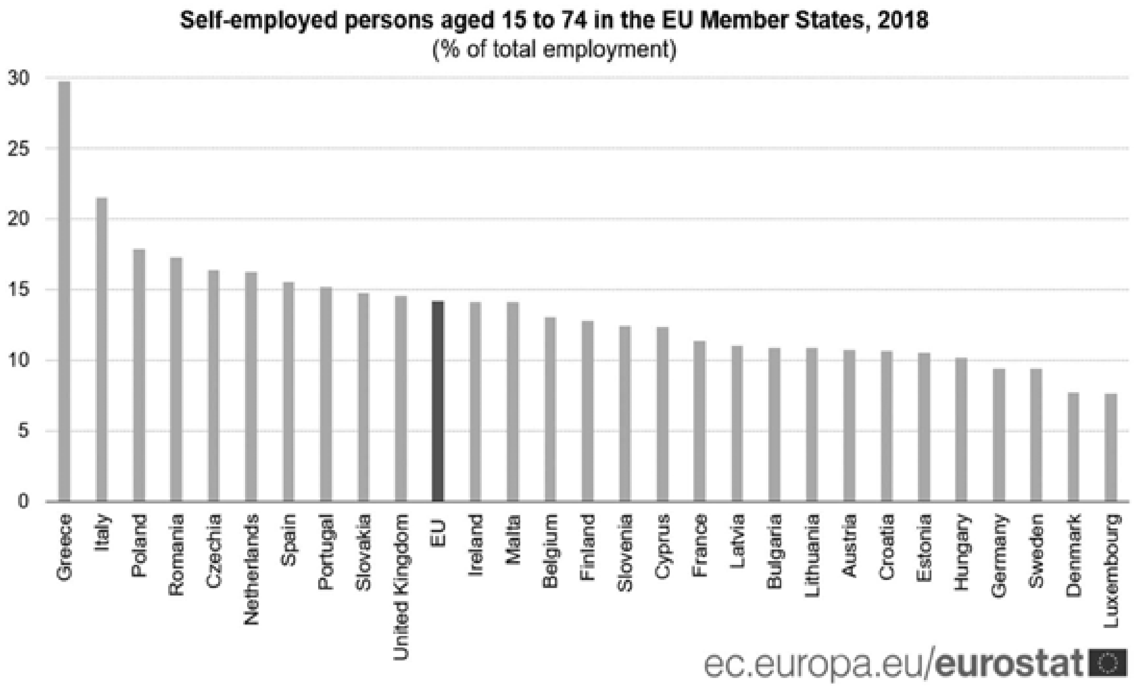
Across the EU Member States, almost one in every three people in employment in Greece was self-employed in 2018 (30%) and around one in five in Italy (22%), Poland (18%) and Romania (17%). These countries were followed by Czechia, the Netherlands and Spain (each 16%), Portugal, Slovakia and the United Kingdom (each 15%).

At the opposite end of the scale, the self- employed accounted for less than 10% of total employment in Denmark and Luxembourg (both 8%) as well as in Germany and Sweden (both 9%).

Most popular careers

The most popular occupations among self-employed workers were under the headings ‘Professionals’ (22%), ‘Service and sales workers’ (16%) and ‘Craft and related trades workers’ (15%). These categories were followed by ‘Skilled agricultural, forestry and fishery workers’ (14%), ‘Technicians and associate professionals’ as well as ‘Managers’ (both 12%). Together these categories accounted for 90% of the total number of self-employed.

Two out of three of the total number of the self-employed were men (68%).



Expanded Minority in U.S. Say They Are Spending More

Majority preference for saving over spending holds firm near 60%

BY LYDIA SAAD

GALLUP

Americans are more likely now than at any time in the past decade to report spending more money than usual in recent months.

While the majority continue to say they are spending the same amount (34%) or less than usual (32%), the 34% spending more is up from 30% a year ago and from 17% at this metric’s lowest ebb in 2009 and 2010. During that recession and post-recession period, Americans’ dominant response was that they were spending less, including a high reading of 57% in February 2010.

Line graph. Percentage of U.S. adults saying they are spending more than usual has increased from 17% in 2009 to 34% today.

The same poll found Americans feeling relatively positive about their personal finances, both today and looking ahead.

These findings, from Gallup’s April 1-9 poll, come as Commerce Department data show that U.S. consumer spending increased by 0.9% in March over the prior month -- the largest one-month jump in a decade. But this follows relatively tepid first-quarter growth, which had fueled concerns that a recession could be on the horizon. As a result, many economists are taking a wait-and-see attitude about consumer outlays.

Gallup first asked this question in April 2009, as consumer spending was in a rare period of decline. The stock market had just hit its low point of the Great Recession, and unemployment was near 9% and climbing toward its high point later that year.

At that time, 53% of Americans said they were spending less money than usual, while only 17% reported spending more. The percentage spending less rose to 57% the following year, before declining to the 40% range as the economic recovery picked up. This year marks the first time since the recession that the percentage saying they are spending less has not exceeded those spending more.

“Spending” Still Not Something to Celebrate

A follow-up question asks consumers who report a change in spending (either more or less than usual) to say whether this is a “new normal” for them or just temporary. The results suggest frugality is a virtue Americans aspire to, at least in how they present themselves to others.

As Gallup has seen each year, most of those who say they are spending less say it’s their new normal, while most of those reporting higher spending say it’s temporary.

Currently 23% of Americans, down from 38% in 2010, say they are spending less and it’s their new normal.

Fewer Americans, 13%, say they are spending more and it’s their new normal; however, this is up from 6% in 2009 and near the 14% high point recorded in 2011.

Recessionary Shock to Spending Preferences Persists in 2019

While U.S. consumers may be spending more freely in 2019, their spending mindset remains entrenched in 2009.

Asked whether they more enjoy spending or saving money, 61% of adults still opt for saving and 36% for spending. That is consistent with what Gallup has found each April since 2009. At the same time, it is a stark departure from 2001, 2005 and 2006, when savers barely outnumbered spenders.

Line graph. Roughly six in 10 Americans have said they prefer saving money to spending it each year since 2010. The percentage of Americans reporting that their recent spending is higher than usual has been inching up over the past few years as the percentage spending less has been inching down. This aligns with improved gross domestic product and government spending statistics across these same years. Still, spending growth is not nearly as high as occurred in the late 1990s, when it routinely surpassed 5%, and one reason could be the psychological resistance to spending that Americans acquired during the recession. That shows no signs of abating.

Given that consumer spending accounts for roughly two-thirds of U.S. GDP, Americans’ reluctance to spend in the post-recession era may very well explain why economic growth has yet to reach levels seen in the 1980s and 1990s.

In year of record midterm turnout, women continued to vote at higher rates than men

The FINANCIAL – Both men and women turned out at record rates in the 2018 midterm election – mirroring historic turnout increases among other segments of the eligible voting population. Compared with 2014, voter turnout increased by double digits among both men (11 percentage points) and women (12 points).

As has been the case in the last five midterm elections dating back to 1998, women turned out to vote at slightly higher rates than men. Over half of women (55%) who were eligible to vote cast ballots in the 2018 midterms in November, as did 51.8% of men, according to a Pew Research Center analysis of newly released data from the U.S. Census Bureau.

The 3.2 percentage point gender gap in turnout is similar to the gap in the 2014 (2.2 points), and slightly bigger than the gap in 2010 (less than 1 point).

In 2018, women made up about the same share of the electorate as they did in the previous five midterms; 53% of voters were women and 47% were men.

Voter turnout was higher among adults of all ages in 2018 relative to 2014 – but increased the most among younger voters. Between 2014 and 2018, turnout among adults under 25 nearly doubled – from 17.1% to 32.4%. Turnout among adults ages 25 to 34 rose by more than 14 percentage points (27.6% to 42.1%) and more than 13 points among those 35 to 44 (37.8% to 51%).

The increases in turnout among older adults were more modest. About two-thirds (66.1%) of eligible adults 65 and older cast a ballot in the 2018 midterm – up from 59.4% in the 2014 midterm election. Those ages 55 to 64 increased their turnout rate by 7.8 percentage points. Older age groups continued to be much more likely than younger groups to vote in the midterms.

The electorate was younger in 2018 than in 2014 as a result of relatively high turnout among young adults. In 2014, 16% of the electorate was under 35. In 2018, these voters made up 21% of the electorate.

Though turnout among women was about 3 percentage points higher than men overall, the difference in turnout by gender varied significantly by age. Among younger voters (18 to 44), the gender gap was wider than the gap for older voters (45 and older).

The gender gap in turnout among the youngest group of voters was also larger than it was in 2014. Five years ago, slightly more women ages 18 to 24 turned out in the midterm election than men (18.2% and 16%, respectively). The 2.2 percentage point gap in 2014 was similar to that of 2010 and 2006. But last year, the gender gap in turnout was significantly larger; 35.3% of women 18 to 24 turned out, compared with 29.5% of men.

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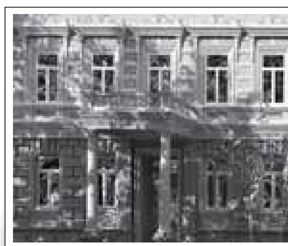
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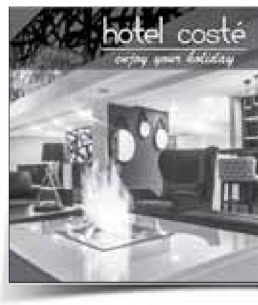
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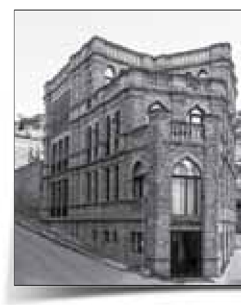
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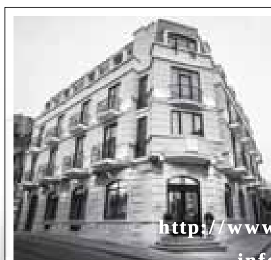
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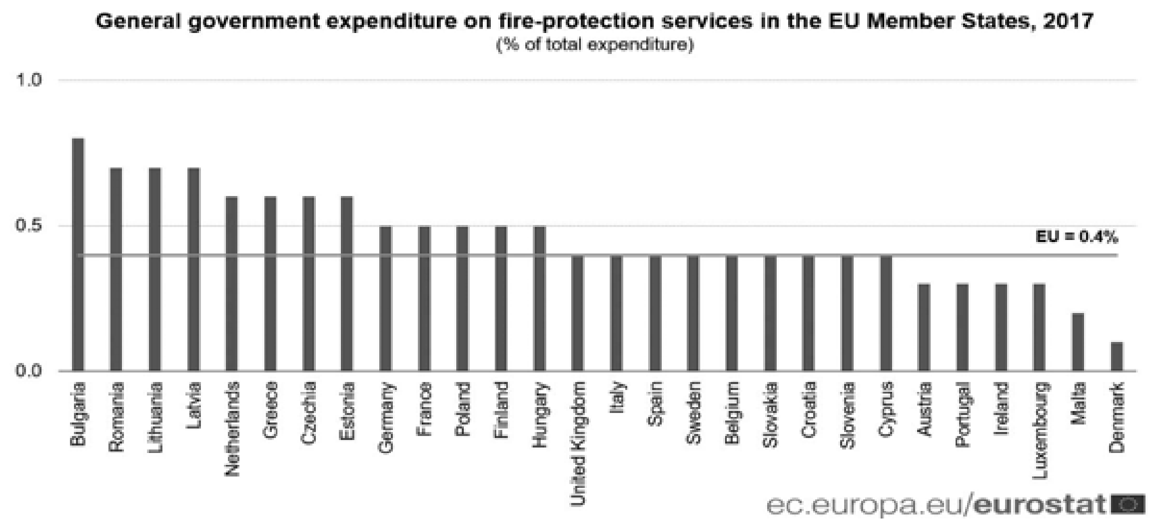
How much do governments spend on fire-protection in the EU?

The FINANCIAL

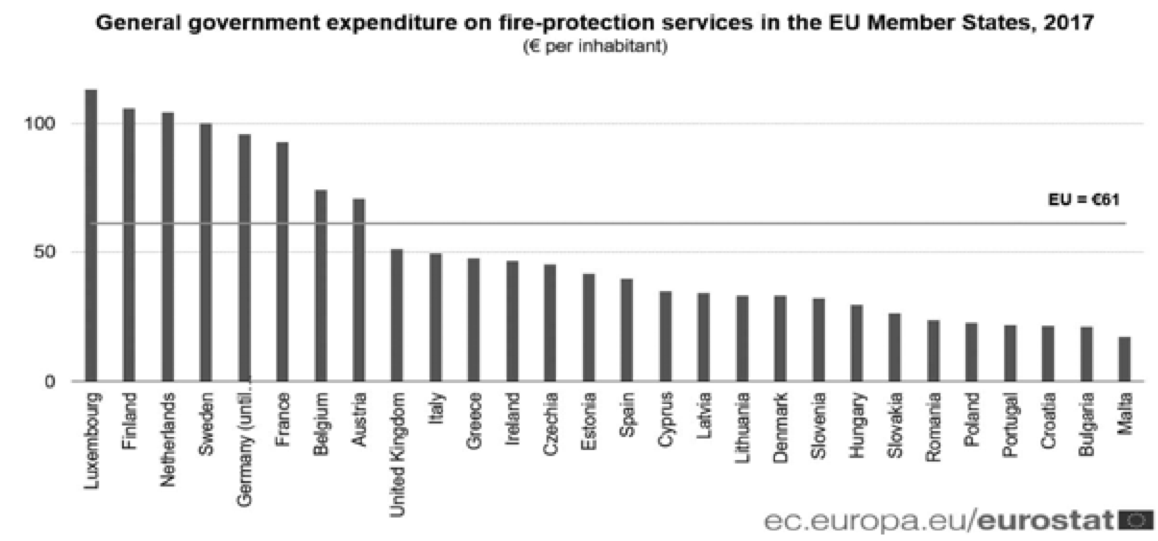
In 2017, the EU's 28 Member States spent €31.2 billion of government expenditure for 'fire-protection services', whilst almost 300 000 persons were employed as fire fighters in the European Union (EU) in 2017 as well as in 2018.

This expenditure is equivalent to 0.4% of the total government expenditure, which is less than the amount spent on police services (expenditure equivalent to 2.0% of total expenditure in 2017) and law courts (0.7%), but similar to government expenditure on prisons (0.4%).

Overall, in the EU, the public expenditure on fire-protection services remained stable as a percentage of total expenditure since the beginning of the time series in 2004.



Highest share of expenditure on fire-protection services in Bulgaria, lowest in Denmark



In 2017, the ratio of government fire-protection expenditure to total expenditure varied across EU Member States from 0.1% of the total expenditure in Denmark, 0.2% in Malta, and 0.3% in Portugal, Luxembourg, Ireland and Austria, to 0.7% in Latvia, Lithuania and Romania, and 0.8% in Bulgaria.

Luxembourg spent most per inhabitant on fire-protection

The amounts spent by EU governments can be put into perspective with the size of the population of each Member State.

Fire-protection government expenditure per inhabitant was above €100 in four EU Member States in 2017: Luxembourg (€113 per inhabitant), Finland (€106), the Netherlands (€104) and Sweden (€100), closely followed by Germany (€96) and France (€93).

In contrast, the lowest fire-protection expenditure per head was recorded in Malta (€17 per inhabitant), followed by Bulgaria (€21), Croatia and Portugal (both €22), Poland (€23), Romania (€24) and Slovakia (€26).

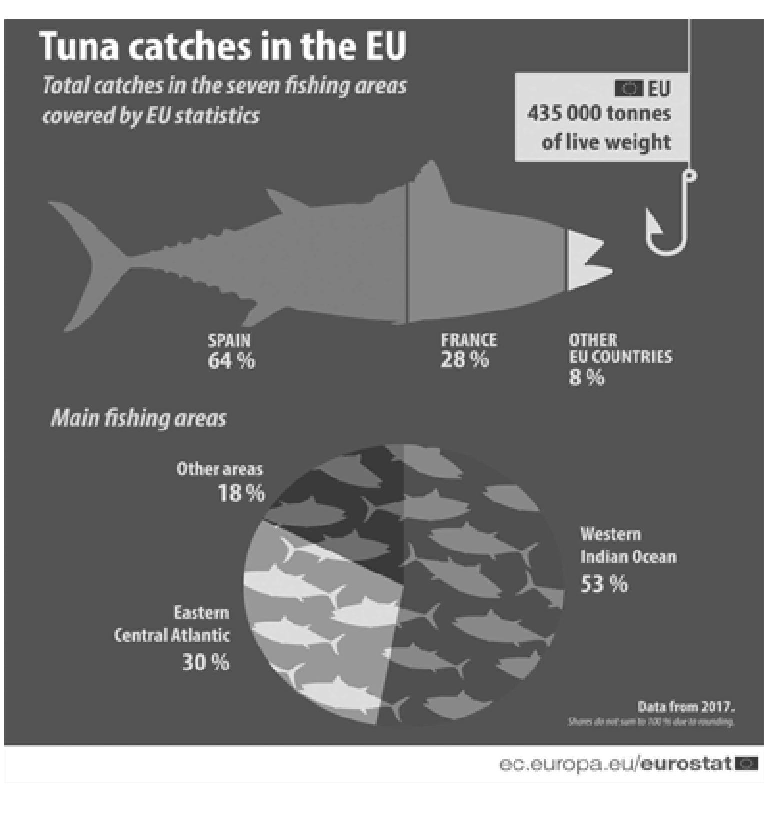
Tuna: 10 % of EU catches of marine fish in 2017

The FINANCIAL

Alive weight of almost 435 000 tonnes of tuna (including bonitos and billfishes) was caught by the European Union (EU) Member States in 2017 in the seven fishing regions covered by EU statistics. This represented about 10 % of all catches of marine fish by EU Member States in that year.

The most common tuna species caught was skipjack tuna, followed by yellowfin tuna. Atlantic bluefin tuna is a threatened fish species but with agreed quotas in place, stocks are recovering. Catches by the EU Member States of Atlantic bluefin tuna were around 13 000 tonnes in live weight terms in 2017.

Together, Spain and France accounted for almost all of the tuna catch in 2017. Spain caught almost 277 000 tonnes of tuna, bonitos and billfishes in live weight terms (64 % of the EU total) and France about 122 000 tonnes (28 % of the EU total). Half of these fish were caught in the Western Indian Ocean (230 000 tonnes live weight), the other major catch area being the Eastern Central Atlantic (129 000 tonnes live weight).



Euro area unemployment at 7.7%

EU28 at 6.4%

The FINANCIAL -- The euro area (EA19) seasonally-adjusted unemployment rate was 7.7% in March 2019, down from 7.8% in February 2019 and from 8.5% in March 2018. This is the lowest rate recorded in the euro area since September 2008. The EU28 unemployment rate was 6.4% in March 2019, down from 6.5% in February 2019 and from 7.0% in March 2018. This is the lowest rate recorded in the EU28 since the start of the EU monthly unemployment series in January 2000. These figures are published by Eurostat, the statistical office of the European Union.

Eurostat estimates that 15.907 million men and women in the EU28, of whom 12.630 million in the euro area, were unemployed in March 2019. Compared with February 2019, the number of persons unemployed decreased by 172 000 in the EU28 and by 174 000 in the euro area. Compared with March 2018, unemployment fell by 1.430 million in the EU28 and by 1.172 million in the euro area.

Member States

Among the Member States, the lowest unemployment rates in March 2019 were recorded in Czechia (1.9%), Germany (3.2%) and the Netherlands (3.3%). The highest unemployment rates were observed in Greece (18.5% in January 2019), Spain (14.0%) and Italy (10.2%).

Compared with a year ago, the unemployment rate fell in all Member States except Denmark (between February 2018 and February 2019) and Sweden where it remained stable. The largest decreases were registered in Greece (from 20.6% to 18.5% between January 2018 and January 2019), Estonia (from 6.7% to 4.6% between February 2018 and February 2019) and Cyprus (from 9.0% to 7.0%).

In March 2019, the unemployment rate in the United States was 3.8%, stable compared with February 2019 and down from 4.0% in March 2018.

Youth unemployment

In March 2019, 3.282 million young persons (under 25) were unemployed in the EU28, of whom 2.325 million were in the euro area. Compared with March 2018, youth unemployment decreased by 189 000 in the EU28 and by 150 000 in the euro area. In March 2019, the youth unemployment rate was 14.5% in the EU28 and 16.0% in the euro area, compared with 15.5% and 17.4% respectively in March 2018. In March 2019, the lowest rates were observed in Germany (5.6%), Czechia (6.3%) and the Netherlands (6.4%), while the highest were recorded in Greece (39.7% in January 2019), Spain (33.7%) and Italy (30.2%).