

FactCheck



Nodar Javakhishvili:

The Minister of Regional Development and Infrastructure of Georgia



“About 28 water supply projects which were being incorrectly implemented for the past three years were planned during the office of the previous government.”

Ani NADIRASHVILI
FactCheck

The Minister of Regional Development and Infrastructure of Georgia, Nodar Javakhishvili, stated: “The implementation of about 28 projects were planned three years ago but they were being incorrectly implemented during all this time. We corrected the flaws and international donors have allocated additional funding for us.”

FactCheck took interest in the accuracy of this statement and looked into it.

In order to verify the aforementioned information, we contacted the Municipal Development Fund of Georgia and the United Water Supply Company of Georgia.

According to the Municipal Development Fund of Georgia's information, the implementation of water supply projects with the European Investment Bank's funding were planned in 28 cities and municipalities of Georgia with 24 of these having made it to the phase of signing a contract.

The remaining four; namely, projects in Chiatura, Baghdati, Kvareli and Khashuri, were cancelled due to a lack of funding.

It should be pointed out that according to the United Water Supply Company of Georgia, these projects were planned in 2012 and 2013. However, the construction work of these projects did not start until 2014. FactCheck took interest in the specific number of projects planned in 2012 and 2013. In order to clarify this information, we requested additional public information from the United Water Supply Company of Georgia. However, we were unable to receive the requested answers. As the company's response letter explains, the aforementioned 24 projects were being planned for gradual implementation in 2012 as well as 2013 and so the exact number of projects planned under the previous government, as well as those under the incumbent government, is unknown to us.

Since December 2014, at the request of the European Investment Bank, these projects

(24 contracts) have been subjected to changes according to international standards. Specifically, the distribution network plans and pipe diameters were changed for each project (in accordance with the EN standard) and plans for water meter units were also created (in accordance with the EN standard) together with the construction of reservoirs and chlorine pumping stations also being planned (in accordance with the EN standard).

With the consent of the donor organisation (European Investment Bank), the cost of the additional work necessary due to the changes in the projects was covered in terms of allocated credit resources (by the redistribution of money between the projects).

As the table makes clear, a total of GEL 83 million was allocated for these 24 projects of which GEL 16 million was spent on additional changes in the projects. Today, all of these water supply projects have already been launched. The dates for the finalisation of construction work vary from 2015 to 2017.

Table 1: Water Supply Projects Planned in 2012 and 2013 (24 Projects)

City	Working Costs (GEL)	Cost of Additional Work (GEL)
Khobi	2,749,058.01	729,424.49
Gurjaani	3,277,824.94	49,766.73
Bolnisi	3,477,534.59	1,166,616.06
Senaki	4,501,053.23	1,923,233.27
Abasha	5,106,515.33	1,045,327.41
Tsnori	8,252,826.11	2,985,298.25
Oni	618,903.79	174,004.95
Ozurgeti	4,626,693.36	485,298.54
Likani-Tsagveri	2,777,008.27	210,808.53
Sighnaghi	1,191,019.35	151,264.31
Akhaltikhe-Aspindza	1,789,024.79	281,704.05
Dusheti	1,588,162.28	0.00
Terjola	1,488,642.16	464,205.85
Sagarejo	6,237,973.80	2,403,654.04
Tetritskaro	2,176,663.48	574,493.80
Tsalka	3,196,838.18	549,350.43
Telavi-Kurdgelauri	6,490,342.90	561,790.15
Tkibuli	3,953,856.08	620,160.29
Zestaponi	3,579,251.05	219,557.73
Kareli	1,713,769.85	433,545.91
Akhmeta	7,491,983.18	1,079,146.72
Lagodekhi	7,006,466.13	0.00

CONCLUSION

HENCE, NODAR JAVAKHISHVILI'S STATEMENT IS HALF TRUE.

HALF TRUE

EUROPEAN
ENDOWMENT FOR DEMOCRACY

The German Marshall Fund
of the United States

Kingdom of the Netherlands

STRENGTHENING TRANSNATIONAL COOPERATION

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Huawei Globally Launches the Mate 8 Smartphone at CES 2016



The FINANCIAL -- On January 6 at CES 2016, the Huawei Consumer Business Group globally launched the Huawei Mate 8 smartphone, a productivity-driven device with significantly enhanced power, efficiency and battery life. The Mate 8 continues Huawei's track record of delivering high-end devices that reflect global consumer demand and inspire loyalty in their users.

Featuring the most powerful chipset, a high-capacity

battery and stylish design – including a unique mocha brown color option – the Huawei Mate 8 is the ideal smartphone for today's on-the-go professional. The Mate 8 is designed from the ground-up for productivity and its hardware and software have been fine-tuned to provide an elegant, efficient experience, according to Huawei.

“With the Mate 8, we have delivered a device that meets the needs of a new style of business. With this

fast, impeccably designed smartphone, users can work more efficiently and free up valuable time to spend with friends, family and on personal pursuits,” said Kevin Ho, President, Handset Business, Huawei Consumer BG. “The Mate 8 is the ultimate high-end smartphone. It strikes the perfect balance between high performance and long battery life, enabling people to stay connected and be more productive in every facet of their lives.”

A happy World in 2015

SAUDI ARABIA IS THIRD HAPPIEST COUNTRY IN SURVEY WHICH SHOWS DOWNBEAT EUROPE

The FINANCIAL

Latest study by WINGIA showed that Colombia is the happiest country in the world (85% net happiness), followed by Fiji, Saudi Arabia and Azerbaijan.

66% say that they feel happy about their lives, down from 70% in 2014; 23% are neither happy nor unhappy, and 10% feel unhappy about their lives.

Net happiness (happy minus unhappy) globally is 56%. Colombia is the happiest country in the world (85% net happiness), followed by Fiji, Saudi Arabia, Azerbaijan and Vietnam while Iraq is the least happy for the second year in a row (-12% net happiness).

45% of the world is optimistic about the economic outlook for 2016; 22% are pessimistic and 28% believe the economy will remain the same.

The most optimistic country about economic prosperity in 2016 is Nigeria (61% net optimistic), followed by Bangladesh, China and Viet-

nam. In contrast, Greece is the most pessimistic (-65% net optimistic) country.

A little over 1 person out of 2 (54%) believes 2016 will be better than 2015, 18% think it will be worse and 24% believe 2016 will be the same as 2015.

Bangladesh, China, Nigeria, Fiji and Morocco are the most hopeful nations, while Italy is the least hopeful.

A HAPPY WORLD IN 2015

As 2015 comes to an end, 66% of respondents to the WIN/Gallup International survey say that they are happy, down slightly from 70% in 2014. Of the 66040 people surveyed, 10% said that they were unhappy, up 4% from 2014. Overall that means that the world is 56% net happy (happiness minus unhappiness). In 2015 the net happiest country in the world is Colombia (85%), in stark contrast the world's unhappiest country is Iraq at -12% net happiness.

ECONOMIC OPTIMISM HIGH ACROSS THE WORLD

The study shows that 45% of the world is optimistic for the economic outlook in 2016 over double (22%) of those who are pessimistic. It's perhaps unsurprising that

Greece is the most pessimistic (- 65% net optimistic) country given their current perilous financial position. The most optimistic nation when it comes to the economy is Nigeria (61% net optimism). When it comes to a demographic breakdown young people prove to be considerably more optimistic than older generations with 31% net optimistic for the under 34s compared to just 13% for the over 55s.

HOPE HIGH AMONGST ASPIRING NATIONS

As part of their analysis WIN/Gallup International has grouped the world into three tiers: Prosperous (the G7); Emerging (G20 excluding the original G7) and Aspiring (all others) nations. Whilst there is huge disparity in income levels across these three tiers, the level of net happiness across all three (Prosperous 42%, Emerging 59% and Aspiring 54%) is notably high. However the findings on hope and economic optimism vary markedly across the tiers.

According to the global poll, Prosperous nations display the least hope and economic optimism with 6% and -16% respectively; to the contrary Emerging nations are very hopeful about the future and far more optimistic about the economic outlook at 50% and 36% meanwhile the Aspiring nations sit between the two on hope (29%) and economic optimism (16%).

PASHA Bank's New Year charity gift to First Step Georgia



On December 26th, 2015 PASHA Bank congratulated the charity organization First Step Georgia with New Year in a special way: the Bank donated a painting by Rusudan Petviashvili - "The Choice" (2015, mixed media painting, silk, 50X50cm) to the fund with the right to sell it directly or via auction. The funds raised from the sale of the painting will be applied for the educational needs of children with intellectual and physical disabilities. Earlier this year PASHA Bank congratulated First Step Georgia with Easter and donated GEL 10 000 on behalf of its partners. "Corporate social responsibility is a significant part of PASHA Bank's everyday life. We are more than happy to share our New Year joy with our partner companies as well as charity organization

First Step Georgia. We hope that our small but kind gift will benefit the fund's beneficiaries," - said Shahin Mammadov, CEO at PASHA Bank Georgia. "For more than seventeen years First Step Georgia is providing assistance to children and youth under eighteen years with severe and profound physical and mental disabilities, mostly from socially vulnerable families. In 2015, we started a new scholarship program under which any donor can choose a beneficiary in our organization and fund his or her studies and development programs. PASHA Bank was one of the first organizations to join this project. This gift is a huge support to us and we will use the funds received from selling this picture for the benefit of our children. On behalf of First Step Georgia, I would like to thank PASHA Bank once again for their good deeds that reflect

the brands' high social responsibility," - said Tinatin Dolidze, Marketing Manager at First Step Georgia. PASHA Bank is a Baku-based financial institution operating in Azerbaijan, Georgia and Turkey - providing full range of corporate and investment banking services to large and medium-sized enterprises. *PASHA Bank is part of PASHA Holding, a major investment group in Azerbaijan with assets in insurance, corporate and retail banking, wealth management, construction and tourism. Total assets of the holding as per December 2014 exceeded 3 billion Euros. PASHA Bank started operating in Georgia in February 2013. PASHA Bank capital is GEL103 million. PASHA Bank is located at Shota Rustaveli Ave. 15, Tbilisi.*

Marriott International Set to Open Its Second Hotel in Belarus

The FINANCIAL -- Marriott Hotels announces on January 5 the opening of Minsk Marriott Hotel in early 2016, as the first 5-star internationally rated hotel in Belarus. A signature Marriott greatroom lobby will welcome guests to the new hotel, which will encompass a fresh and contemporary style. Many of its 217 well-appointed suites and guest rooms will boast panoramic riverside views and balconies while guests looking to sample the hotel's exceptional dining experiences will be spoiled for choice with an array of venues including a homely Mediterranean restaurant with open kitchen, outdoor hunting restaurant, summer terrace, café, and a rum bar offering a wide range of exclusive rums, according to Marriott. The property will feature a total of 940 m2 of meeting space for both corporate and social events. Facilities will include eight flexible conference rooms and ballroom space that can accommodate up to 400 people, along with a multifunctional space for



collaboration, workshops and private meetings for those looking for a bespoke meeting experience. In addition, Marriott's Meetings Imagined program provides new opportunities and inspiration for event coordinators and meeting planners along with an online service that keeps guests in touch with guest relation managers 24/7. The services of Minsk Marriott Hotel are supplemented by the high-end facilities of the multifunctional sports and entertainment complex, Falcon Club, which comprises a state-of-the-art sports

arena for 2,100-4,500 spectators, modern gym, wellness centre with spa services, tennis and squash academy and cinemas. This impressive project, a cooperation between Qatar and Belarus, started in June 2012 and has now entered its final stage of construction. The unique falcon-shaped design was inspired by the logo of the owning company; the falcon is the national bird of Qatar and a symbol of force and courage throughout the Middle East, where falconry is a traditional sport and part of the cultural heritage.



Nodar Khaduri:

The Minister of Finance of Georgia



"Businesses will not have to pay for labelling non-alcoholic beverages."

Valeri KVARATSKHELIA
FactCheck

The Minister of Finance of Georgia, Nodar Khaduri, made a statement concerning labelling of non-alcoholic beverages: "Our decision will not affect production prices which is why the Revenue Service of the Ministry of Finance of Georgia will fund the implementation of the system itself and so businesses will not have to pay for labelling. It is important for us that financial accountability is in place, production does not become more expensive and that businesses do not face any additional barriers." FactCheck took interest in the accuracy of this statement. According to the 24 April 2012 Directive No. 129, amendments were made to Directive No. 996 of the Minister of Finance of Georgia on the administration of taxes determining the mandatory labelling rules for non-excite goods. According to these rules, non-alcoholic beverages including mineral water and still water were subject to labelling. The contractor responsible for supervising the labelling process's implementation would be chosen by the Revenue Service whilst the manufacturer would be responsible for paying the service fees. SICPA Security Solutions Georgia Ltd, which is a subsidiary company of the Swiss SICPA Holding, was chosen as the contractor. A total of EUR 4.63 per 1,000 units was determined to be the nominal fee for obligatory labelling for mineral water and still water. The nominal labelling price for other non-alcoholic beverages was set at EUR 5.5. According to the initial version of the directive, the changes would be enacted beginning from 1 January 2013; however, given the opposition from spe-

cial manufacturers and the Association of Non-Alcoholic Beverage Manufacturers, the date of the directive's enactment changed several times and was finally enacted on 1 November 2015. The changes concerned the directive's content as well as an exemption from mandatory labelling of goods for export as well as those sold in free trade zones with the Revenue Service, and not the manufacturers, being tasked with paying the service fees (until 1 January 2016). According to assessment of The Association of Non-Alcoholic Beverage Manufacturers, combating product falsification is not a relevant priority at this moment as no large-scale falsification of production has of late been observed in the sector. The manufacturers also underscored the non-constitutionality of the changes. They are of the position that the mandatory labelling of non-excite production provided for by the Excise chapter of the Tax Code of Georgia represents a new tax and, therefore, contradicts the Constitution of Georgia. However, the aforementioned constitutional guarantees do not include the excise tax (Article 94/4 of the Constitution of Georgia) and the changes were made precisely to the Excise chapter. On the other hand, the company pays the labelling fees to a commercial entity and this money does not go to the state budget. According to the Tax Code of Georgia, tax is determined as an "obligatory unconditional contribution to the budget." According to Point 13 of Article 112 of Directive No. 996 of the Minister of Finance of Georgia, the Revenue Service is tasked with only a temporary paying of labelling until 1 January 2016 whilst Point 1 of Article 79 of the directive obliges the manufacturer to pay the labelling service fee. Hence, the responsibility for paying for this service stays with the manufacturer and has only

been temporarily transferred to the Revenue Service. According to the position of the Association of Non-Alcoholic Beverage Manufacturers, no developing or developed country (there are only a few exceptions) uses such a system with regard to non-alcoholic beverages. It should be pointed out that such instances are indeed very rare. On the other hand, it is the authority of the state, given that it can provide appropriate arguments, to determine those products under special control. SICPA cooperates with state supervisory structures in California, Massachusetts (USA), Australia, Canada, Albania, Brazil and Turkey concerning the production and flow of different kinds of production. The products subject to this type of control include: tobacco, alcoholic beverages, medications and, in some cases, non-alcoholic beverages as well. According to the Georgian legislation, the taxation regime for non-alcoholic beverages is not different from the taxation regimes for other non-excite goods (construction materials, meat products, confectionery, canned products and so on) and cannot be deemed as a field with a high risk for tax dodging. Hence, it is unclear why this segment of goods ended up in the category of products under special control. In addition, it should be pointed out that this decision puts part of the burden of tax administration upon the manufacturer. Naturally, without having the financial data of specific companies it would be impossible to assess what kind of influence these changes will have upon production prices. The labelling fee for mineral water and still water varies from 1.2 to 1.4 tetri per unit. Hence, if manufacturers are forced to pay the labelling fee, we cannot exclude that their production will become slightly more expensive.

CONCLUSION

ACCORDING TO THE LEGISLATION, PAYING THE FEES FOR LABELLING SERVICES REMAINS THE MANUFACTURER'S RESPONSIBILITY WITH THE REVENUE SERVICE TASKED WITH PAYING THE FEES ONLY UNTIL 1 JANUARY 2016. HENCE, THE TAX ADMINISTRATION BURDEN WILL BE TRANSFERRED TO BUSINESSES IN THE FUTURE. AT THIS POINT, GIVEN THE INFORMATION AVAILABLE TO US, IT IS IMPOSSIBLE TO DETERMINE THE INFLUENCE OF THESE CHANGES UPON THE PRICES OF PRODUCTS; HOWEVER, IF MANUFACTURERS ARE FORCED TO PAY FOR THE LABELLING SERVICES, A SLIGHT INCREASE IN PRICES IS POSSIBLE. FACTCHECK CONCLUDES THAT NODAR KHADURI'S STATEMENT IS MOSTLY FALSE.



MOSTLY FALSE



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