

FactCheck



Nodar Khaduri:

The Minister of Finance of Georgia



“As compared to 2012, labour remuneration has dropped by 20% for ministers and by 10% for deputy ministers in 2015.”

Ani NADIRASHVILI
FactCheck

According to the statement of the Minister of Finance of Georgia, Nodar Khaduri: “The total labour remuneration for ministers in the first nine months of 2015 has dropped by 20% as compared to the first nine months of 2012 and the labour remuneration for deputy ministers has dropped by 10% in the same period.”

In order to verify the Minister's statement, FactCheck addressed the ministries and requested information about the labour remuneration for ministers and deputy ministers for the period of 2012-2015 (nine months). Of note is that we have not yet received information from the Ministry of Economy and Sustainable Development, Ministry of Internal Affairs

and the Ministry of Education and Science. In regard to the Ministry of Culture and Monument Protection and the Ministry of Agriculture, they provided us with incomplete statistical data and, therefore, we could not use the data received from these ministries to include in our research. Therefore, in order to verify the fact mentioned by the Minister of Finance, FactCheck verified the data of ten ministries as given in Table 1.

As illustrated in the table, the total labour remuneration of ministers and deputy ministers in the first nine months of 2012 was GEL 3,136,000. This number in the first nine months of 2015 was GEL 2,446,000 which is 21% less as compared to 2012. In regard to bonuses, the amount of bonuses given to ministers and deputy ministers dropped by 96% as compared to 2012. However, the amount of salary supple-

ments increased by 545% as compared to 2012. In total, the amount of bonuses given to ministers and deputy ministers decreased by GEL 1,315,000 whilst the amount of salary supplements increased by GEL 889,000.

If we take the salary, bonus and salary supplement together, we will see that the labour remuneration of ministers dropped by a total of 13% in the first nine months of 2015 and by 24% for deputy ministers. In regard to the Ministry of Agriculture and the Ministry of Culture and Monument Protection, the amount of labour remuneration for ministers and deputy ministers was GEL 369,000 according to the data for 2012 whilst this number decreased by 21% in 2014. In the case of the Ministry of Justice, labour remuneration for the minister was GEL 42,479 whilst this number doubled and reached GEL 87,500 in 2014.

Table 1: Labour Remuneration in 2012-2015 (Nine Months) to Ministers and Deputy Ministers (GEL)

	2012	2015	Difference
Minister of Sport and Youth Affairs	63,720	56,250	-11.7%
Deputy Ministers	199,980	153,510	-23%
Minister of Finance	90,081	56,250	-37%
Deputy Ministers	39,3801	236,602	-39%
Minister of Defence	40,949	77,722	89.0%
Deputy Ministers	274,856	175,281	-36%
Minister of Labour, Health and Social Affairs	81,819	53,540	-36%
Deputy Ministers	280,879	137,215	-51%
Minister of Internally Displaced Persons	65,845	56,250	-14.7%
Deputy Ministers	168,625	247,645	46.8%
Minister of Energy	85,689	56,250	-43%
Deputy Ministers	339,308	220,580	-34.9%
Minister of Regional Development and Infrastructure	56,479	56,250	0%
Deputy Ministers	176,124	153,132	-13%
Minister of Environment and Natural Resources Protection	56,197	59,790	6%
Deputy Ministers	113,652	17,1414	50%
Minister of Corrections	72,648	59,790	-17.6%
Deputy Ministers	180,842	97,830	-45.9%
Minister of Foreign Affairs	63,720	56,250	-11.7%
Deputy Ministers	330,611	264,830	-19.8%

CONCLUSION

THEREFORE, FACTCHECK CONCLUDES THAT NODAR KHADURI'S STATEMENT IS TRUE.

TRUE



Kingdom of the Netherlands

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Money Transfers to Georgia Reduced, Largest Share Sent from Russia

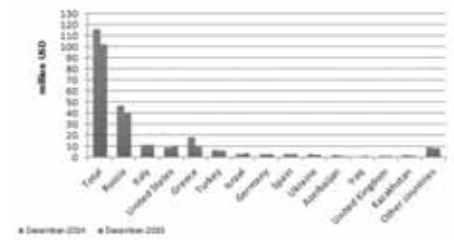
The FINANCIAL

Money Transfers by Countries

In December 2015, the volume of money transfers from abroad constituted 101.9 million USD (244.5 million GEL), which is 12.2 percent (14.2 million USD) less than the amount in December 2014.

91.8 percent of the total money transfers from abroad came from 13 largest donor countries, with the volume of transfers from of these countries each exceeding 1 million USD in December 2015. In December 2014 the share of these 13 countries constituted 92.6 percent of the total volume of money transfers.

Largest share of money transfers is made by Georgian



job immigrants in Russia. The rest comes from Italy, United States, Greece, Turkey, Israel, Spain, Azerbaijan and Ukraine. In December 2015, 17.8

million USD (or 42.6 million GEL) was transferred from Georgia, as compared to 20.2 million USD (or 38.1 million GEL) in December 2014.

ProCredit Bank offers the best interest earnings, +1% for deposits in GEL

Good news for ProCredit Bank customers in 2016: higher interest rate paid on term deposit accounts in GEL. In order to make it more attractive to save in local currency, the top interest rate

earned by private clients on term deposit accounts is now 12%; or make regular payments into a savings plan account and earn 11.5% interest. ProCredit Bank offers the top interest rate of 12% on child deposit accounts too. The increased interest on

these accounts gives you an incentive to save as your deposit will earn more interest and grow faster. Open a deposit account in local currency and earn an extra 1% from ProCredit Bank! The German bank for your savings!

Leading Georgian Winemakers Expecting 10% Sales Growth in 2016

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Ukraine, Poland, Kazakhstan, China and the Baltic States. The company does not plan to enter new markets this year. We plan to strengthen our positions in the existing export countries,” said Shota Khobelia, Director General at Teliani Valley.

The most important countries for Teliani Valley are: Ukraine and the Baltic States. “We are also actively strengthening positions in England and China,” said Khobelia.

According to Abramishvili, Schuchmann Wines Georgia, this year the company will continue its active work in line with its market diversification policy. “We will continue and become more active in Asian countries, which are the biggest market and where there is lots of work to be done. Target markets will also be the US and European countries.”

In 2016, Schuchmann Wines Georgia plans to better position itself in China, Japan, Britain and other Eu-

ropean countries where it is not yet positioned. “Our expectations are high and the result will be appropriate,” said Abramishvili.

“China can be considered a replacement of the Russian market for Georgian wine with its size and geography. However, under a diversified policy exporters can be presented on different markets with different shares. It helps to reduce risks, get uninterrupted production and enhance awareness of Georgian wine,” Abramishvili, Schuchmann Wines Georgia, told The FINANCIAL.

A sharp increase in wine export was maintained during the whole of 2015 in China. China is one of the most strategic markets for Georgian wine. 2,672,154 bottles were exported to China last year. The figure is 122% more than in 2014. China entered the list of the top five export countries for Georgian wine. Following Russia, Kazakhstan and Ukraine, China became the fourth export destination in 2015.

Last year an increase in export was observed to a number of EU countries: Poland - 3% (1,600,302 bottles); Lithuania - 4% (658,666); Estonia - 54% (506,124); the Netherlands - 58% (51,432); France - 190% (37,956); Denmark - 100% (34,840); and others.

Export growth has been shown in other strategic markets such as the US - 31% (248,075); Canada - 48% (157,836); Japan - 5% (138,290). Exports also increased in Kyrgyzstan - 79% (185,514); Israel - 48% (35,820); Korea - 37% (24,054); and others.



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It speaks the language of 80% of English language speakers seeking position in leading companies

& Did you know?



Fierce Competition and Cyber Incidents Rank As Major New Threats

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engineering, financial services, manufacturing, marine and shipping, pharmaceutical and transportation sectors, where this risk ranks among the top three business risks respectively. In addition, this risk ranks as a top two concern in Europe, Asia-Pacific and Africa & Middle East.

Many businesses are facing a growing number of challenges which threaten their profitability and possibly also their business models. "Businesses constantly have to be on their toes, turning out new products, services or solutions in order to stay relevant to the customer and to thrive in this rapidly changing and globally competitive environment," explains Bettina Stob, Head of Innovation at AGCS.

"Innovation cycles are becoming rapidly shorter; market entry barriers are coming down; increasing digitalization and new 'disruptive' technologies have to be quickly adopted while potentially more agile start-ups are entering the game." At the same time businesses are also having to comply with changing or enforced regulation, increasing safety requirements or import/export restrictions.

RIISING SOPHISTICATION OF CYBER

ATTACKS

Another area of increasing concern for businesses globally are cyber incidents which includes cyber-crime or data breaches, but also technical IT failures. Cyber incidents gained 11 percentage points year-on-year to move from fifth position into the top three risks for the first time (28% of responses).

Five years ago, cyber incidents were identified as a risk by just 1% of responses in the first Allianz Risk Barometer. Loss of reputation (69%) is the main cause of economic loss for businesses after a cyber incident, according to responses, followed by business interruption (60%) and liability claims after a data breach (52%). Companies are increasingly concerned about the growing sophistication of cyber-attacks, according to the Allianz Risk Barometer.

"Attacks by hackers are becoming more target-oriented, lasting for longer and can trigger a continuous penetration", explains Jens Krickhahn, cyber insurance expert at AGCS. While cyber-attacks are increasing both in frequency and severity, companies should not underestimate the impact of an operational failure in today's highly digital and connected industries. "A simple technical failure or user error can result in a major IT system outage disrupting supply chains or production," says Volker Muench, AGCS expert for property underwriting. "Early warning and

better monitoring systems are necessary in order to prevent large cyber BI losses," says Krickhahn.

GEO-POLITICAL INSTABILITY CAUSING DISRUPTION

BI remains the top peril in the Allianz Risk Barometer for the fourth year in succession with 38% of responses. Indeed BI losses for businesses are increasing, typically accounting for a much higher proportion of the overall loss than a decade ago and often substantially exceeding the direct property loss, as AGCS insurance claims analysis shows. According to responses, major causes of BI feared most by companies are natural catastrophes (51%), closely followed by fire/explosion (46%). However, according to the survey's findings, multinational companies are also increasingly worried about the disruptive impact of geopolitical instability as war or upheaval could impact their supply chains or their staff or assets could suffer from acts of terrorism.

"Businesses need to prepare for a wider range of disruptive forces in 2016 and beyond," says Axel Theis, Member of the Board of Management, Allianz SE. "The increasing impacts of globalization, digitalization and technological innovation pose fundamental challenges."

Visa Promotes Visa Checkout to Increase Online and Mobile Sales

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A VISA CARD FOR THE DIGITAL WORLD

As consumers make more purchases using smartphones, tablets and other connected devices, merchants increasingly see the need for a digital payment experience that is easy and convenient for consumers and simple to integrate into their existing

systems.

Visa Checkout delivers on both fronts. When shopping online, consumers simply log in, then click a button to complete their purchase. There's no need to re-enter payment and billing information, which makes the experience faster and easier, especially on mobile devices.

As of December 31, 2015, Visa Checkout had more than 10 million consumer accounts. More than a quarter million large and small merchants and 600 financial institution partners now offer

Visa Checkout globally. Visa Checkout is available in 16 countries around the world, including: Australia, Argentina, Brazil, Canada, Chile, China, Colombia, Hong Kong, Malaysia, Mexico, New Zealand, Peru, Singapore, South Africa, United Arab Emirates, and the United States.

Visa Checkout merchants represent some of the biggest retailers on the internet, including Best Buy, Gap, Neiman Marcus, Pizza Hut, Staples, Rakuten, Under Armour, Virgin America, Williams Sonoma and zulily.

Changes in Composition of Board of Directors of JSC PASHA Bank Georgia

PASHA Bank Georgia is pleased to announce the appointment of Mr. Chingiz Abdullayev as Member of the Board of Directors and Chief Financial Officer of the Board of Directors as of January 13th, 2016. He is in charge of supervising Financial Management, Treasury as well as Administration and Procurement Departments.

Chingiz Abdullayev started his career at Baku Stock Exchange as the Head of Listing Division in 2000. In 2003 he joined Assurance & Advisory Service of Deloitte and for the following 10 years worked at senior positions with KPMG Russia, Moore Stephens CIS and RSM Georgia with major fo-



cus on financial institutions, energy, trade and other industry sectors.

Chingiz Abdullayev joined JSC PASHA Bank Georgia in 2014 as Head of Financial Management Department. He became the Member of the

Board of Directors on January 13th, 2016.

The Board of Directors of JSC PASHA Bank Georgia consists of three Executive Directors, involved in day-to-day management of the Bank and its current composition is as follows:

Chairman of the Board of Directors: Shahin Mammadov

Member of the Board of Directors: George (Goga) Japaridze

Member of the Board of Directors: Chingiz Abdullayev PASHA Bank is a Baku-based financial institution operating in Azerbaijan, Georgia and Turkey, providing a full range of corporate and investment banking services to large and medium-sized enterprises.



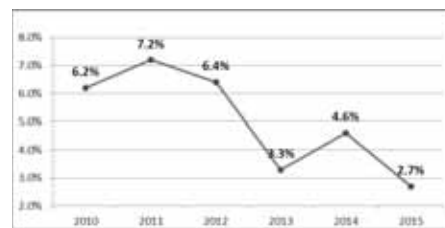
New Political Centre – Girchi:

“Georgia’s economic situation has worsened in the last three years.”

Mostly true

Beso NAMCHAVADZE
FactCheck

Graph 1: Economic Growth Rate in 2010-2015



On 21 December 2015, the already former Prime Minister of Georgia, Irakli Gharibashvili, summarised the last three years of the Government of Georgia's activities and emphasised multiple issues. However, in the main Mr Gharibashvili talked only about achievements. The New Political Centre – Girchi commented upon the former Prime Minister's speech with a post on Facebook which says that the following important economic indicators in Georgia worsened in the last three years: inflation, the state debt, the economic growth rate, export, import, national income per capita, pensions and the subsistence minimum.

FactCheck analysed the principal economic indicators for the last three years.

In 2012, Georgia's economy (gross domestic product, GDP) was USD 15.8 billion whilst the official estimate of the GDP is USD 14.9 billion in 2015. The decrease of USD denominated GDP was caused by the depreciation of GEL. If we look at GEL denominated GDP, it was GEL 26.2 billion in 2012 and reached GEL 31.5 billion by the end of 2015. Inflation; that is, rising prices for goods and services, is one of the contributors to the increased GEL denominated GDP. Excluding inflation, the real GDP has increased by GEL 2.6 billion in the last three years. According to the prognosis of the Georgian Dream government, Georgia's GDP should have been GEL 36 billion by 2015 whilst it in fact only increased to GEL 31.5 billion.

In spite of the rise of the GEL denominated GDP, the GDP growth rate has fallen considerably in the last three years. If in 2010-2012 the annual average GDP growth rate was 6.6%, this dropped to an annual average of 3.5% in 2013-2015. The Government of Georgia predicts a 3% economic growth for 2016. Of note is that the Government of Georgia did not achieve the targeted GDP growth rate even once in the period 2013-2015.

In regard to the annual national income per capita, it was USD 3,523 in 2012 whilst it amounts to USD 3,717 in 2015. The reason behind the increase is that the new results of the population census (a total population of 3.7 million) are used to calculate the national income in 2015. The International Monetary Fund has already corrected the number of Georgia's population for the previous years and, as a result, the annual national income per capita for 2012 was amended to be USD 3,837. Therefore, the annual national income per capita dropped in 2015 as compared to 2012 but in GEL (due to the change in the exchange rate) it increased by GEL 2,400. USD denominated national income is important to make comparisons with other countries whilst the GEL denominated indicator better visualises the changes in the domestic trends of the country.

The inflation rate (according to the Consumer Price Index) was -1.4% in 2012 which means that goods and services became less expensive. The inflation rate was 2.4% in 2013, 2% in 2014 and reached 6.2% in 2015.

At the end of 2012, the Government's foreign debt was GEL 6.6 billion (USD 4 billion) which was 25.3% of the GDP whilst the domestic debt was GEL 1.9 billion or 7.2% of the GDP. In total, the government's debt was GEL 8.5 billion which was 32.5% of the GDP. As of November 2015, the government's foreign debt is GEL 10.1 billion (USD 4.2 billion) and the domestic debt is GEL 2.86 billion. In total, its debt is almost GEL 13 billion which constitutes 41.3% of the country's GDP. The

increase in the foreign debt was mostly caused by the depreciation of GEL whilst the domestic debt was increased by almost GEL 1 billion due to the taking of additional loans.

Georgia's export of goods in January-November 2015 dropped by USD 159 million (7.3%) as compared to 2012 and reached USD 2,019 million. In regard to import, it also dropped by USD 479 million (6.5%) and reached USD 6,873 million.

At the end of 2012, the average pension was USD 67 whilst at the end of 2015 it is USD 65. However, as a pensioner usually spends his pension in GEL, it would be more expedient to assess the changes in the amount of pension in GEL. In this case, the increase of pensions was GEL 35-50 but it is important to take the rate of inflation into consideration; that is, the changes in the so-called 'real pensions.' If we compare the purchasing power of a GEL 160 pension in 2015 to 2012, it will be equal to GEL 145 (in 2012 purchasing power). Thus, it means that the real growth of pensions was only GEL 20-35.

The subsistence minimum for a medium-sized family was GEL 250 in 2012 whilst in November 2015 it reached GEL 278.

The New Political Centre – Girchi did not mention the unemployment rate which is an important economic indicator. Unemployment in Georgia decreased in 2013-2014. In 2012, the unemployment rate was 15% whilst it dropped to 12.4% in 2014. However, there are certain suspicions in society with respect to the reliability of unemployment statistics.

CONCLUSION

FACTCHECK CONCLUDES THAT THE OPINION ABOUT GEORGIA'S ECONOMIC SITUATION IN MACROECONOMIC TERMS HAVING WORSENERD IN THE LAST THREE YEARS IS MOSTLY TRUE

MOSTLY TRUE

