



Weekly News Digest on Georgia

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Internal Affairs

❖ Political Developments

1. Opposition politician Gigi Ugulava: 'gov't continues political prosecution'

Former leader of European Georgia opposition party and former Tbilisi mayor Gigi Ugulava has stated that the government is 'continuing political persecution' against him, noting that a trial has been scheduled for May 13 for a case he was charged in back in 2019.

The incident in winter of 2019 involved Georgian athletes Saba Gavashelishvili and David Parkadze and Ugulava and another opposition politician Goka Gabashvili.

Ugulava says that the incident happened in the most protected place at the airport, beyond the passport control area. That's why he thinks 'everything was staged'.

Recounting the incident, Ugulava says he was sitting at the table when an unknown individual approached him and began arguing.

Meanwhile I was telling him to stand down, another unknown individual approached me and the fight began. The physical confrontation lasted for a few minutes, then the police appeared and took them away", said Ugulava (*Agenda.ge, May 11, 2021*).

2. EU, U.S. Lawmakers Urge UNM to Enter Parliament

Following the release of United National Movement Chairperson Nika Melia from pretrial detention, U.S. and European lawmakers have called on Georgia's largest opposition party to sign the EU-brokered April 19 deal and enter Parliament.

U.S. Senator Jim Risch (R-ID), ranking member of the Senate Foreign Relations Committee, on May 12 said: "Now that Mr. Melia has been released, I expect to see those political parties that have not yet signed on to last month's agreement make good on their promises, sign the agreement, take their seats in Georgia's Parliament, and work alongside the other signatories to close this messy chapter in Georgia's political history."

MEP Michael Gahler (EPP, Germany) also encouraged the UNM to lift its boycott and join the Georgian legislature on May 11, noting that "valid criticism" towards the ruling Georgian Dream party "resonates much better from inside the plenary than being shouted from outside."

MEP Viola von Cramon-Taubadel (Greens/EFA, Germany) on her part underscored that with the April 19 agreement, the Georgian Parliament "became much more fair and now offers a strong platform to the opposition." "Enough with hardline political games that only harm Georgia," she said (*Civil.ge, May 12, 2021*).

3. Salome Samadashvili Quits UNM

MP Salome Samadashvili, who has been a member of the United National Movement since 2016, today confirmed that she is quitting the largest opposition party, adding to "enter a new phase" in her political life.

Samadashvili's departure from the UNM has been widely anticipated, after she

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signed individually the EU-brokered deal on April 19 and entered Parliament, despite fierce backlash from her party colleagues. The latter criticized the deal over the lack of guarantees for the snap general election and the unconditional release of party leader Nika Melia, and the June 20, 2019 unrest amnesty clause. Samadashvili then said she would make the final decision on leaving the UNM after Melia's release, who left the pre-trial custody after EU-posted bail on May 10.

In her Facebook post of today, MP Samadashvili noted she will continue to work towards the full implementation of the April 19 agreement, with those "who had the political courage and signed the agreement, either as a party or as an individual."

Samadashvili, Georgia's long-serving Brussels envoy under the UNM administration, said she had deployed her "international connections [to help] the party, which faced great challenges in the West." (*Civil.ge, May 12, 2021*)

4. First Opposition Parliamentary Faction Established

Four Lelo party MPs and three other opposition lawmakers, Armaz Akhvlediani and Shalva Shavgulidze, elected through the European Georgia party list, and Salome Samadashvili, established today the Lelo – Partnership for Georgia faction, opposition's first in the new Parliament.

The freshly-founded faction will be chaired by Lelo leader Badri Japaridze, with MP Samadashvili, who formally quit the United National Movement yesterday, serving as deputy faction chair.

Touching upon the faction's plans, MP Japaridze noted that although they will not be able to push through "radical reforms," the EU-brokered April 19 deal empowers them to "prepare the ground for fundamental reforms."

MP Samadashvili stressed the opposition must now prepare together for the nearing local elections to defeat the ruling Georgian Dream party and secure holding early elections in 2022. "We must leave behind this harshest political crisis which has deprived the country of the chance for development," she highlighted (*Civil.ge, May 13, 2021*).

5. 15 Georgian Parties Agree to Defend LGBTQ Rights

15 Georgian political parties agreed to fight to eliminate discrimination and violence against LGBTQ citizens with all mechanisms at their disposal, Tbilisi Pride, a local organization uniting LGBTQ and rights activists announced on May 16.

The signatories include the United National Movement, the largest opposition party, European Georgia, right libertarian Girchi – New Political Center and Girchi – More Freedom parties, Republican Party, Strategy Aghmashenebeli, Lelo, Elene Khoshtaria's Droa movement, Free Democrats, Victorious Georgia, Progress and Freedom, Law and Justice, the Reformer, United Georgia and ex-MP Eka Beselia's For Justice party.

Tbilisi Pride said the parties agreed to defend the right to peaceful assembly and freedom of expression of all citizens irrespective of their sexual orientation and gender identity. The parties also agreed not to allow their representatives to use hate speech and incite social strife based on the basis of sexual orientation and gender identity (*Civil.ge, May 16, 2021*).

6. Diplomatic Missions Call for Upholding Equal Rights for LGBTQ Georgians

- 33. Georgia to produce UAVs, rifles with partners, obtain air defence, anti-tank systems
- 34. In Kyiv, Georgian, Ukrainian, Moldovan FMs Establish 'Associated Trio' Format
- 35. Parliament Speaker Visits Brussels

A group of diplomatic missions in Georgia released a statement on May 17 – the international day against homophobia, biphobia, and transphobia – expressing support and solidarity for the LGBTQI Georgians, asserting they “stand united for the right of all to live free and equal in safety and dignity.”

Noting that the lesbian, gay, bisexual, transgender, intersex, and queer citizens in Georgia continuously face “bias, stigma, diminished opportunities in political, social and economic inclusion,” the representatives of the diplomatic corps stressed that the COVID-19 pandemic further deteriorated the vulnerability of LGBTQI persons.

“We urge Georgian state, political, civic and religious leaders to give high priority to fighting discrimination and stigma through education and leadership within their respective areas of responsibility, including by vigorously preventing violence, adopting and embracing respectful and compassionate public discourse, investigating attacks and prosecuting offenders, and ensuring proper legal response to and protection from violent acts that hinder LGBTIQ+ organizations from operating freely,” underscored the statement (*Civil.ge, May 17, 2021*).

7. In Quotes: Politicians on LGBTQ Rights in Georgia

Below is a compilation of some of the remarks from the panel discussion on LGBTQ rights:

Khatia Dekanoidze, United National Movement: “The response of law enforcement agencies toward violent people is not adequate. This is forming a very dangerous trend in this country.”

Giga Bokeria, European Georgia: “Today, members of the LGBTQ community and rights defenders are physically vulnerable. If this problem is not solved by the state, it will be impossible to start a dialogue.”

Sergo Chikhladze, Strategy Aghmashenebeli: “By signing [the agreement], we [Strategy Aghmashenebeli] took responsibility to implement of the Constitution. Since the Georgian Dream has not signed, it is interesting which point of the Constitution it disagrees with.”

Tamar Kordzaia, Republican Party: “There should be an article in the Electoral Code that provides for the deregistration of a candidate whose [election] campaign is based on hatred.”

Tako Charkviani, Law and Justice: “The people who are abusive to the LGBTQ group will hopefully someday reevaluate events and realize that they themselves are victims of misinformation.”

While the ruling Georgian Dream party has not signed the agreement and did not attend today’s panel discussion, Levan Karumidze, the ruling party MP took to Twitter to mark the day.

Levan Karumidze, Georgian Dream: “Happy Int.[ernational] Day Against Homophobia, Transphobia, and Biphobia. Today we celebrate the communities around us in need of our support, and denounce all forms of discrimination against LGBTIQ+ persons.” (*Civil.ge, May 17, 2021*)

8. Presentation of public movement Unity, Identity, Hope held in Tbilisi

The presentation of the public movement Unity, Identity, Hope took place at the April 9 garden in Tbilisi on Sunday.

“I have not come here to make any more vain promises. It is what I’m afraid of

most. We invite all of you to work hard together to save the country. Because our country is in a grave situation due to the wrong ideology and political system”, the founder of the public movement Levan Vasadze addressed the gathered people.

Businessman Levan Vasadze announced on May 6 that he decided to enter politics (*ITV, May 16, 2021*).

9. Recently released UNM opposition chair Melia meets ex-President Saakashvili in Kyiv

Head of the United National Movement (UNM) Nika Melia, who was released from pretrial custody on May 10, met with the UNM party founder and ex-President Mikheil Saakashvili in Kyiv yesterday.

The UNM, which received 34 of the 60 opposition seats in the 150-member state legislature in the 2020 parliamentary elections, has not yet entered the parliament unlike other opposition parties.

Melia, who was released shortly after the signing of the EU-mediated agreement by Georgian political parties, told journalists yesterday that ‘current political situation in the country’ would be discussed with Saakashvili.

Saakashvili, who is currently a citizen of Ukraine and chairs the Ukrainian National Reforms Council, has not stopped involving in Georgia’s political issues since leaving the country back in 2013. He has been convicted in absentia for several crimes in Georgia.

The ruling Georgian Dream party MP Sozar Subari has stated that Saakashvili has managed to ‘politically kill’ Melia (*Agenda.ge, May 17, 2021*).

10. Massive Disturbances in Dmanisi after Local Shop Incident

Massive violence erupted today in the southern town of Dmanisi of Kvemo Kartli, as dozens of locals were seen confronting each other with sticks and stones. Police forces intervened today in an attempt to defuse the tensions and separate confronting parties, but with little success initially, as locals managed to break the police chain multiple times.

As no official reports about casualties are yet in, media footages show persons injured during clashes, including police officers. Videos also show damaged cars. At present, the situation has relatively calmed down.

Two groups of locals of ethnically mixed town reportedly hit the streets this morning following the last night’s physical violence at a local shop, when the refusal by local vendors to give away alcoholic drinks on credit reportedly led to repeated incidents of violence, involving dozens. The Ministry of Interior said, “on May 16, locals had a banal altercation in Dmanisi which escalated into a group violence.”

The violence stopped after the police intervention, and the situation temporarily calmed down overnight as police interrogated suspects. Police said today it had identified those involved in the initial violence, and “all necessary investigative and procedural actions are carried out.” According to Interior Minister Vakhtang Gomelauri, no arrests have been made yet (*Civil.ge, May 17, 2021*).

11. Police Warns against Ethnic Tensions

Dmanisi Municipality, including the town of Dmanisi, is settled with both ethnic Georgian and Azeri populations. Some media sources reported that today’s clashes ran across ethnic Azeri and Georgians (primarily environmental migrants, resettled from Western Georgia’s mountainous Svaneti region in Dmanisi

decades ago) lines.

Local government, police, as well as locals who witnessed the initial shop violence on May 16 rule out ethnic tensions as the primary cause of the violence. But incidentally, media reports say, the shop is owned by an ethnic Azeri family, while the dissatisfied customer(s) have ethnic Georgian background. Dmanisi Municipality Mayor Giorgi Tatuashvili told Rustavi 2 TV that local authorities were working towards settling the situation, and slammed “speculations,” including in media, about ethnic triggers.

The Interior Ministry called on confronting parties to “obey to lawful orders of police and remain calm not to contribute to growing the conflict started on banal grounds growing artificially into the ethnic confrontation.” (*Civil.ge, May 17, 2021*)

12. Azerbaijani Embassy Warns Against Depicting Dmanisi Incident as Ethnically-Driven

The Embassy of Azerbaijan in Tbilisi today warned against politicizing and portraying yesterday’s violent shop incident in the ethnically mixed southern town of Dmanisi as a confrontation on ethnic grounds.

The incident should only be evaluated at the relevant institutions, and the perpetrators should be punished according to Georgian laws, the Azerbaijani Embassy stressed, adding that the Embassy is in contact with Georgian law enforcement agencies “to prevent any negative consequences of this unpleasant event.”

The Azerbaijani Embassy called on ethnic Azeri locals of Dmanisi “not to get provoked, to demonstrate political maturity and responsibility.” (*Civil.ge, May 17, 2021*)

13. Dmanisi Locals Agree to End Conflict

With shaking hands, ethnic Georgian and Azeri seniors of the southern town of Dmanisi expressed readiness this evening to end hours-long street violence between locals, triggered after last night’s local shop incident. The negotiations in Dmanisi Sakrebulo (Municipality Assembly) between the opposing parties were facilitated by the central and local government representatives, with both Muslim and Orthodox Christian clerics in attendance.

It remains to be seen whether the tensions, that turned into massive disturbances in the ethnically mixed town today, will fully subside after the deal.

In his press remarks after the negotiations, Leri Barnabishvili, Head of the Regional Liaison Department at the Government Administration, said that “the conflict is over,” and called on locals to get back to their homes, and “live peacefully alongside with their friends, neighbors, and compatriots.”

Kvemo Kartli region Governor, Shota Rekhviashvili commended the negotiating parties: “[the negotiators said] we are not [conflict] sides, we are the children of the same country and the banal conflict should not have triggered such [violent] response.” “We continue peaceful development of our country by [pursuing] multinational, multicultural relations.” (*Civil.ge, May 17, 2021*)

14. Baku Reacts to Dmanisi Disturbances

Reacting to May 16-17 events in Georgia’s ethnically mixed southern town of Dmanisi, Azerbaijan’s State Committee on Work with Diaspora said yesterday they do not rule out the possibility of the disturbance being a “deliberately

organized provocation.”

“The recent events in the region, the historic victory of ... Azerbaijan in the Patriotic War [Second Nagorno-Karabakh War], the sustainable development of friendly relations between Azerbaijan and Georgia are of serious concern to the enemies of peace and stability in the Caucasus region,” said the Azerbaijani Diaspora Committee.

The Committee called on “compatriots” – Georgian Azeris – “to exercise restraint, be careful, refrain from provocations and react to the process within the laws” of Georgia. It said the Committee is “sensitive to the incident in Dmanisi” and keeps it in their spotlight (*Civil.ge, May 18, 2021*).

15. Ruling Party, Opposition Agree on Draft Electoral Amendments

The ruling Georgian Dream party and the opposition have prepared and agreed on draft amendments to the election legislation, the Georgian Parliament’s press service reported on May 17.

Co-chair of the parliamentary working group on electoral reform, Georgian Dream MP Shalva Papuashvili, said the parties reached a consensus over staffing the Election Administration, and on the contested issue of appointing Deputy Chairpersons to the Central Election Commission (CEC), among others.

CEC Chairperson will have two Deputies – one appointed by the opposition, and the other nominated based on “professional” criteria, MP Papuashvili said. According to the GD lawmaker, when the Chairperson is unable to perform their duties, the opposition-appointed Deputy will take on their responsibilities.

Lelo for Georgia MP Badri Japaridze, also a member of the working group, dubbed the agreement a “positive development,” noting GD has taken a number of “reciprocal steps” toward the changes proposed by opposition parties. MP Japaridze said discussions on the amendments will continue in the first and second hearings in the legislature (*Civil.ge, May 18, 2021*).

16. CEC Faces Criticism over Recent Reorganization

The Central Election Commission (CEC) has recently come under fire over recent structural changes, a process that a local watchdog, International Society for Fair Elections and Democracy (ISFED), called “rushed.”

In a May 15 statement, ISFED cited two procedural amendments as well as reforms to newly established departments adopted by the CEC on March 5 and May 14. The report said that the initial changes defined eleven departments, only to be reduced to eight later. The list of managers, CEC members, and administration employees, as well as their salaries and budget estimates, were also amended twice, ISFED noted.

The watchdog highlighted that the process “lacks legitimacy,” due to the current absence of CEC members appointed through the opposition quota, as the Commission is currently comprised only of “professional” and Georgian Dream-appointed members.

Also, ISFED said, the changes are “inexpedient” as they come ahead of the major amendments to the election system and the election administration, set to be endorsed by the Parliament as per the April 19 Agreement. “Any structural changes should be carried out after a new election administration is formed,” the watchdog stressed.

17. CEC responds to the criticism

The Central Election Commission on May 17 denied the allegations as

“disinformation and unsubstantiated accusations,” aimed at “forming incorrect perceptions and misleading the public.” The CEC said it aims to “raise the efficiency and productivity of the institution and properly address systemic organizational challenges” with the structural changes.

Responding to ISFED’s criticism on reorganizing its departments first in March and then in May, the CEC said the changes concerned its different units on each occasion. It noted that the reorganization is a gradual process, in response to new challenges, needs, and other circumstances that may arise (*Civil.ge, May 18, 2021*).

18. Court Orders to Freeze All Assets of Rustavi 2 TV

According to Kozhoridze, the claimants also demanded a freeze on the TV’s channels movable property, as well as restriction of “certain powers” of the current owner of Rustavi 2 TV, Kibar Khalvashi, but “the court acted selectively” and did not meet the founders’ requirement in this part. Dvali and Akimidze plan to challenge the decision in an upper instance court.

Paata Salia, director general of Rustavi 2 TV, told Civil Georgia (*Civil.ge*) that they will make the decision on whether to appeal the ruling or not after they see the court’s justification.

According to the public registry, as of March 21, 60% of Rustavi 2 TV shares are owned by Kibar Khalvashi; 40% is the property of Panorama LLC 100% of which belongs to Kibar Khalvashi. In March 2021, Rustavi 2 TV and Prime Time news agency got united under JSC Media Holding with 90% of its shares owned by Prime Time and 10% – by Rustavi 2 TV.

The Background

Jarji Akimidze and Davit Dvali initiated legal proceedings in October 2019 after they rejected Khalvashi’s proposal for 40% of shares, saying that they had no intention to participate in the process of Rustavi 2 TV’s transformation into a state-owned TV channel. In October 2019, the court ruled to freeze 60% of the TV channel’s shares.

Khalvashi had earlier promised 50% of shares to the co-founders as well as appointment of Dvali as the director general in case of positive resolution of the dispute over Rustavi 2 TV launched in 2015. Khalvashi however did not keep the promise after winning the legal dispute and regaining control over the TV channel (*Civil.ge, May 18, 2021*).

19. European Georgia MP Quits Party, Enters Parliament as Party Disagrees

Tariel Nakaidze, number five on the European Georgia proportional list, today quit the party and announced that he is entering Parliament, following the EG political council’s decision to continue boycotting the Georgian legislature.

Nakaidze said he will start working in Parliament as an independent MP “for now,” though did not exclude the possibility of joining an opposition faction should this become necessary to better fulfill his responsibilities toward the public.

The party’s Chairperson, Giga Bokeria, said EG members “almost unanimously” agreed that the party should not enter “this politically illegitimate Parliament,” despite most other opposition parties signing the EU-brokered April 19 deal and lifting their boycott.

Nakaidze became the fourth member on the European Georgia party list to enter

the legislature as an independent MP, alongside former party Chairperson Davit Bakradze, Shalva Shavgulidze, and Armaz Akhvlediani. European Georgia is now seemingly left without any seats in the Parliament, as Elene Khoshtaria who has the party's one remaining mandate quit the party in December 2020, but also refuses to enter the legislature (*Civil.ge, May 18, 2021*).

❖ COVID-19

20. 400 restaurants in Tbilisi to receive one-time financial assistance from City Hall

In total 400 restaurants operating in the Georgian capital city of Tbilisi will receive one-time financial assistance from Tbilisi City Hall next week, announces the Tbilisi City Hall.

During the week-long holidays announced in Georgia on May 4 to prevent the spread of coronavirus, the funding process was suspended.

City Hall announced that the process of verifying documents will be resumed today and the aid will be transferred next week.

In March 2020, Tbilisi City Hall announced a subsidy programme for small and medium restaurant businesses.

Financial assistance for the restaurants was set at 5,000 GEL. However, in case of operations of more than one restaurant by one legal entity, financing amounted to 10,000 GEL. In total about 2 million GEL is allocated for the programme (*Agenda.ge, May 13, 2021*).

21. Georgia to Receive 15,000 COVID-19 Vaccines from Lithuania

Georgia is set to receive 15,000 COVID-19 vaccines by September through an initiative unveiled today by Lithuanian Foreign Minister Gabrielius Landsbergis to allocate 200,000 jabs to the Eastern Partnership countries.

It was not immediately clear which vaccine will be sent to Georgia. Lithuania itself is administering three jabs among its populace – Oxford/AstraZeneca, Pfizer-BioNTech, and Moderna.

Foreign Minister Landsbergis said the number of doses to be allocated may be further reviewed "if the situation allows." "Our partners need a lot of vaccine doses. We hope that other EU member states will follow Lithuania's example," he stated.

"Solidarity is pivotal in such complicated times," Georgian Foreign Minister David Zalkaliani responded, welcoming the Lithuanian initiative (*Civil.ge, May 14, 2021*).

22. Curfew in Georgia pushed back to 11 p.m.

The Georgian government has decided to shorten the curfew from between 9 p.m. and 5 a.m. to between 11 p.m. and 5 a.m. Public transport will also work until 11 p.m. Restaurants and cafes will be able to receive consumers in their open spaces throughout the week. Earlier they were unable to receive consumers on the weekend. Georgia first imposed curfew in March 2020 (*Agenda.ge, May 17, 2021*).

23. PM Garibashvili: 'Georgia will import an additional 1 mln doses of Pfizer vaccine in summer'

The Georgian government is negotiating with Covid-19 vaccine manufacturers and is going to import an additional one million doses of Pfizer in June or July, Georgian Prime Minister Irakli Garibashvili said today.

Garibashvili said he was personally involved in the process of negotiations and held a number of phone conversations with the president of Pfizer.

PM Garibashvili also said negotiations are progressing with Sinopharm and Sinovac pharmaceuticals on the supply of additional doses of Covid-19 vaccines. The same, he said, applies to Moderna and Novovaxon and the procurement of new vaccines (*May 17, 2021*).

❖ **Economy and Social Affairs**

24. Galt & Taggart: revenue from foreign tourism decreased 77.5% in Jan. - Apr. in Georgia

In January-April of 2021, revenue from foreign tourism decreased by 77.5% year-on-year in Georgia, says Galt & Taggart, an investment banking and investment management services company in Georgia.

Galt & Taggart says that after the year-long lockdown, visits by international travellers who came to Georgia amounted to 212,700 in the first four months of 2021, which is 81.6% less compared to the same period of last year. However, in April alone international travellers made 82,519 visits in Georgia, which is an increase of 140.4% year-on-year (*Agenda.ge, May 11, 2021*).

25. Georgia's Foreign Trade in January-April 2021

Georgia's foreign trade turnover in the first four months of 2021 was USD 3.9 billion – an increase of 12.8% compared to the same period last year, according to express data released by the National Statistics Office (Geostat) on May 13.

Exports increased by 19.6% year-on-year reaching USD 1.2 billion, while imports increased by 10.1%, to USD 2.7 billion. Meanwhile, the trade deficit stood at USD 1.5 billion, constituting 39% of the trade turnover in January-April 2021 (*Civil.ge, May 13, 2021*).

26. 50-megawatt wind power plant in eastern Georgia to launch in 2022

A 50-megawatt wind power plant near the village of Nigoza in eastern Georgia is planned to begin operations in 2022, announces the Ministry of Economy of Georgia.

Today Georgian Economy Minister Natia Turnava met with Ahmet Calik, the chair of Turkish Calik Energy board, which is one of the major investors in the Georgian energy sector.

During the meeting Turnava and Çalık spoke about the current and upcoming investment projects in Georgia, including the Nigoza wind power plant.

Çalık Enerji is implementing the project in cooperation with the Energy Development Fund of Georgia.

The \$70 million project aims to employ 200 people in the construction process, while 25 people will be employed after it becomes operational (*Agenda.ge, May 13, 2021*).

27. Jan.-Apr. 2021: Georgian wine export up 15%

Georgia exported 28.3 million bottles of wine to 55 countries in January-April 2021, which is an increase of 15% compared to the same period of 2020, says the Georgian National Wine Agency.

By selling wine abroad Georgia generated \$65 million. Revenues increased by 7% year-on-year.

The top five countries that imported Georgian wine in January-April 2021 were:

- Russia – 17,197,084 bottles (+16%)
- Ukraine – 3,342,951 bottles (+9%)
- Poland – 1,841,192 bottles (+2%)
- China – 1,559,533 bottles (+19%)

- Kazakhstan – 1,027,114 bottles (+56%) (*Agenda.ge, May 14, 2021*)

28. April 2021: money transfers to Georgia up 145.4%

Georgia received \$194.1 million from abroad in April 2021, which is 145.4% more than the amount in April 2020, says the National Bank of Georgia.

Russia (\$33.35 million), Italy (\$31.73 million) and the United States (\$24.88 million) were the largest remittance senders in April 2021.

Overall, the vast majority (94.9%) of all money transfers from abroad came from 18 countries.

Last month, remittances leaving Georgia totalled \$25.8 million, as compared to \$10 million in April 2020 (*Agenda.ge, May 17, 2021*).

29. New USAID, Gazelle Finance programme to support over 30 SMEs, economic recovery in Georgia

More than 30 small and medium-sized enterprises (SMEs) in Georgia will benefit from a new three-year programme launched by the United States Agency for International Development (USAID) and Gazelle Finance, a financial company that invests in SMEs in the Eurasia Region, with current focus on Georgia and Armenia.

The programme will target a group of high-potential SMEs, helping them attract private sector financing, expand their businesses and generate employment opportunities in their communities.

"This programme is targeted to support over 30 SMEs, result in creating over 1,677 new jobs, and catalyse more than \$15 million in foreign direct investment in Georgia. This blended finance approach, a combination of know-how transfer and investment capital, is the key ingredient to create long-term sustainable businesses, which are currently underserved by the local capital markets", said the CEO of Gazelle Finance Jeffrey Liebert.

The programme will help beneficiary businesses secure access to new export markets, effectively compete with imports, strengthen their management, and improve environmental, social, and governance performance (*Agenda.ge, May 17, 2021*).

30. Finance Minister introduces tax initiatives to help taxpayers overcome challenges posed by pandemic

In order to overcome challenges caused by the coronavirus pandemic, Georgian Finance Minister Lasha Khutsishvili has introduced new tax initiatives today.

"The taxpayer, who has a current recognised / unrecognised tax debt, will be able to fully reduce the accrued fines / penalties by paying the principal amount of the tax", said Khutsishvili.

He said that taxpayers must apply to the Revenue Service of Georgia before August 1 of this year with a request to conclude a tax agreement and pay the principal amount of the tax by December 31, 2021.

"This initiative concerns the tax arrears of all taxpayers (including debts in tax disputes), except in cases where there is an ongoing criminal case against this taxpayer for an economic crime under the Criminal Code", Khutsishvili said (*Agenda.ge, May 17, 2021*).

❖ Occupied Territories

31. Tskhinvali Leader Visits Donetsk, Luhansk

Moscow-backed leader of occupied Tskhinvali Region/South Ossetia, Anatoly Bibilov arrived in Ukraine's Donbas region on May 10, where he attended the

“independence day” celebrations of the self-declared “Donetsk people’s republic” on May 11, and of the self-declared “Luhansk people’s republic” on May 12.

According to Tskhinvali-based RES news agency, Bibilov held meetings with Donetsk leader Denis Pushilin, Luhansk leader Leonid Pasechnik, Secretary of the General Council of United Russia party Andrey Turchak, as well as Abkhaz “deputy prime minister” Sergey Pustovalov, among others.

Russia-backed South Ossetian authorities recognized both the self-proclaimed states of Luhansk and Donetsk in 2014, considered as “terrorist organizations” by the Ukrainian authorities (*Civil.ge, May 13, 2021*).

32. Abkhaz Leader Meets Syria’s Assad in Damascus

Kremlin-backed Abkhaz leader Aslan Bzhania arrived on May 16 in Damascus, where he met today Bashar al-Assad, President of Syria, one of the only five countries that recognize the Russian-occupied region’s independence.

Ahead of his first meeting with the Syrian President, Bzhania expressed confidence that the relationship between Sokhumi and Damascus “will strengthen and develop successfully.”

President Bashar al-Assad remarked in a press briefing after the meeting, that the visit will open up “new opportunities” for cooperation in tourism, economy, and agriculture. He also highlighted the role of Abkhaz diaspora living in Syria in helping “strengthen intercultural ties,” as reported by Bzhania’s press service.

In Damascus, Bzhania is accompanied by his administration head Alkhas Kvitsinia, “ministers” for foreign affairs, agriculture, economy, and tourism, Daur Kove, Beslan Jopua, and Kristina Ozgan, and Teimuraz Khishba, respectively, as well as also “parliament speaker” Valery Kvarchia and several lawmakers.

Syria recognized the independence of Georgia’s occupied regions of Abkhazia and Tskhinvali/South Ossetia in May 2018, joining Russia, Nicaragua, Nauru, and Venezuela. Sokhumi opened its “embassy” in Damascus in October 2020, a move decried by the Georgian Foreign Ministry as a “severe violation of the fundamental norms and principles of international law.” (Civil.ge, May 17, 2021)

External Affairs

33. Prime Minister Garibashvili Visits Yerevan

Georgian Prime Minister Irakli Garibashvili, accompanied by Foreign Minister, Deputy PM David Zalkaliani, arrived in Yerevan today, where he met with acting Armenian PM Nikol Pashinyan, after which the two leaders delivered statements at a joint press conference.

At the joint press conference, PM Garibashvili hailed “centuries-old historical friendly relations” between Georgia and Armenia and expressed his confidence that relations between the two countries will “continue in this spirit.”

Prime Minister Garibashvili said the two leaders talked about prospects for developing existing economic and trade relations, and cooperation in the fields of transportation, energy, tourism, culture, education, and innovation. “We underlined our aspiration to have intense political dialogue,” he noted.

The Georgian PM underscored that peace and regional stability are necessary to advance existing relations, adding that Georgia “has always been a supporter of peaceful cooperation and coexistence in the South Caucasus.” Stressing that the COVID-19 pandemic, and the recent Nagorno-Karabakh war “posed significant difficulties for the entire region,” he remarked that “there is no alternative to peace, negotiations, and dialogue.” (*Civil.ge, May 12, 2021*)

34. Georgia to produce UAVs, rifles with partners, obtain air defence, anti-tank systems

Georgian defence industry will join forces with Israeli partners to produce M4 rifles while also being in talks with Polish and South African companies to launch joint production of unmanned aerial vehicles - in addition to planning procurement of a further batch of Javelin anti-tank systems from the United States and anti-air missile systems from an Israeli company.

The news were revealed by Minister of Defence Juansher Burchuladze in his briefing to the parliament on Thursday around the ministry's initiatives for bolstering Georgian Defence Forces equipment and launching local production of arms and technology.

The production of the M4 - a US-designed rifle equipping troops and special forces in dozens of countries including US, Georgia and Israel - is expected to commence in late 2021 on a joint Georgian-Israeli line at the local Delta defence production company grounds, Burchuladze told MPs during his 'Minister's Hour' briefing.

Along with the initiative, the MoD is in talks with Polish and South African partners to begin construction of UAVs at joint plants in 2022, also utilising infrastructure of the Georgian company that has expanded and developed its capacity over the last decade or so (*Agenda.ge, May 13, 2021*).

35. In Kyiv, Georgian, Ukrainian, Moldovan FMs Establish 'Associated Trio' Format

Georgian Foreign Minister David Zalkaliani, on a working visit to Kyiv since May 16, today signed with his Ukrainian counterpart Dmytro Kuleba, and his Moldovan colleague Aureliu Ciocoi a memorandum on establishing the Associated Trio format between the three countries.

According to the document, which outlines EU membership as a key goal, the foreign ministries of the three EU-associated states pledge to cooperate on common issues of European integration, including for the implementation of their respective Association Agreements, and the further development of the Eastern Partnership.

The format envisages holding trilateral consultations, the appointment of relevant coordinators in the countries' foreign ministries, high-level meetings, as well as the establishment of joint platforms for dialogue with EU member states, among others.

With the format, the signatory countries also hope to promote full integration into the EU single market, and to continue holding joint discussions with the European Commission on issues of transport, energy, digital transformation, green economy, strategic communications, security, and defense (*Civil.ge, May 17, 2021*).

36. Parliament Speaker Visits Brussels

Freshly-appointed Parliament Speaker Kakha Kuchava is visiting Brussels on May 16-20, where he has already met European Parliament Vice-President Klára Dobrev and Belgian Parliament's Chamber of Representatives President Eliane Tillieux.

At the May 17 meeting with the EP Vice-President, the sides talked about Georgia's plan to apply for European Union membership in 2024, and the implementation of the EU-brokered April 19 deal. "We discussed the path to

tomorrow," Speaker Kuchava stated, adding that moving forward, Georgia needs to deliver on its commitments taken up with the agreement as well as develop a "modern European political culture."

With the Belgian Chamber of Representatives President, Speaker Kuchava discussed Georgia's prospects in tourism and for attracting foreign direct investments, the Parliament's press office reported on May 18.

On his first official visit in the capacity of Parliament Speaker, Kakha Kuchava is accompanied by Vice-Speaker Levan Ioseliani, and European Integration Committee Chair Maka Bochorishvili (*Civil.ge, May 18, 2021*).