



ICT sector

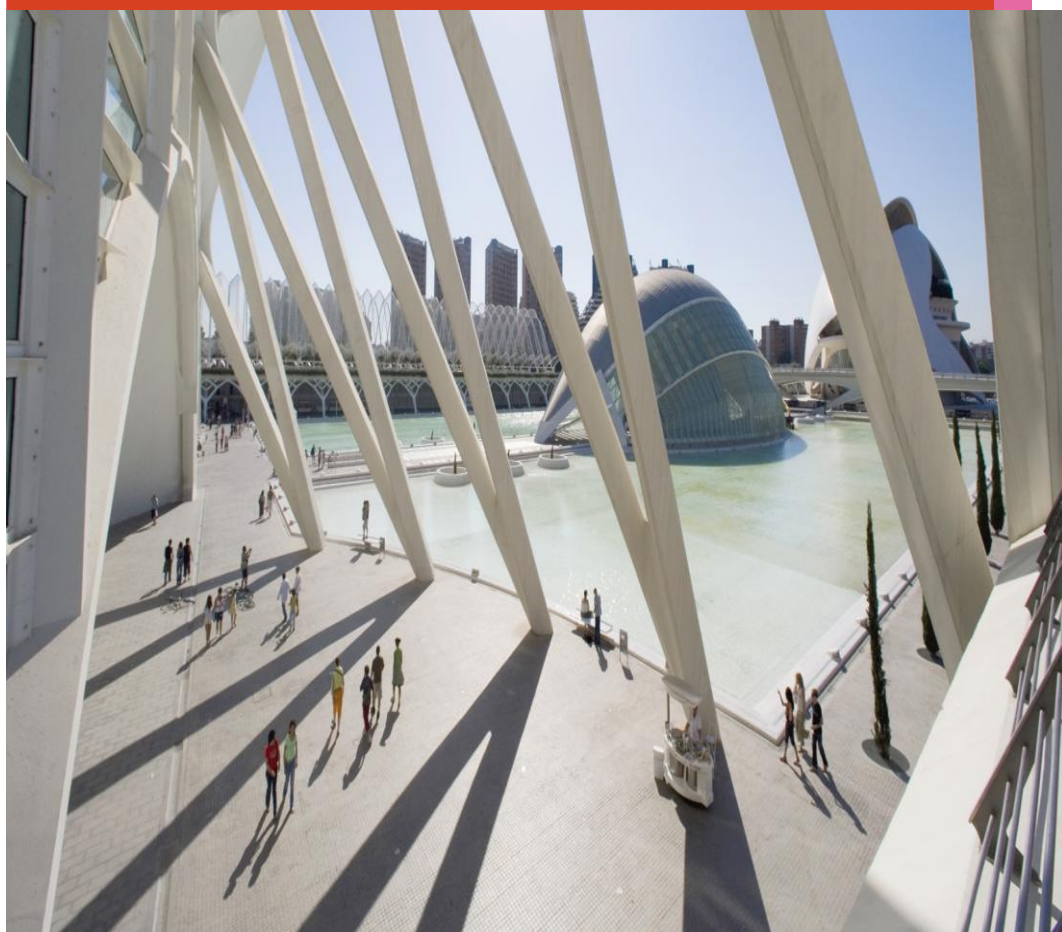
Invest in Georgia
... explore strong market growth prospects

*Strictly Private
and Confidential*

August 2011



INVEST IN GEORGIA
NATIONAL INVESTMENT AGENCY



pwc

INVEST IN GEORGIA
NATIONAL INVESTMENT AGENCY

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Summary – Introduction to Georgia (1 of 2)



Why Georgia is the right destination for your investment:

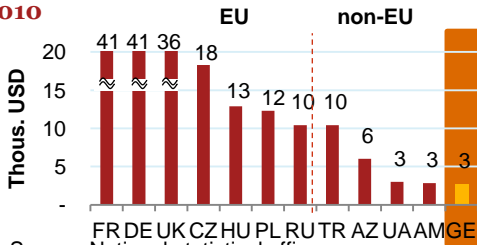
Georgia (2010)	
Population	4,4 million
Labor force	1,9 million
Unemployment	16,0% ~50% is aged between 20-34 years
GDP p.c. USD (PPP)	USD 5.057
Inflation	7,1% CPI annual change 09-10
Area	69,7 k sq. km

Source: Geostat



1. Affordable labor force

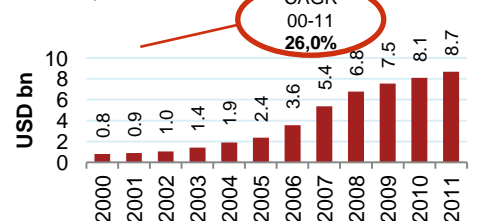
GDP per capita, current USD, 2010



Source: National statistical offices

4. Strong historical FDI track record

Georgia, Inward FDI, Cumulative inflow, USD bn.



Source: UNCTAD

2. An easy place to do business

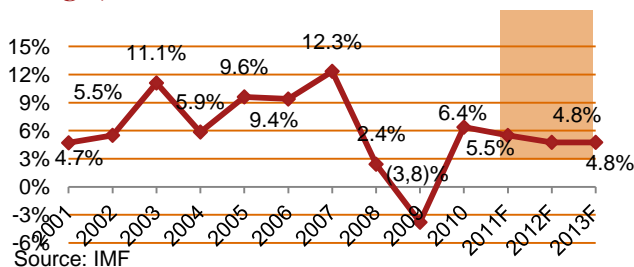
#12

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- Georgia is #12 in the World Bank's global Ease of Doing Business ranking (2010)
- It takes only 3 days to establish a new business in Georgia

3. Strong economic recovery path

Georgia, Real GDP Growth in %



Source: IMF

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5. Other reasons to come to Georgia

- **Others have done it and benefited** - More than 4,600 companies have been established by foreign investors in Georgia. These firms have capitalised upon an affordable yet skilled and talented Georgian multi-lingual labor force
- **Apart from salaries other inputs are cost competitive as well**
 - The average gross monthly salary is lower than European equivalents – USD 346 in 2010;
 - Energy – prices of oil, gas and electricity are competitive within the region;
 - Ease of buying land and its affordability – the government incentivizes foreigners to buy land.
- **Transparent and favorable tax regime** including tax exemptions and benefits of free trade/industrial zones
- **High quality standard of living**

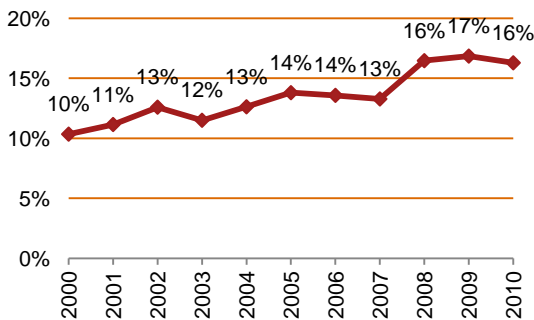
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Summary – Introduction to Georgia (2 of 2)

Georgia's labor force – your competitive advantage

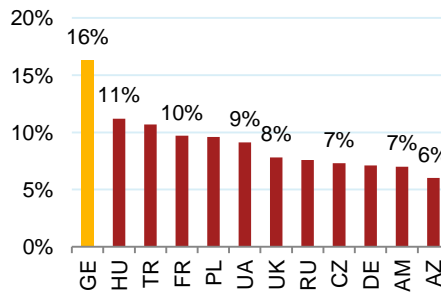
Labor force

Georgian unemployment rate, % share of total labor force



Source: Geostat

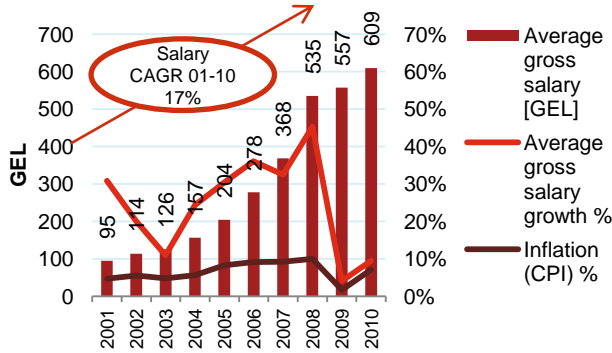
Relative unemployment rate % share of total labor force, 2010



Source: National statistical offices, World Bank

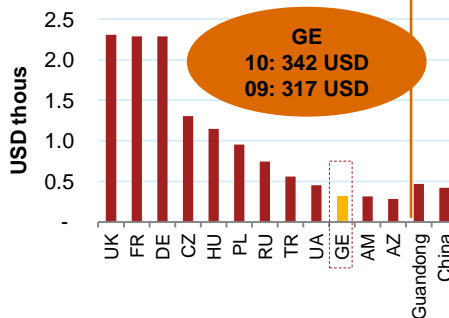
- The largest group of unemployed, c. 50% is aged between 20-34 years, which confirms the availability of a young labor force.
- In 2009/10 there were c. 102k students enrolled in tertiary education courses, which represents c. 31% of population in 20-24 age group.

Georgia, salary vs. inflation development



Source: Geostat, IMF

Average gross monthly salary, 2009, USD thous.



Source: National statistical offices, World Bank

- Salary levels differ across Georgian regions. Unsurprisingly, the highest average salary is in Tbilisi (GEL c. 760 in 2010, or c. 25% above the national average), where c. 25% of the population resides.
- Regions with other significant cities, i.e. Adjara (with Batumi) and Imereti (with Kutaisi) have below average salary levels, i.e. GEL 460 or USD 258 (25% below) and 383 GEL or USD 214 (33% below), respectively
- In 2008, c. 22% of the population lived below the poverty line compared to c. 50% in 2000. However, the growth in salaries was associated with high inflation.

Note: Please refer to section 2 and 3 of this report for more information on Georgia's investment environment

• **Availability of labor force** in Georgia remains high compared to other countries in the region.

• This may be cause for significant social concerns, but also indicates availability of labor force for a potential investor.

• Although the average **salary levels** in Georgia have grown over the last decade, they still **remain at a much lower level** compared to other European markets and **even to China!**

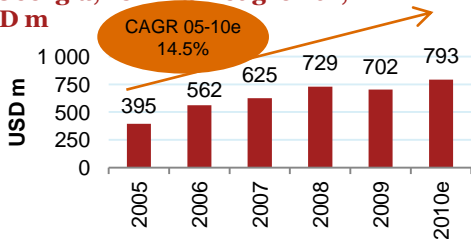
• This provides a significant labor cost advantage for a potential investor.

Summary – Top 10 reasons to invest in Georgia

Three competitive advantages you will gain by investing in the Georgian ICT sector:

Fast-growing market	<ul style="list-style-type: none"> Worth c.USD 793m, the Georgian ICT market has developed at 14,5 CAGR (05-10e), which is one of the highest growth rates in the CIS/Caucasus region It shows significant growth potential going forward
Strong governmental support for support of ICT	<ul style="list-style-type: none"> The government has created an environment to support strong market growth. This is not only through incentives such as an IT Zone involving tax reliefs for software development, but also by increasing ICT demand through e-Government, e-Learning, and other ways.
Competitive labor cost	<ul style="list-style-type: none"> Georgia offers a skilled labor force in ICT at an attractive cost – the average gross salary of a software developer can vary from USD 800 to 1500 per month IT staff salaries remain highly competitive when compared to other growing ICT markets (e.g. India or Pakistan)

1. Georgia, ICT market growth, USD m

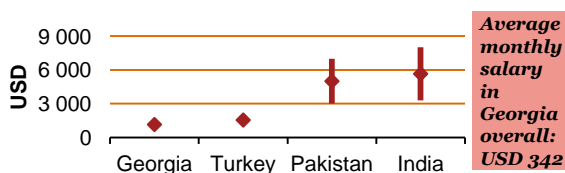


Source: Geostat, GNCC

2. Key projects in ICT driven by the government

IT Start-Up Days for ICT companies	IT Zone with tax exemptions
Government's cooperation with Intel	TV Digitalisation until 2015
Deer Leap for IT in educational institutions	E-government launched in 2010

3. Average monthly salary of software engineer with 3-6 years experience (USD)



Source: USAID, Payscale, Financial Times

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Other reasons to consider an investment in Georgian ICT:

• Strong potential in offshore service businesses, such as software development and Shared Service Centres (SSCs)

Fixed line telephone	○	Offshore service businesses, e.g. software development	●	<ul style="list-style-type: none"> Low relative entry costs Positive market outlook
Mobile telephone	○			
Internet / Digital TV	○	Other outsourced services, e.g. SSCs, data centers	○	<ul style="list-style-type: none"> Low relative entry costs Dependent on development of subsidies

Key: ● high potential ○ Low potential

• Two customer groups which are expected to grow

- Public admin institutions / Strong e-government outlook
- Public
- Private
- Primarily banks, insurance companies and telecoms

• Outlook for significant ICT investments in education, driven by the Ministry of Education and external donors

• Competitive cost of labor relative to other territories in the region

• Others recognise the potential:

- Software development: numerous local companies with strong ICT experience – acquisition opportunities
- SSCs/data centres: Hewlett Packard considering opening an IT centre in Georgia, Microsoft established its representative office in Georgia in 2006

Section 1

ICT industry

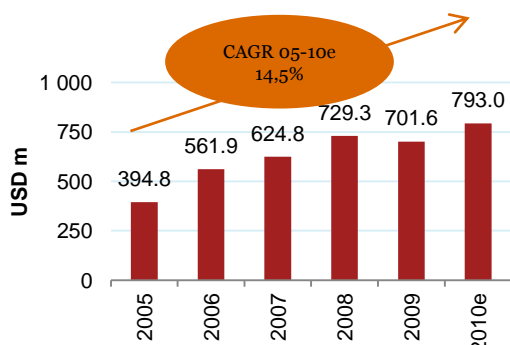
The Georgian ICT sector is a fast-growing market with further development expected (1 of 2)

Overview of the Georgian ICT sector

- The Georgian ICT market grew strongly, reaching a value of c. USD 781m in 2010. The ICT sector plays a significant role in the Georgian economy, contributing ~7% to the national GDP, which is relatively high compared to selected benchmarks in the region.
- Georgia remains reliant on imports of ICT goods and services, but it is also expected to increase exports of services to adjacent markets (Armenia, Azerbaijan, CIS) in line with further market development.
- Governance of the ICT sector in Georgia is conducted by the Ministry of Economy and Sustainable Development. The sector is subject to control by the Georgia National Communications Commission (GNCC).

• The Georgian ICT sector has grown strongly in recent years

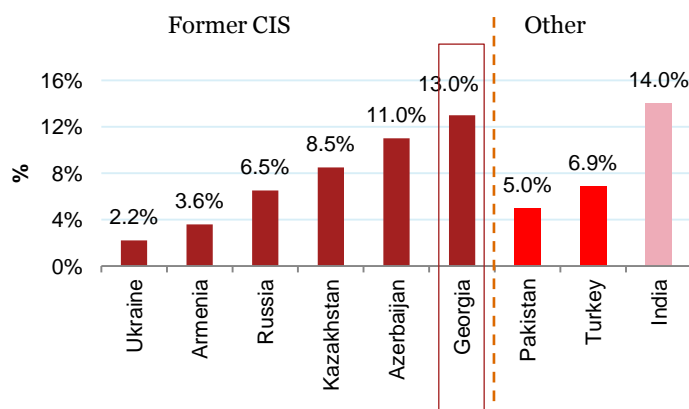
Georgia, ICT market growth, USD m



Source: Geostat, GNCC, Buddecomm

ICT sector in Georgia	
Market size	USD 780,5m (2010) ~7% of GDP
Exports	USD 27.2m in 2009 (2,2% of total service exports)
Imports	USD 488,3m in 2009 (7,8% of total goods import)

Annual ICT market growth (2010/2009)*



ICT as % of GDP**	
Georgia	6,9%
Armenia	1,3%
Kazakhstan	1,4%
Azerbaijan	1,8%
Turkey	2,4%
India	5,9%

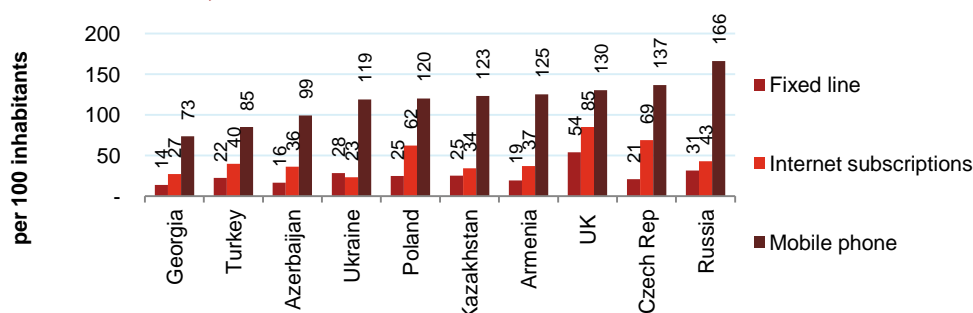
• ... faster than other countries in the region.

Note: * ICT market growth in 2010 vs. 2009 by value (revenue from the electronic communications market [telecom, internet, digital broadcasting, IT services]); ** 2010 or most recent available year
Source: Buddecomm (2011), National statistical offices, IMF

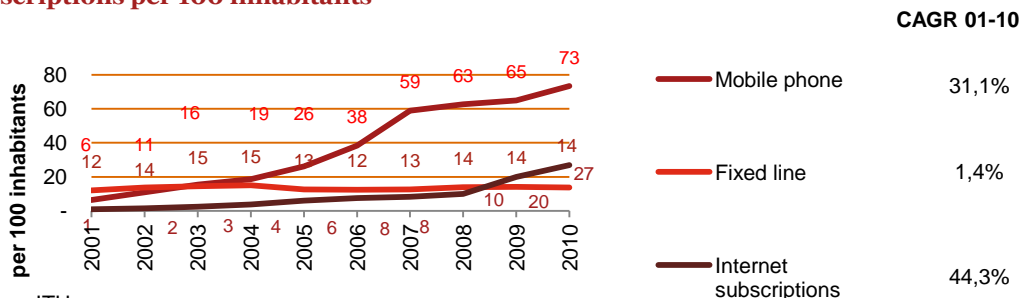
The Georgian ICT sector is a fast-growing market with further development expected (2 of 2)

- Telecommunication services penetration has been growing but there is still significant domestic demand to fill before the country catches up with other countries in the region.

ICT penetration rates, mobile phone, fixed line, internet subscriptions per 100 inhabitants, 2010



ICT penetration rates: fixed line, mobile phone, internet subscriptions per 100 inhabitants



Source: ITU

- Also, the quality of service is improving significantly, e.g. in terms of bandwidth per international internet user, Georgia has been one of the strongest improvers in the CEE region

International internet bandwidth

	Connection speed Mbps			Connection speed per user Bits/s per user		
	2003	2010	CAGR	2003	2010	CAGR
Georgia	32	3227	93,3%	273	4782	50,5%
Average per country in CIS (12 countries)*	643	10650	49,3%	428	2049	25,1%

Note: * The CIS region includes Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. International internet bandwidth is measured in Mega Bits per Second (Mbps). Bits/s per internet user is calculated by dividing the international internet bandwidth (in bits/s) by the number of internet users.

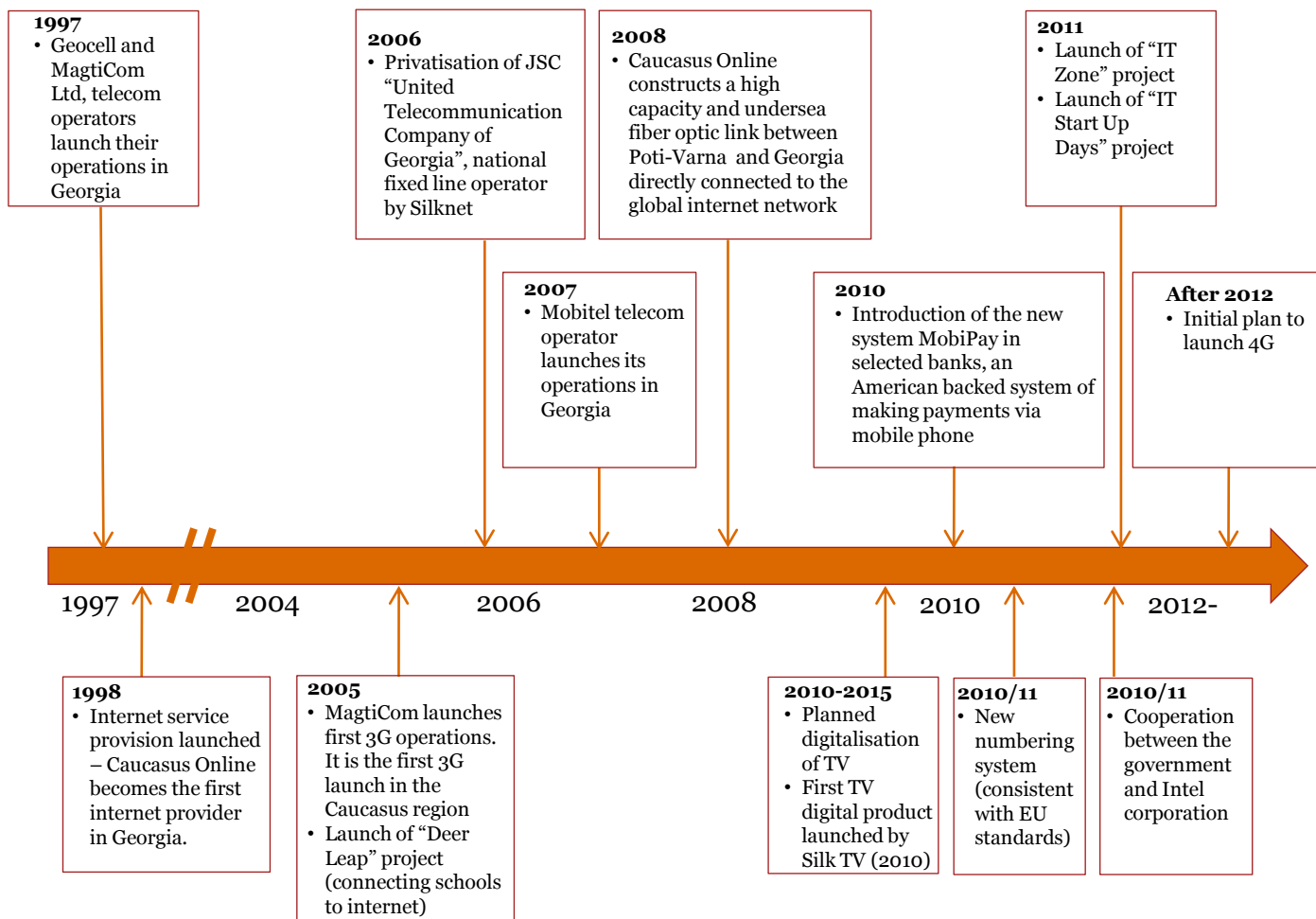
Source: ITU

- A strong convergence track towards more mature markets offers a significant domestic market to serve.

- And the quality of infrastructure (e.g. internet connections) in Georgia has developed above CIS average levels.

The market has shown how it is rapidly converging to global standards

Key milestones in the development of the Georgian ICT sector



Three phases of the Georgian ICT sector’s development



Government projects are supporting future growth – IT-Zone tax exemptions are attractive for investors

Key projects aimed at promotion and development of ICT in Georgia

Project/Area	Overview	Beneficiaries	Status
IT Start-Up Days	<ul style="list-style-type: none"> The government provides technical support to entrepreneurs in the IT sector. Designated specialists provide consultancy on business plans as well as enable networking between new market entrants and established companies 	<ul style="list-style-type: none"> ICT sector companies 	<ul style="list-style-type: none"> Ongoing First launch in December 2010
IT Zone	<ul style="list-style-type: none"> The project driven by the Ministry of Finance allows IT companies, primarily software and system developers, to benefit from so-called “IT Zone” preferential status The benefits are mainly exemptions from corporate tax and VAT Also, co-financing of some investments by the government is available 	<ul style="list-style-type: none"> ICT sector companies, primarily software development businesses 	<ul style="list-style-type: none"> Ongoing Introduced in 2011
Government’s cooperation with Intel	<ul style="list-style-type: none"> An agreement between Intel Corporation and the Ministry of Economy and Sustainable Development facilitates the ICT hardware purchase term for government institutions as well as for citizens 	<ul style="list-style-type: none"> Public administration Residents 	<ul style="list-style-type: none"> Ongoing Started in 2010
TV Digitalisation	<ul style="list-style-type: none"> Georgia plans to move to digital television broadcasting to be in line with the European Union standards (driven by the International Telecommunications Union) The Georgian government will select the model of broadcasting in 2012 	<ul style="list-style-type: none"> Residents 	<ul style="list-style-type: none"> Ongoing Completion assumed by 2015
Deer Leap	<ul style="list-style-type: none"> The aim of the project is to connect all educational institutions to the internet and provide computer equipment to schools As of 2009, c. 80% of schools benefited from this project 	<ul style="list-style-type: none"> Educational facilities Students/pupils 	<ul style="list-style-type: none"> Ongoing. Expected to be completed by 2012 Started in December 2005

• As the development of ICT is an important point on the governmental agenda, a number of projects aimed at promoting and incentivising market growth and general IT literacy levels in society are being launched



• “ICT in Georgia is continuously developing. It has strong support from the government and demand from companies will grow, so this is expected to attract international investors.”

Akaki Meladze,
Director,
Singular Group
LLC

Source: Public information, PwC Analysis

Market experts believe the most significant potential remains in offshore services and outsourcing segments

An assessment of investment attractiveness in ICT in Georgia

Segment	Overview	Key market players	New investment outlook	
Fixed line telephone	<ul style="list-style-type: none"> Fixed line telephony is concentrated in the largest cities. Although the average penetration rate for the country is only c. 14%, the cross-regional average for urban areas varies from 72% (Gurla) to 95% (Tbilisi) In 2006, the national United Telecommunication Company of Georgia was privatised (now owned by Silknet) More than 50% of Georgia's fixed line services are concentrated in the capital Tbilisi 	<ul style="list-style-type: none"> The market is dominated by three players, holding c. 90% market share Silknet (owned by Georgian-Kazakh consortium BST Holding) Akhtel (privately owned domestic company) Akhali Kselebi (privately owned domestic company) 	<ul style="list-style-type: none"> Barriers to entry are high Growth outlook is low as fixed line is overtaken by other technologies 	<p>• The telecom segment dominates the ICT market in Georgia – it is well penetrated by service providers, very often international companies. And the investment in those segments is capital intensive.</p> <p>• Therefore, it appears that the largest investment potential remains in offshore service businesses and other outsourced professional services.</p> <p>Key: low potential for FDI</p> <p>high potential for FDI</p>
Mobile telephone	<ul style="list-style-type: none"> Mobile subscriptions have grown strongly in recent years, driven primarily by increased competition and pressure on prices as well as limited access to fixed line services in rural areas Pre-paid services account for the majority of service contracts 	<ul style="list-style-type: none"> Three GSM Operators are operating in Georgia Geocell (owned by Finnish-Swedish Company TeliaSonera) – c. 46% market share Magti (owned by Telcell Wireless LLC/ITC LLC, USA) – c. 43% market share Mobitel / Beeline (owned by VimpelCom, Russia) – c. 11% market share 	<ul style="list-style-type: none"> Market is already well penetrated Cross-selling of new services is expected 	
Internet / Digital TV	<ul style="list-style-type: none"> Rapid development of the internet service provider (ISP) market Internet services are provided through: <ul style="list-style-type: none"> all fixed wire networks (DSL, fiber-optic cables and dial-up) wireless fixed network (CDMA 1x, Ev-Do, Wimax) and mobile communication network 	<ul style="list-style-type: none"> 113 companies hold the licence for provision of internet services, but only c. 40 of them appear to actually provide services in practice, The three largest ISPs are: <ul style="list-style-type: none"> Silknet (also involved in digital TV) - 44% market share Caucasus Online- 37% (owned by TBC Bank and EBRD) Telenet (privately owned) 	<ul style="list-style-type: none"> Demand for better quality expected to grow ISPs are expected to drive the TV digitalisation 	
Offshore service businesses	<ul style="list-style-type: none"> Potential remains in software development and system architecture "IT Zone" tax relief for software development also supports the market growth 	<ul style="list-style-type: none"> There are a lot of small software development companies – consolidation opportunity The key players are Georgian-based: UGT, GGS, ITex, Delta systems, Azry, IBS – may represent interesting acquisition opportunity 	<ul style="list-style-type: none"> Low relative entry costs – opportunities for acquisitions may exist Positive market outlook 	
Other outsourced professional services	<ul style="list-style-type: none"> Potential remains in IT outsourcing, offshore services, IT audit and consultancy 	<ul style="list-style-type: none"> There are plans relating to subsidies for shared service centres, but the exact support is currently under discussion at the government level 	<ul style="list-style-type: none"> Relative low entry costs Dependent on development of subsidies 	

The two main customer groups, public institutions and large corporates, are expected to drive demand in upcoming years (1/3)

1. Customer group: Public / Governmental institutions

Current picture / Recent developments

- The government of Georgia strongly supports the development of e-government, i.e. the enhancement of digital interactions between public administration institutions and citizens
- A number of ongoing projects have been developed in cooperation with private ICT companies, both domestic and global

Key e-government projects:

Ongoing:

- Georgian Governmental Network – WiFi/CDMA internet access for all public administration and public offices in the country (in cooperation with Magticom)
- Data Exchange Agency – introduction of a “single window” for businesses in Georgia. The aims are the creation of data exchange infrastructure and development and implementation of secure information exchange policies
- Online property registration
- Digitalisation of documentation in the Ministry of Telecommunications
- Introduction of e-Learning tools in Ministries

Planned:

- Tax e-filing system
- “Sakpatenti” - e-registration for patent applications

Key addressees

Examples of governmental branches with e-government solutions implemented:

- Public Registry
- Civil Registry
- Ministry of Finance (Revenue Service, Service Agency)
- Ministry of Internal Affairs (Service Agency)
- Ministry of Healthcare
- State Procurement Agency

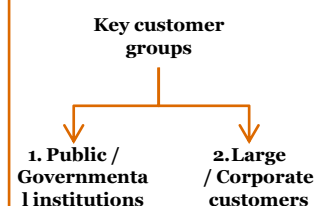
- E-government solutions have been implemented in a wide range of public institutions, including registries, the Ministry of Finance and the Ministry of Internal Affairs
- Plans to develop e-healthcare solutions (e.g. telemedicine, e-consultations, patients’ registry) have recently been added to the agenda
- The Ministry of Education is open to discussing investments in e-learning/e-education areas as well

Examples of products

Public institutions are expected to primarily require ICT companies to provide them with support in developing tools for the digitalisation of their standard operations

Examples of services which can be provided to public institutions

- Software development
- Web-content development and management
- ICT infrastructure solutions
- Professionally Managed Solutions
- E-archiving tools / document flow systems
- IT management
- Other



- *Public administration (e-government) is expected to be the key driver of demand for ICT in the future*

Source: Governmental agencies, USAID, PwC Analysis

The two main customer groups, public institutions and large corporates, are expected to drive demand in upcoming years (2/3)

2. Customer group: Private / Corporate customers

Current picture / Recent developments

- A great potential remains in services for private companies
- Currently, **only 1/3 of locally registered business have their own websites**, and e-commerce is emerging
- Unsurprisingly, telecom services (mobile and fixed telephony with internet subscription) dominate the ICT market
- However, growing demand for services, such as software development and Shared Services Centres, is expected in line with general economic development

Key addressees

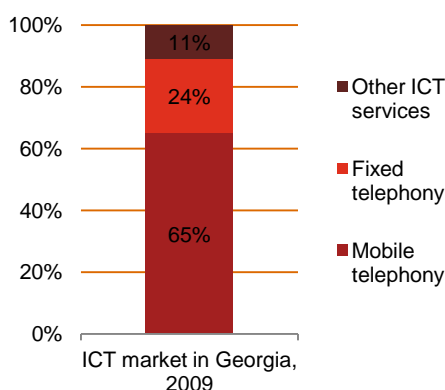
Key targeted industries

- Banks
- Insurance companies
- Telecom companies & other ICT businesses (mobile operators, ISPs)

Examples of products

Market experts believe that the largest investment potential in ICT remains in software development and process outsourcing services

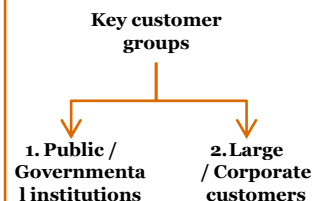
ICT market structure by subsegments, 2009



- Currently, the financial sector (primarily banks and insurance companies) and ICT companies themselves are the main customers of ICT services

Examples of services which can be provided to private institutions

- Outsourced data centres and other processes outsourcing digital services
- Specialised information management systems, such as Customer Relationship Management (CRM) or Enterprise Resource Planning (ERP)
- Software development
- E-commerce solutions



- Also, the growing presence of international corporates is expected to create business for software developers and other providers of IT professional services



- “Mobile phone and internet subscription segments are already well-covered. Software development has significant growth potential, and we now see this segment as the most attractive for investors.”

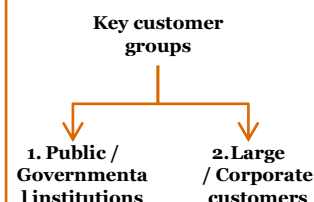
Irakli Kashibadze,
Head of the
Communications,
IT and Innovation
Dept at the Ministry
of Economy and
Sustainable
Development
of Georgia

The two main customer groups, public institutions and large corporates, are expected to drive demand in upcoming years (3/3)

2. Customer group: Private / Corporate customers

Examples of potential customers for ICT companies in Georgia

	Georgia	Azerbaijan	Turkey
Banks	<ul style="list-style-type: none"> • Bank of Georgia • TBC (IFC is the main shareholder) • VTB (Russia) • Republic Bank (Societe Generale Group, French) • ProCredit Bank (Germany) • HSBC Bank (UK) 	<ul style="list-style-type: none"> • International Bank of Azerbaijan (state owned) • HSBC Bank Middle East (UK) • Unibank Commercial Bank (private, Azerb.) • Bank Respublika (Germany) • Parabank (close ties with IFC and EBRD) 	<ul style="list-style-type: none"> • Türkiye Ziraat Bankası (state owned) • Türkiye İş Bankası (private, Turkey) • HSBC Bank (UK) • Akbank T.A.Ş. (private, Turkey) • Finans Bank (owned by National Bank of Greece) • Denizbank (Dexia Group, Belgium)
Insurance companies	<ul style="list-style-type: none"> • Aldagi-BCI Insurance Company (Bank of Georgia ownership) • Chartis (American Investment Group) • JSC GPI Holding (Georgian/private) • Irao (Vienna Insurance Group) • Imedi L (EBRD is the main shareholder) 	<ul style="list-style-type: none"> • Azersigorta (state owned) • Azalsigorta (private, Azerbaijan) • Atesgah Sigorta (private, Azerbaijan) • Paşa Sığorta (private, Azerbaijan) • Standard Insurance (private, Azerbaijan) • MBASK (AXA Group, France) 	<ul style="list-style-type: none"> • Anadolu Hayat Emeklilik (private, Turkey) • Allianz Sigorta (Allianz SE, Germany) • AIG Sigorta (American Investment Group) • Aviva Sigorta (Aviva PLC, UK) • Mapfre Genel (MAPFRE, Spain)
Telecoms	<ul style="list-style-type: none"> • MagtiCom (owned by Telcell Wireless & ITC) • Geocell (owned by TeliaSonera and Turkcell) • Beeline (Mobitel VimpelCom Ltd.) 	<ul style="list-style-type: none"> • AzerCell (owned by TeliaSonera, TurkCell and state) • BakCell – GTIB • CATEL – Caspian American Telecommunications LLC • Nar Mobile - Siemens, Aztelekom 	<ul style="list-style-type: none"> • Cukurova Group (Alfa) • Vodafone (UK) • Avea (Turkish Telecom, “Türkiye İş Bankası” Bank)



• The pool of potential customers for ICT companies (e.g. data centre service providers) is significant

• Usually, these customers demand that the data centres be located nearby; therefore, Georgia appears well placed to serve Turkish, Azeri and other companies in the former CIS region

Source: Governmental agencies, USAID, PwC Analysis

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With its convenient geographic location, Georgia can become a regional hub for offshore services

- The location of Georgia makes it attractive as a regional hub, primarily for the Caucasus-Caspian region
- Furthermore, being close to the EU and the Middle East also allows Georgia to serve a broader range of markets where demand for ICT offshore services at a relatively low cost can be greater than in the Caucasus & Central Asia
- In terms of time zone differential, Georgia is ahead/behind key potential end markets by only a maximum of three hours
- Perhaps even more important than the time zone is the cultural affinity of Georgia to the EU, and CEE/CIS in particular

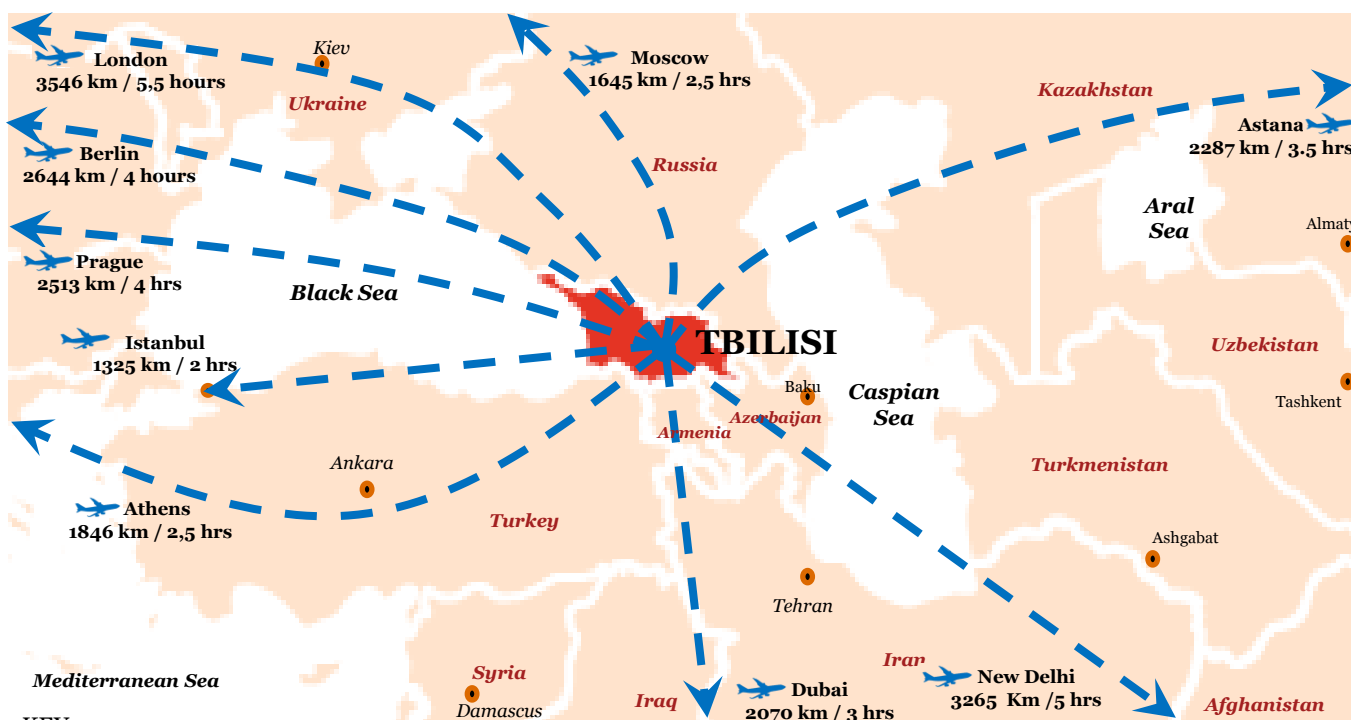
• *“The historical and cultural ties with Europe and the ability to speak Russian give Georgia the potential to be a more appropriate location for some offshore professional activities, as compared to India or Pakistan.”*

Leading global IT company

Location	Time difference from Tbilisi
London	- 3 hours
Berlin	- 2 hours
Prague	- 2 hours
Istanbul	- 1 hour
Athens	- 1 hour
Moscow	0 hours
Dubai	0 hours
New Delhi	+ 1.5 hours
Astana	+ 2 hours

- Georgia is conveniently located to become a regional hub servicing the Caucasus-Caspian, as well as the broader EMEA region

Convenient location in the region



KEY:

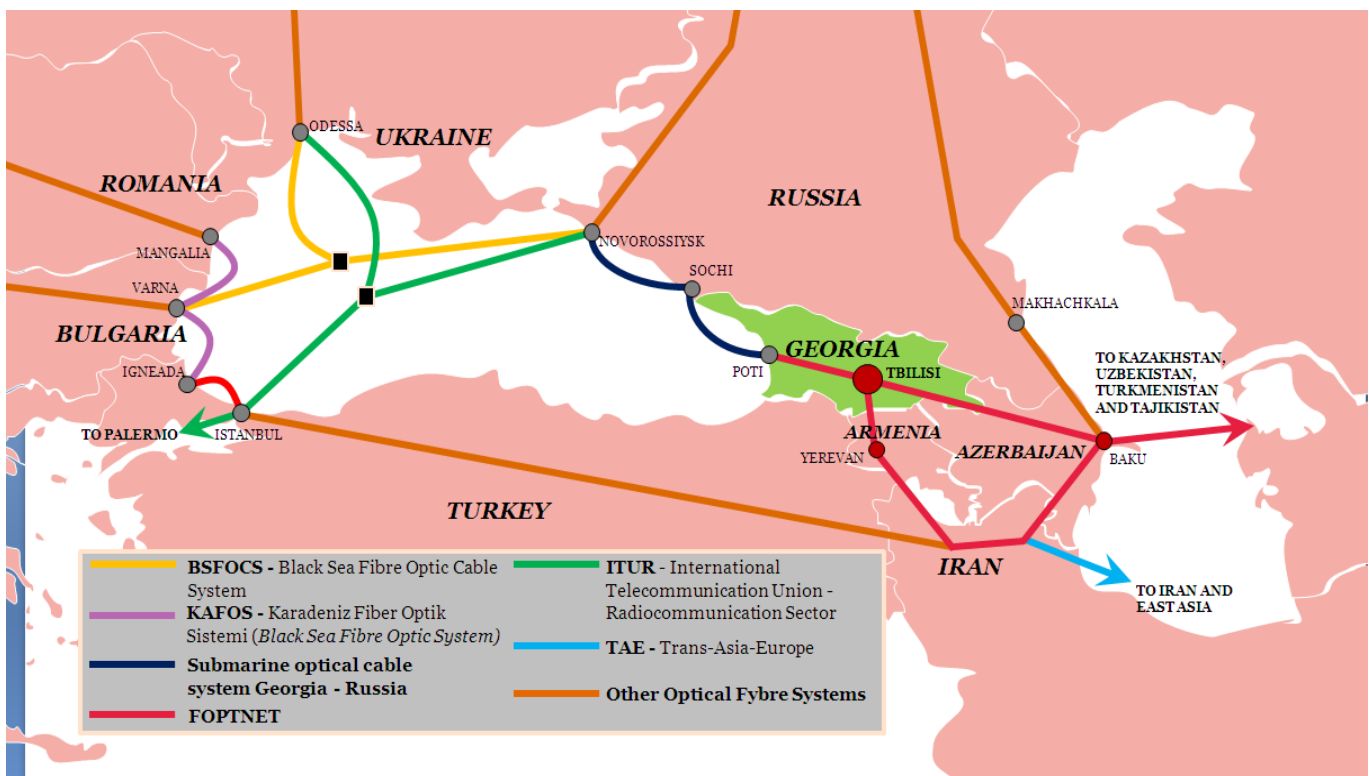
London 3546 km* Indicative direct distance (Tbilisi - selected city ; in km) / 5,5 hrs** Average flight duration from Tbilisi

Georgia has a secured place in the international network

- Georgia has a secured network of cables with connections to all neighboring countries – and thus broader international wire infrastructure
- Georgia is connected to the European network via the ROSTELECOM/FOPTNET cable line connecting Georgia and Russia
- In this way Georgia has linkages with other countries of the Black Sea basin, Ukraine, Romania, Bulgaria and Turkey
- Georgia is an important point in the Caucasus wiring system – it holds the key connection to Armenia and Azerbaijan



Secured connectivity within the international IT network



Source: Public information

A significant educated talent pool is already available – at a competitive cost

Skilled staff at a competitive cost (1 of 2)

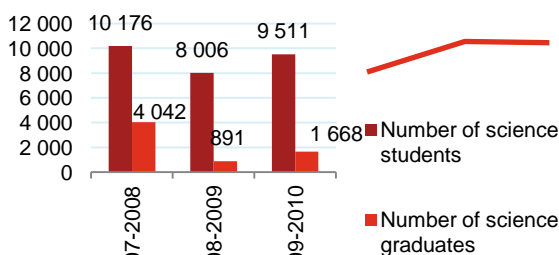
- Georgia has a number of institutions which educate people in the fields of IT, engineering and science. Also, the existing labor force is viewed as experienced

Availability of IT staff (existing and potential) in Georgia

- 10 universities (4 private, 6 public) with IT faculties. Technical University Tbilisi, Free University and Black Sea University are viewed as providing the leading quality of teaching)
- Over 9,5k science students in 2010, out of which c. 1,5k are on dedicated IT courses
- Over 1,6k science graduates in 2010
- c. 1,000 software developers

• The availability of educated labor appears sufficient to attract international investments – of course, some training may be required

Number of students and graduates in science studies

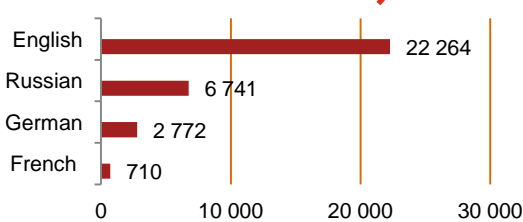


• No. of graduates was temporarily affected by the conflict in 2008, but it appears to be recovering

Note: IT, science and mathematics faculties included in the analysis
Source: Geostat

- Language literacy is significantly improving in Georgia, driven by the growing population learning foreign languages in schools (mostly English, Russian, German and French)

No. of university applicants passing foreign language test at Unified National Exams*, 2010



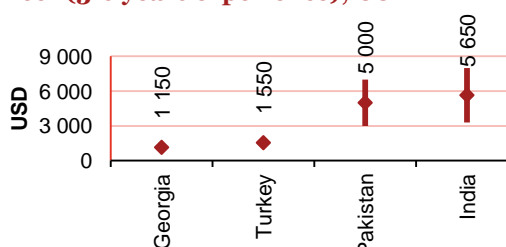
• Although official statistics are unavailable, anecdotal evidence suggests that c.2/3 of Georgians speak Russian and c.1/3 speak English – the knowledge of which is primarily widespread in the young generation

• In 2010 c. 2.8k applicants passed English certified exams (IELTS, Cambridge, TOEFL) at B1/B2 levels

Note: *Unified National Exams – University applicant entry exams in Georgia
Source: Ministry of Education

- Salaries of IT staff remain highly competitive when compared to other markets, where IT is prospective

Average monthly salary of software engineer (3-6 years experience); USD



Source: USAID, Payscale, Financial Times

Education development projects are in place to further improve the standard of candidates available to you

Skilled staff at a competitive cost (2 of 2)

Examples of projects aimed at improving education levels in Georgia	
Project	Goals
Establishment of a US University Branch Campus in Georgia (in talks with respected US universities, e.g. MIT, Boston)	<ul style="list-style-type: none"> To attract students from surrounding countries and position Georgia as a key player regionally and in the corridor connecting Asia and Europe Initial curricular focus should be in computer and electronics engineering, information technology, operations and systems engineering and general engineering
USAID's Vocational Education Project in Georgia	<ul style="list-style-type: none"> To develop and expand vocational training to meet labor market demand, primarily in the engineering, manufacturing, construction and tourism sectors in Georgia The project provides curricula improvements and professional development to improve the sustainability of know-how in Georgia
Teach & Learn with Georgia (driven by the Ministry of Education of Georgia)	<ul style="list-style-type: none"> To encourage Georgian schoolchildren to learn and master the English language The Ministry of Education recruited 1,000 native English speakers who were willing to teach English at Georgian schools for the 2010-2011 academic year

- The government and external supporters have launched a number of projects aimed at improving education levels in Georgia

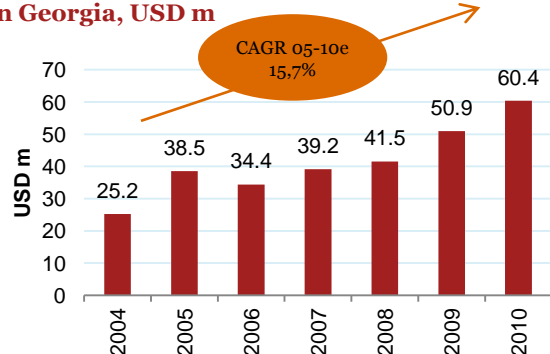
“Georgia is not a big country in terms of population size, but you can find extremely talented professionals here as well as a bright and eager-to-learn young generation, with a strong ability to learn and be trained.”

Nataly Gabecheva,
Chief Operational
Officer, AzRy LLC

External professional trainings

- The educational services market, including external trainings and continuing professional development (CPD) programmes, has been growing strongly in Georgia at 15.7 CAGR '05:10e

Private educational services market in Georgia, USD m





Source: Geostat

External professional trainings in Georgia

- External training is popular in Georgia (c. 2-3k people participated in IT-related trainings in 2010)
- The most demanded are training certificates provided by large international hardware/software companies (e.g. Microsoft, Cisco)
- These trainings are provided by dedicated centres (e.g. Delta Training, IT knowledge, GRENA, Greennet)








- This development is further promoted by external professional training providers

Selected Georgian ICT market participants – software development (1/2)

Company	Overview	Key products	History/Clients	International operations
	<ul style="list-style-type: none"> • Leader in the field of Software Development and IT consulting services • Based in Tbilisi, with a representative office in California, USA. • Ownership: domestic company 	<ul style="list-style-type: none"> • FinA - financial analysis system • Unified Money Transfer System (UMTS) • United Payment System • Business Budget Blaster • Services Payment System (SPS) 	<ul style="list-style-type: none"> • Founded in 2000 • Since its launch, AZRY has been providing outsourcing services to western companies, and it has very successful collaboration experience with IT companies in Silicon Valley. • In 2009, the company modernised the old purchasing system of tickets in Tbilisi public transport – both in buses and underground. 	<ul style="list-style-type: none"> • Sells its products domestically and abroad. For example, FinA software is already deployed in: <ul style="list-style-type: none"> • Georgia (National Bank of Georgia), • Azerbaijan (National Bank of Azerbaijan), • Tajikistan (National Bank of Tajikistan), • Kyrgyzstan (National Bank of Kyrgyzstan) • The Service Payment System has already been launched in the US
	<ul style="list-style-type: none"> • One of the leading system integrators and providers of solutions in the field of information and communication technology • Ownership: domestic company 	<ul style="list-style-type: none"> • Planning system for large organisations (ERP System) • Customer Relationship Management System (CRM) 	<ul style="list-style-type: none"> • Founded in 1997, UGT became an authorised partner of the world's largest PC manufacturer - Compaq (now HP) • In 2002, UGT became a Certified Partner of Microsoft • In 2007, HP recognised UGT as a leader in the sale of personnel systems on the Georgian market • In 2008, UGT received an authorised partnership status from RITTAL – leading company working in the field of computation centre engineering infrastructure 	<ul style="list-style-type: none"> • In 2010, after more than 13 years on the Georgian market, UGT announced that it has become the first Georgian company to enter and do business in the US • UGT opened a branch in Dallas, Texas in early June 2011 and plans to open another office in Washington, D.C. • Microsoft assigned UGT as a local provider of the Windows operating system Georgian Localization Project, which involved translating the system into the Georgian language

Source: Company public information, PwC interviews

Selected Georgian ICT market participants – software development (2/2)

Company	Overview	Key products	History/Clients
Delta Systems 	<ul style="list-style-type: none"> Engaged in software development of architecture of solutions Key projects aimed at supporting companies to improve efficiency and business profitability Ownership: domestic company 	<ul style="list-style-type: none"> Broad range of customised software Consulting services 	<ul style="list-style-type: none"> Founded in 2006 Since then, the company has completed c. 300 projects for clients in various industries, mainly financial services, telecoms as well as governmental agencies
IBS (Integrated Business Solutions) 	<ul style="list-style-type: none"> Engaged in software development and systems solutions Ownership: domestic company 	Business management tools: <ul style="list-style-type: none"> IBS market, IBS accounting, IBS Distribution, IBS personnel 	<ul style="list-style-type: none"> Founded in 2004 In 2006, IBS became the partner of the Russian software development company “Agent+” Member of BDO International since 2009
Singular 	<ul style="list-style-type: none"> Engaged in mobile telecommunications and solution development Web development Custom hardware infrastructure solutions Ownership: domestic company 	<ul style="list-style-type: none"> Software and web development Examples: applications for Facebook, clients such as: <ul style="list-style-type: none"> Banks: Bank of Georgia; Insurance companies: Aldagi BCI, Imedi-L; Telecom: Geocell; Other: Adjarabet (entertainment) 	<ul style="list-style-type: none"> Founded in 2010 Since 2011, engaged in significant e-government projects, e.g. development of complete IT system for the Ministry of Education, which covers Human Resources and Finance Management in schools
GSS (Georgian Software Systems) 	<ul style="list-style-type: none"> Engaged in software development, implementation consulting Ownership: domestic company 	<ul style="list-style-type: none"> GSS Code (the terms of Georgian legislation) SuperFin (accounting program) 	<ul style="list-style-type: none"> Founded in 1996 Serving many companies, primarily in the SME segment Currently working on creating a new product: GSS environment, aimed at monitoring environmental protection solutions
ITnovations 	<ul style="list-style-type: none"> Engaged in applications development and web development Ownership: domestic company 	<ul style="list-style-type: none"> GMS package (accounting program) EduNOVA (school electronic diaries) Web development service, Customised IT projects 	<ul style="list-style-type: none"> Founded in 2006 Expects strong growth from the banking sector
BIT (Business Intelligence Technologies) 	<ul style="list-style-type: none"> Engaged in development of information and communication products, business solutions and services Ownership: domestic company 	<ul style="list-style-type: none"> Business Software Solutions Security Solutions Infrastructure Solutions Database Management Systems 	<ul style="list-style-type: none"> Founded in 2006 Export activity launched in 2007
iTex 	<ul style="list-style-type: none"> Engaged in software development; primarily focuses on offshore software development Ownership: domestic company 	<ul style="list-style-type: none"> Offshore software outsourcing services Reengineering services Web development 	<ul style="list-style-type: none"> Founded in 2000 Focused on small and medium sized projects

Source: Company public information, PwC interviews

Selected case studies – global IT companies in Georgia

Hewlett Packard

Investment background

- In February 2011, the Ministry of Economy and Sustainable Development of Georgia announced a Memorandum of Understanding with Hewlett Packard (HP), a leading global IT company, according to which HP is considering establishing an IT data centre/shared services centre (SSC) in Georgia.
- The HP facilities are expected to provide HP with remote usage services according to cloud computing architecture, and it will retain server and software capacities in Georgia, the Ministry's spokesman says (Georgian Journal, 9 Feb 2011).

IT Shared Service Centres with cloud computing architecture

- The SSC is expected to be based on the cloud computing system, which uses multiple server computers via a digital network. This allows for enhanced efficiency of processing and is in line with the most recent global standards, also in the more mature IT markets.
- At the first stage, the IT centre is expected to serve all state-owned organisations.
- Experience from international best practices shows that this decision allows the quality of IT activities to be significantly upgraded, the content to be protected from cyber attacks and up to 20% of IT costs incurred by governmental institutions to be saved.

Broader spillover of know-how

- The investment is expected to bring broader benefits to the ICT in Georgia. The other goals of the initiative are to include training programmes for IT specialists, launch sustainable cooperation with university faculties as well as develop IT incubators for entrepreneurs in the sector.
- According to press commentary, up to a couple of hundred local employees could be hired for the project.

• *The examples of HP and Microsoft show that global ICT companies are considering the Georgian market carefully with a view to launching or expanding their operations in Georgia*

Microsoft

Initial market entry

- Microsoft, a global IT leader, entered the Georgian market in 2006, when a sales representative branch was opened in Tbilisi.
- Since that time, the company has been increasing its presence in the market by introducing new products. It also launched the Windows operating system Georgian Localization Project in cooperation with local software developer, UGT.

Appointment of dedicated local management

- In 2010, the company appointed a dedicated local management with the aim of broadening the portfolio of operations in Georgia.
- Since then, the company has notably engaged in cooperation with the government on fighting the issue of software piracy.

Outlook for increased presence in the future

- Microsoft's future plans in Georgia sound promising for further growth
"At the moment, we are in the process of studying the market and we are actually conducting a market survey right now. At the same time, we are in negotiations with a number of local companies and the government of Georgia, looking for potential areas for future partnership."

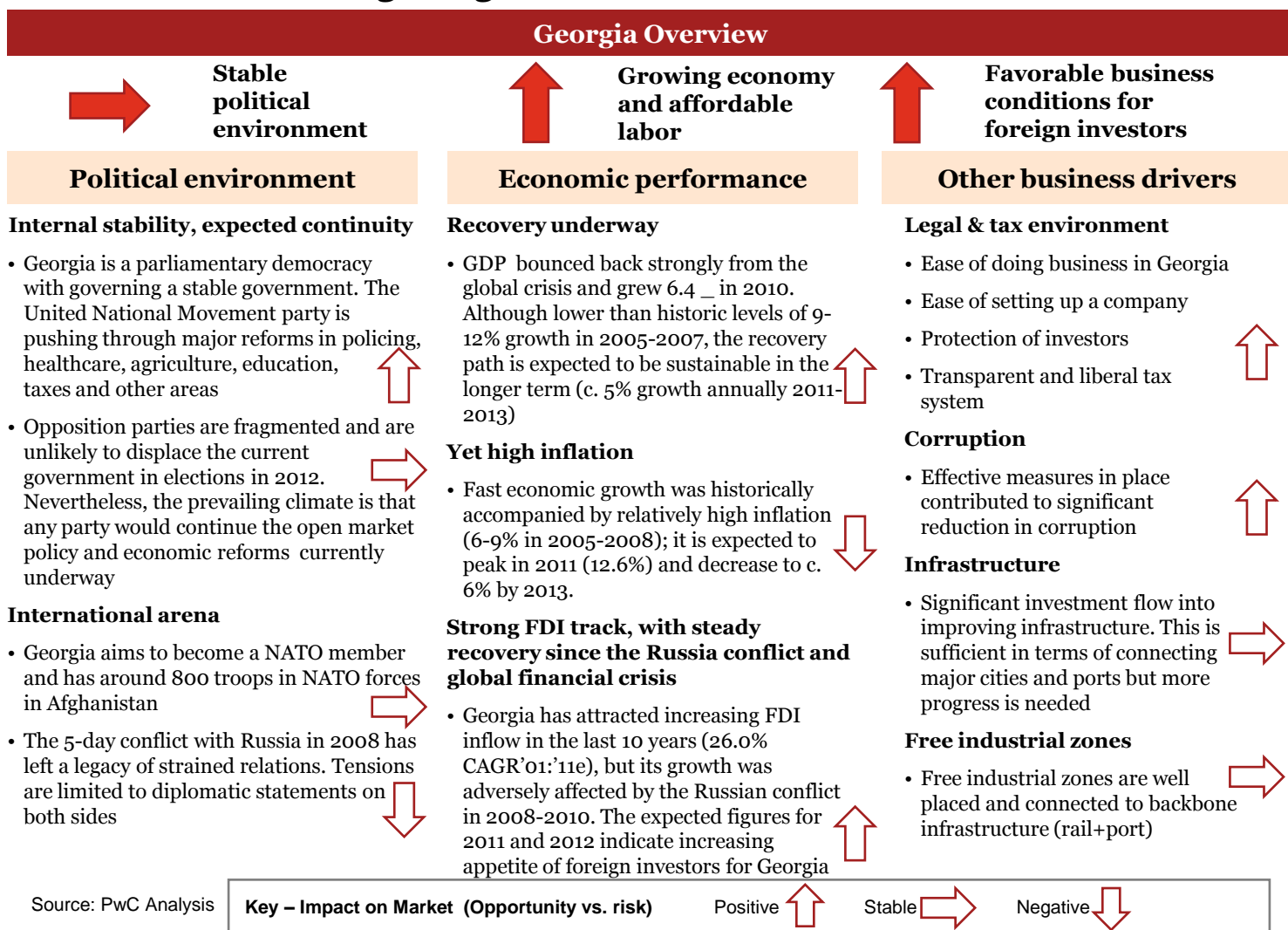
David Asatiani, General Manger, Microsoft Georgia for Georgia Today,
16 Jul 2010

Source: Press information

Section 2

Introduction to Georgia

Georgia provides favorable conditions for your business – historically tense relationship with Russia does not seem to limit ongoing FDI



Overview of the brief 2008 conflict with Russia and its business implications

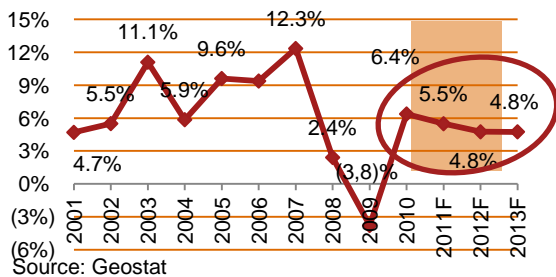
- The 2008 Russo-Georgian 5-day War negatively affected Georgia and its economy. Three years later, other countries and international organisations are involved in the conflict mediation and Georgia has announced its intention not to use force. European Mission is monitoring the area surrounding administrative borders, which coupled with the pressure that international community has put on Russia, practically erases the threat that the military conflict between Russia and Georgia will be renewed.
- Russians invest in Georgia and visit the Georgian coast for holidays. Up to one million Georgians live in Russia, and a huge number of Georgians have Russian friends.
- Interviews with some business leaders revealed their belief in the improvement of the situation over time and in the reopening of the markets.
 - “Looking at Georgia and the situation with Russia, I just do not see the embargo being in place in the coming 10 years. I see the opening of trade between Russia and Georgia as a long term upside for businesses in both countries.” Leading representative of a major trade organisation in Georgia
- Ongoing historic FDI track shows investors do not see this situation as something making them reconsider investment in Georgia:
 - HIPP – German producer of baby and toddler food entered in 2007 and continued investing during the conflict
 - Ferrero – Italian confectionary producer entered in 2007 and has been growing the business since
 - Fresh – Egyptian home appliances manufacturer entered in 2009 investing USD 157 mil.
 - Russian investors include Lukoil, VTB or Beeline

Georgia in numbers

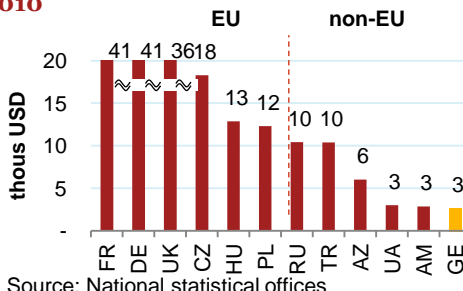
Country overview - Macroeconomic situation (1/2)

Key macroeconomic indicators

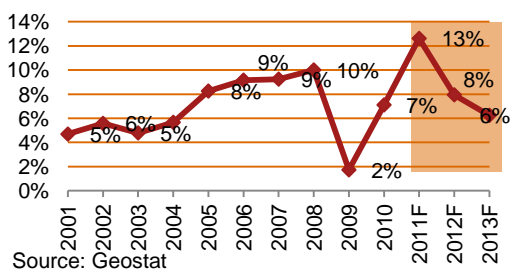
Georgia, Real GDP Growth in (%)



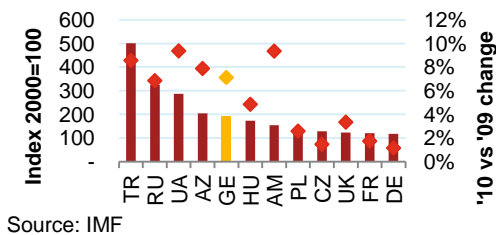
GDP per capita, current USD, 2010



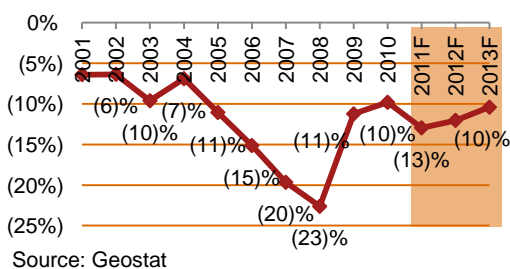
Georgia, Inflation (CPI) rate (%)



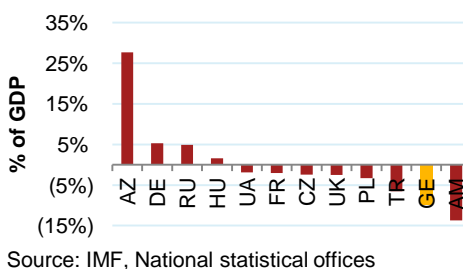
Inflation (CPI), Index 2000=100 and '10 vs. '09 change



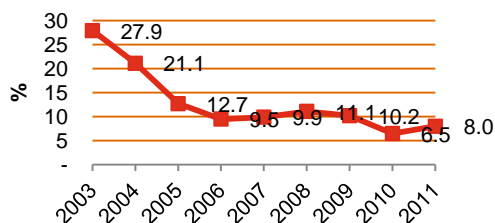
Georgia, Current account balance (%)



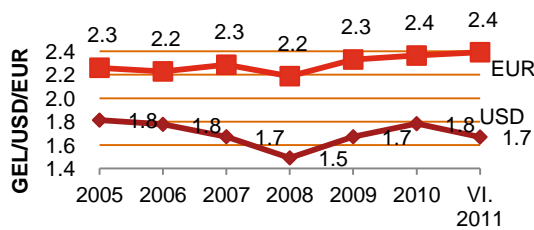
Current account balance, % of GDP, 2010



Real interest rates in Georgia, 2003-2011



GEL/USD/EUR average annual exchange rate



• Just like almost every economy in the world, Georgia was exposed to the global economic downturn in 2008/2009. However, it is now on a significant recovery track, with a strong potential for economic development in the longer term

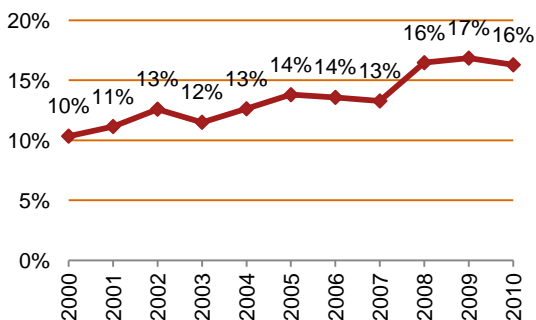
• Benchmark indicators confirm that Georgia is still an economy in transition

Georgia in numbers

Country overview - Macroeconomic situation (2/2)

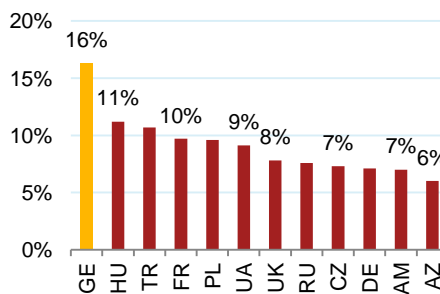
Labor force

Georgian unemployment rate, % share of total labor force



Source: Geostat

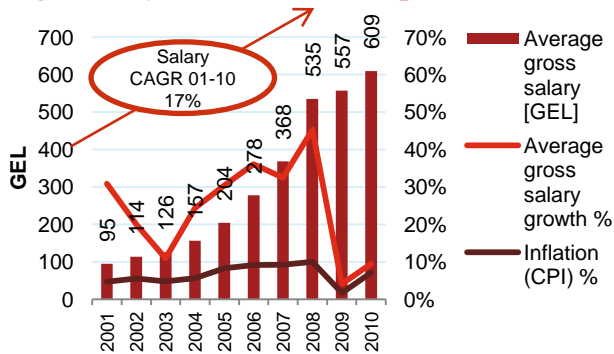
Relative unemployment rate % share of total labor force, 2010



Source: National statistical offices, World Bank

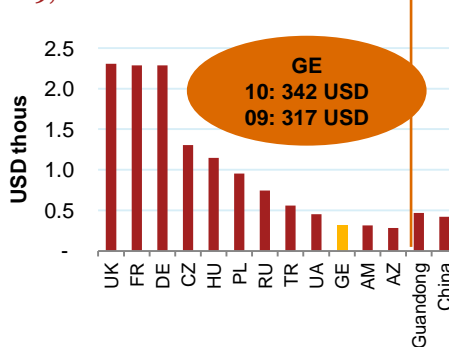
- The largest group of unemployed, c. 50% is aged between 20-34 years, which confirms the availability of a young labor force in the market.
- In 2009/10, there were c. 102k students enrolled in tertiary education courses, which corresponds to c. 31% of the population in the 20-24 age group.

Georgia, salary vs. inflation development



Source: Geostat, IMF

Average gross monthly salary, 2009, USD thous



Source: National statistical offices, World Bank

- Salary levels differ across Georgian regions. Not surprisingly, the highest average salary was reported in Tbilisi (GEL c. 760 in 2010, or c. 25% above the national average), where c. a quarter of the population resides.
- Regions with other significant cities, i.e. Adjara (with Batumi) and Imereti (with Kutaisi) exhibit below average salary levels, i.e. GEL 460 or USD 258 (25% below) and GEL 383 or USD 214 (33% below), respectively.
- In 2008, c. 22% of the population lived below the poverty line versus c. 50% in 2000, according to the World Bank data. However, the growth in salaries was associated with high inflation.

- **Availability of labor force** in Georgia remains high relative to other countries in the region
- This obviously creates significant social concerns, but also indicates the availability of the labor force for a potential investor
- And this labor force is highly skilled.

- Although average **salary levels** in Georgia have grown dynamically over the last decade, they still **remain at a much lower level** compared to other European markets and **even to China!**
- In addition, the growth in salaries was associated with high inflation.
- This provides a significant labor cost advantage for a potential investor.

Georgian infrastructure can support your business – investments are being made to further improve it

- The transport and logistics infrastructure in Georgia is continuously extending. While it is already viewed as sufficiently developed to connect business, new construction projects are underway and more are planned.

• Transport infrastructure in Georgia offers road, rail and sea connections...



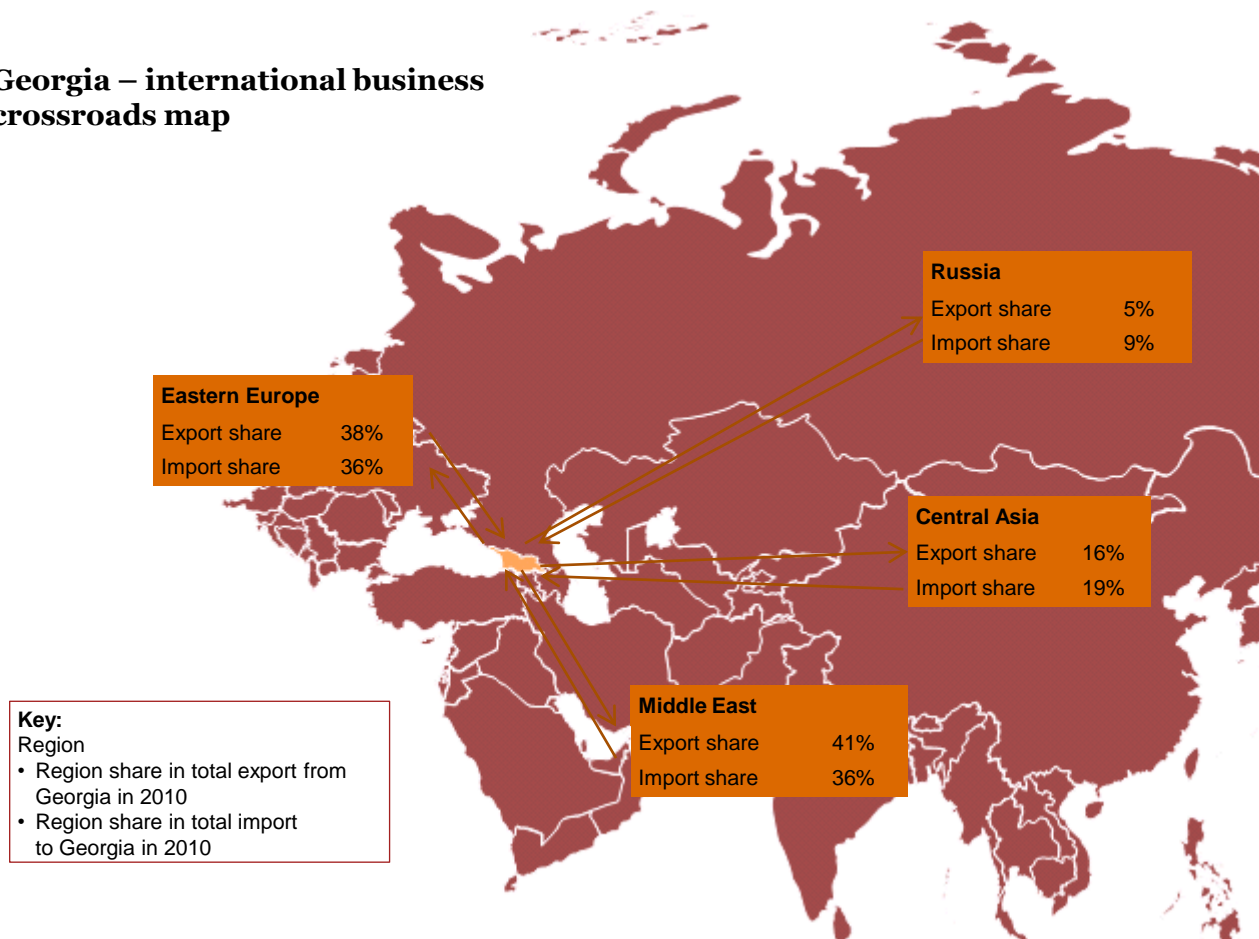
Key ongoing projects in Georgian infrastructure

Road	Rail	Sea
<ul style="list-style-type: none"> East-West highway improvement → USD 1 bn, TBD by June '13 Adjara Bypass road → USD 240m Vaziani-Gombori-Telavi Road → USD 30m. TBD by Nov '13 South Georgia road – USD 200m Secondary and local roads → USD 70m TBD October 2011 	<ul style="list-style-type: none"> Tbilisi By-Pass project → USD 270m Baku-Tbilisi-Kars Railway (Georgia-Turkey connection) → USD c. 0,5 bn. – TBD by 2013 High Speed Railway Project → TBC 	<ul style="list-style-type: none"> Modernisation of Batumi Sea Port (oil cargo) → c. USD 100m TBD mid. 2012
USD ~1,5 bn.	over USD 0,8 bn.	USD ~0,1 bn.

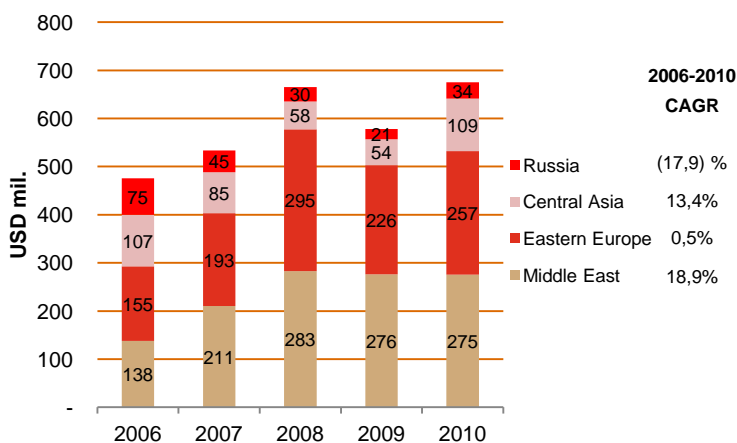
• ...and it is still being invested in to extend it

Georgia's geographical location makes it a natural international trade crossroads, and a great hub for your CIS / Euro-Asia expansion (1 of 2)

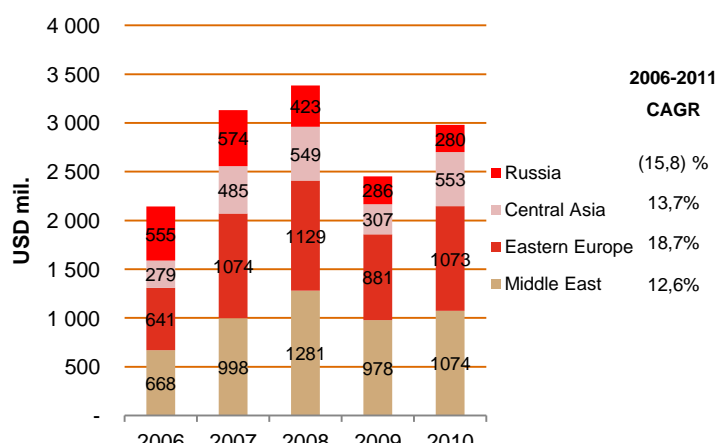
Georgia – international business crossroads map



Georgia exports by region, 2006-2010



Georgia imports by region, 2006-2010



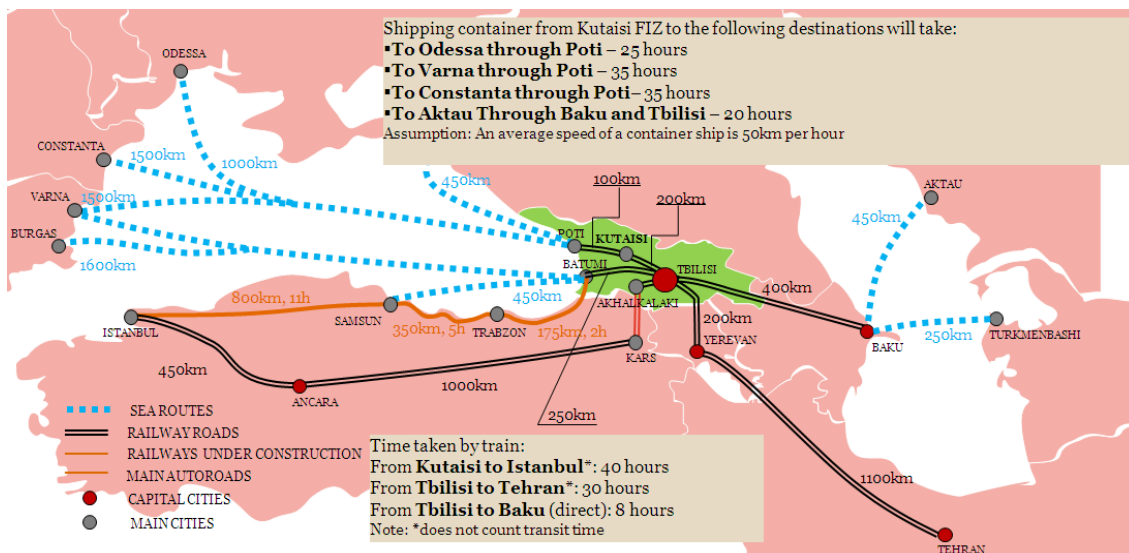
Source: All Geostat

Georgia's geographical location makes it a natural crossroads for international trade, and a great hub for your CIS / Euro-Asia expansion (2 of 2)

Regional hub

- Georgia is conveniently located with the potential to become a regional hub for the Caucasus and Central Asia (Kazakhstan, Turkmenistan, Kyrgyzstan, Uzbekistan and Tajikistan)
- Through the Poti Sea Port and the Batumi Sea Port, it can access other Black Sea ports to supply Turkey, Ukraine as well as EU markets (via Romanian and Bulgarian ports)
 - Railway corridors link Georgia with Turkey and Kazakhstan
- In addition, Georgia can be seen as a bridge to European and Middle East/Gulf Cooperation Council (GCC) markets

• Georgia is suitably located to be viewed as a regional hub for Caucasus-Central Asia markets



Customers you can access within 1-2 days maximum from Georgia				
Country	Time to destination	Population in mil.	Households mil.	GDP per capita in USD
Romania	35 hours (Constanta)	21,5	5,6	7,542
Bulgaria	35 hours (Varna)	7,6	2,1	6,223
Ukraine	25 hours (Odessa)	46,0	18,4	2,542
Turkey	40 hours (Istanbul)	74,8	19,0	8,723
Armenia	4 hours (Yerevan)	3,1	0,95	2,668
Azerbaijan	8 hours (Baku)	8,8	1,9	4,807
Kazakhstan	20 hours (Aktau)	15,9	5,6	7,019
Turkmenistan	13 hours (Turkmenbashi)	5,1	0,75	3,904
Iran	30 hours (Tehran)	72,9	17,8	4,469
Afghanistan	N/A	29,8	5,3	486
Total	-	285.5	77,5	-

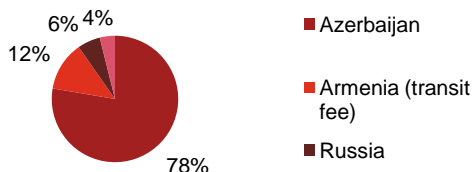


• The Poti Port was recently acquired by Moller-Maersk, which is planning to invest USD 100m over the next 5 years in the port's development

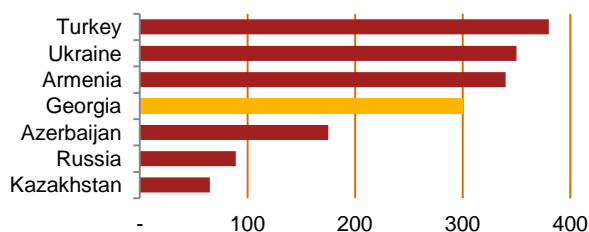
Source: PwC Analysis

Georgia has a stable and secured energy supply which is cost competitive

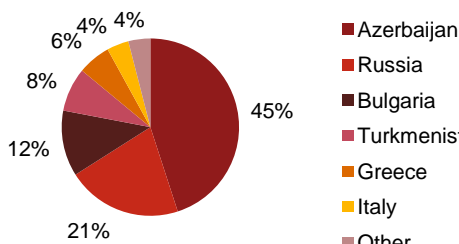
Natural gas importers by country, 2010



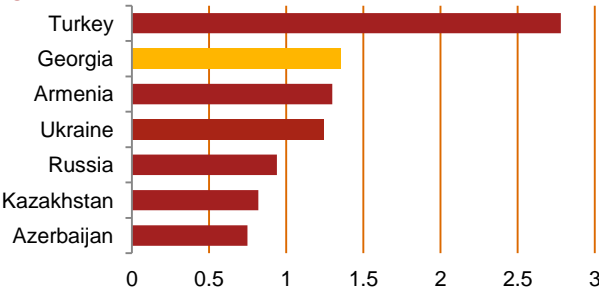
Natural gas prices, USD per 1000 cubic metres, July 2011



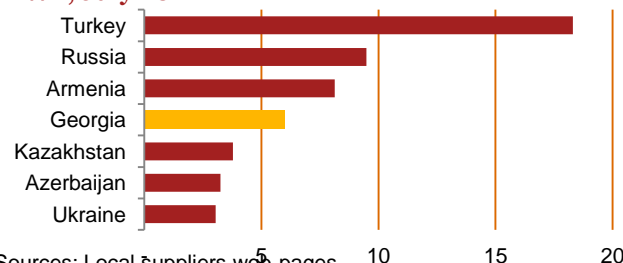
Petroleum and oil products import by country, 2010



Petrol 95 price - USD per 1 litre, July 2011



Electricity power price US cents per 1 kWh, July 2011

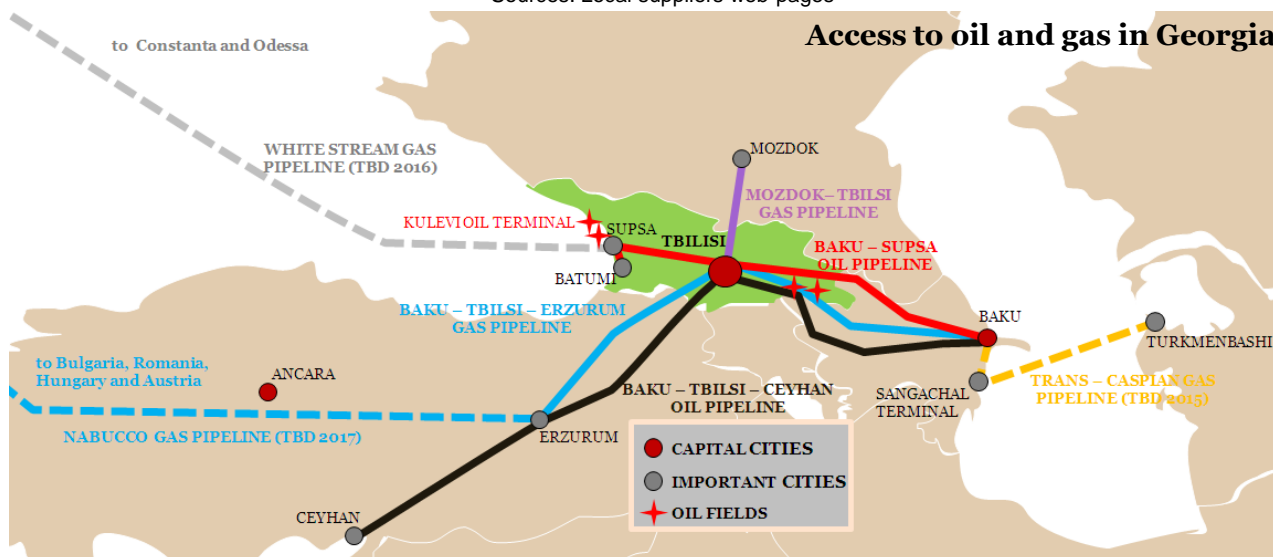


- Georgia was fully dependent on Russian energy in 2005. Today Georgia has **differentiated its sources of energy** and signed long-term contracts:
- 10-year gas supply contract with Azerbaijan
- 20-year gas supply contract with Shah Deniz

- In terms of cost of energy, **Georgia is cost competitive, significantly below Turkish levels**

Source: USAID

Sources: Local Suppliers web-pages



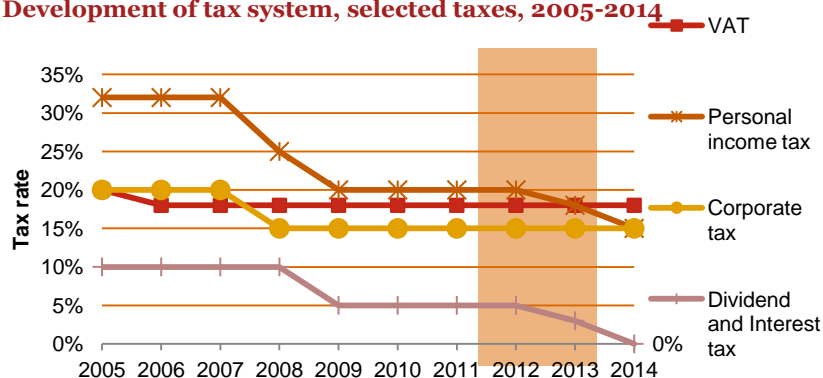
Section 3

Doing Business in Georgia

Doing Business in Georgia – Tax & legal environment

Tax & legal environment

Development of tax system, selected taxes, 2005-2014



No of taxes:

21 in
2004

6 in
2011

Source: PwC Analysis

Key historical changes in the tax system

- In 2011, the new tax code was passed by the Parliament of Georgia. Slight adjustments and a further decrease into corporate and dividend tax planned for 2014 were introduced. The system underwent significant simplifications as early as 2004.
- Out of the total 21 taxes, there are 6 basic schemes, i.e., national taxes: income tax (personal and corporate), value added tax (VAT), excise duty, import tax; local taxes: property tax.
- In order to eliminate increasing tax paying evasion and a “grey economy”, the government aimed to simplify tax duties. New rates for other selected taxes were introduced.

Current tax schemes

- At the beginning of 2009, a flat rate without an income threshold was adopted for personal income tax. The previously separate social taxes were withdrawn and are now incorporated in a single 20% income tax.
- The corporate income tax has been lowered to a 15% rate. The VAT single rate was reduced from 20% to 18% in 2005.
- In order to compensate for the decrease in VAT and income tax, the government introduced increases in excise duties, primarily on alcohol, petroleum products, tobacco, automobiles and mobile telecommunication service providers.

Additional legal system characteristics important for investors

- Georgia has introduced a number of domestic regulations as well as signed a number of bilateral treaties to ensure investor protection, e.g. treaties on the avoidance of double taxation. It boasts low tariffs, streamlined border clearance procedures and preferential trade regimes with major partners, including the EU and the US and free trade with Turkey and the CIS countries.
- With few exceptions, foreign investors are guaranteed fair and equal treatment under the law, regardless of their nationality, and have the same rights and guarantees as Georgian companies.
- There is also room for foreign investors to choose the origin of the law applied to the governance of their contractual obligations.

• The **tax system** has been **significantly simplified** in recent years

• This was associated with limiting the number of tax duties, **lowering VAT and corporate tax rates**, and introducing increased excise duties for selected goods

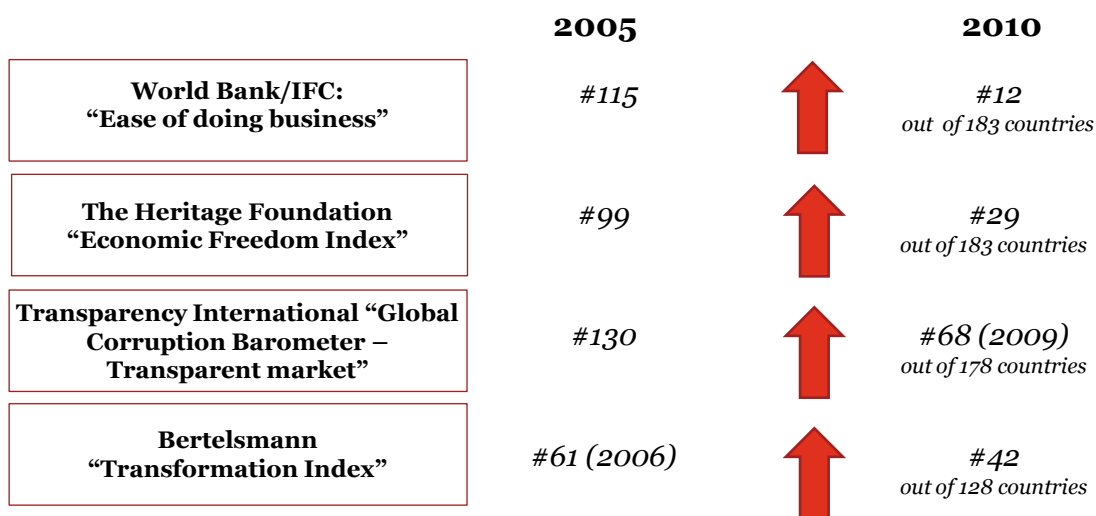
• **The legal framework** related to international business operations is aimed at protecting foreign investors

Doing Business in Georgia – Ease of doing business

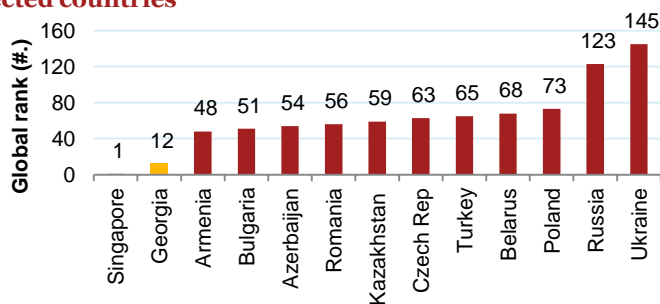
Ease of doing business

- Georgia is ranked remarkably high in international comparative studies, scoring well for its liberal and transparent business environment
- Starting a business is viewed as a quick and easy process. In particular, it takes only 3 procedures and 3 days to register a new economic activity

• The Georgian economy is highly ranked for its **ease of doing business**, economic freedom and transparency – and has been strongly improving



"Ease of doing business 2011", Global ranking, selected countries

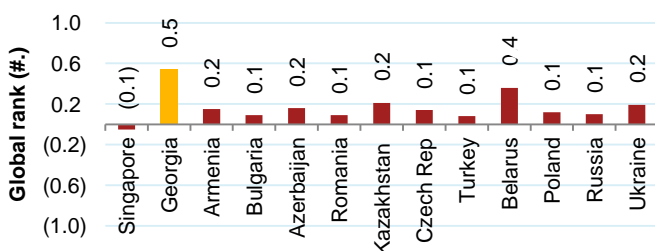


Georgia – Global rank 2011

Ease of Doing Business	#12
Starting a Business	#8
Dealing with construction permits	#7
Registering property	#2
Protecting investors	#20
Trading across borders	#35

Note: This ranking relates to 183 countries

2011 vs. 2006 change in the World Bank/IFC composite index "Ease of doing business"



Source: World Bank

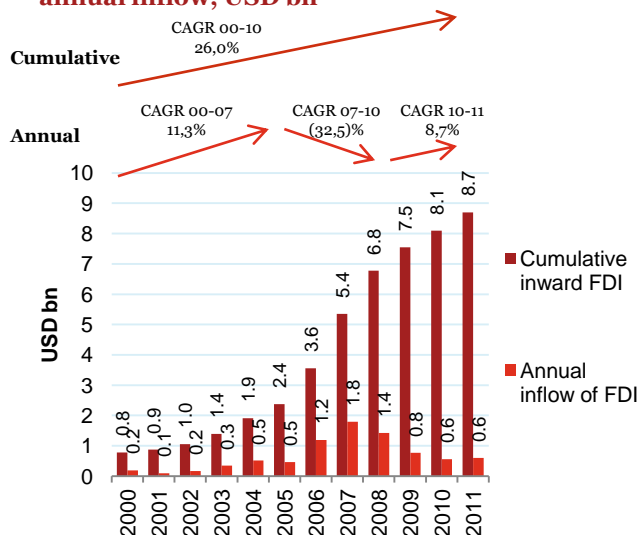
Liberal tax and legal systems promoting the ease of doing business has attracted a growing inflow of foreign investment in Georgia

Foreign direct investment

- A liberal tax system, sector-specific exemptions and incentives have attracted significant FDI inflow to Georgia. The cumulative FDI has grown at 26% CAGR (00-11e)
- The EU (i.e. UK, Netherlands, Czech Republic, Cyprus), the US as well as Turkey have been the most active sources of FDI
- Transport & communications, manufacturing, energy as well as real estate have been the main industries to attract investment

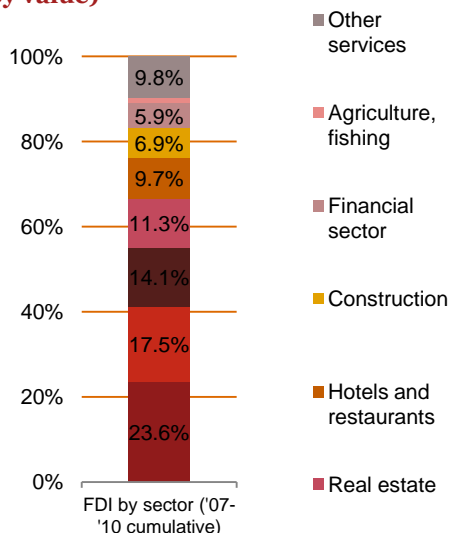
- *Inward foreign direct investment has grown exponentially in the last decade in Georgia, primarily thanks to a set of incentives introduced by the government*

Georgia, Inward FDI, Cumulative vs. annual inflow, USD bn



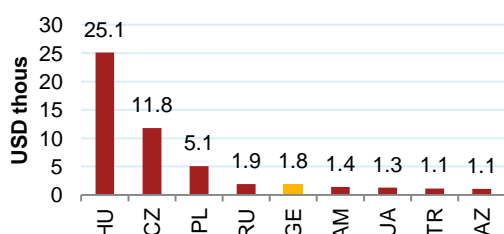
Source: UNCTAD, Geostat

Georgia, Inward FDI, cumulative 2007-2010 investments breakdown by sector (by value)



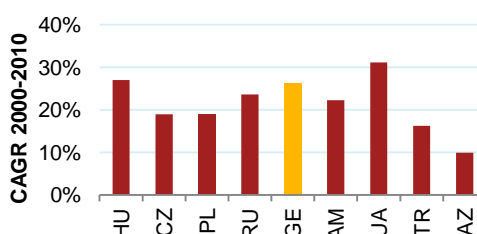
Source: Geostat

Inward FDI cumulative stock per capita, USD thous, 2010



Source: UNCTAD, Geostat

Growth in cumulative FDI stock, CAGR 2000-2010



Source: UNCTAD

Georgia – credit rating			
Agency	2009	2010	2011
S & P	B+/Stable/B	B+/Stable/B	B+/Positive/B
Fitch	B+/Stable/BB-	B+/Stable/BB-	B+/Positive/BB-

“We believe that Georgia's relatively low tax and business-friendly regime should continue to enable it to attract investment,” Standard & Poor's

Source: Fitch, Moody, S&P, Georgia.gov.ge

- Georgia has shown one of the most significant FDI growths among its CEE and regional peers
- Some slowdown in annual flows was observed in 2008-2010 due to the global economic downturn. However, growth has already started again in 2011
- Continuous improvement of the credit rating should support this growth

How can you finance investment in Georgia?

- Georgia has a functioning banking sector with 19 banks including international players. Interest rates have decreased significantly since 2003. However, high inflation remains an issue

List of major banks	Ownership
Bank of Georgia	Georgia
TBC Bank	Georgia
Republic Bank Societe Gen.	France
VTB Bank	Russia
HSBC Bank	UK
BTA	Kazakhstan
KOR Standard Bank	UAE
ProCredit Bank	Germany
TAO Private Bank	Ukraine
Ziraat Bankası	Turkey

Source: Central Bank of Georgia

- Furthermore, investments in a number of areas can be financed with the help of EBRD, IFC, WB and others.

EBRD financing conditions

- Since its establishment in Georgia, EBRD has invested EUR 1.4 billion in 107 projects - 85% of the portfolio has been invested since 2006.

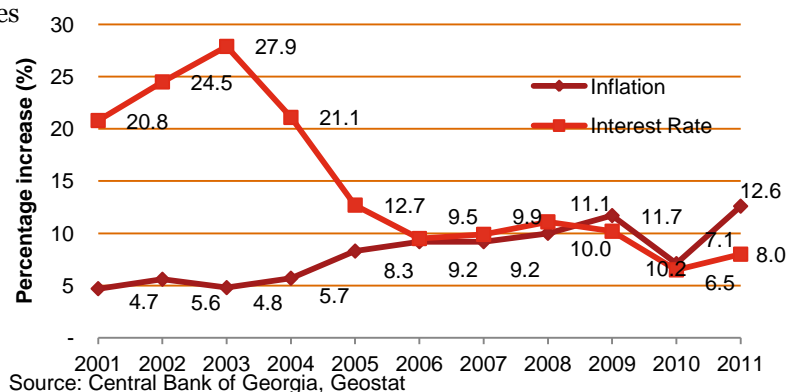
EBRD provides three sources of finance:

- Simple loan
- Purchase of an equity stake
- Combination of the two above

Main terms and conditions for applicants:

- Credibility of the client
- History – should have at least 3 years of revenue and profitability track
- Co-financing – the bank invests a maximum of 35% of the equity value

Real interest rate/Inflation



EBRD (European Bank of Reconstruction and Development)

The Georgian Agricultural Finance Facility plan to provide credit lines to Financial Intermediaries in Georgia for on-lending to farmers and other agricultural entities	Euro 40 m senior loan
The Bank of Georgia project to provide essential support for longer-term financing of corporates, micro, small and medium sized enterprises	USD 50 m package loan
The Poti Port Development Plan	EUR 8 m loan
Geo Steel: Plan to construct and operate a steel mini-mill of 175 k ton capacity in Rustavi	USD 28 m senior loan

IFC (International Finance Corporation)

Tbilisi International Airport construction	USD 27 m loan
Baku-Tbilisi-Ceyhan (BTC) oil pipeline development project	USD 60 m senior loan

The World Bank

The East-West Highway construction and development financing project	USD 35 m
The Electricity Market Support Project of rural areas transportation improvement	USD 9.1 m

Source: IFC, WB, EBRD

Doing Business in Georgia – Living in Georgia

Living in Georgia

- Georgia is an attractive destination for foreigners. It offers high quality housing, education and private healthcare services

Housing

- The majority of business activities are located in Tbilisi, Batumi, Kutaisi and in the vicinity of the Poti Port. Long-term accommodation rental is very common in these areas, and prices range from USD 600 to USD 3,000 per month depending on size, amenities and, of course, location
- There are no real estate ownership restrictions for foreigners

Private healthcare

- Although the healthcare system in Georgia is still in transition, high quality private provision, concentrated primarily in the larger cities, has been rapidly developing
- Private insurance schemes are gaining in popularity and provide higher coverage insurance policies, especially for corporate clients

Education

- There are c. 130 universities and other higher education institutions in Georgia, as well as a growing number of international schools for children, incl. English, Russian, German, Turkish and other schools.
- Many courses are taught by international and multilingual tutors

Food & culture

Traditional food



World-famous winemaking



Georgian dance



Travel & leisure

Seaside close to Batumi



Mountains in the Kartli region



Georgian spa in Tbilisi



Visitor's checklist



- *Georgia is an attractive place to live*



- *“When you come to do business in the Caucasus-Caspian region, Georgia is probably the best starting point for a foreigner also in terms of quality of life.”*

David Lee, President of the American Chamber in Georgia

Note: Pictures thanks to Georgian governmental agencies

Georgian National Investment Agency (GNIA) services – your right hand in business in Georgia

Who We Are

- The Georgian National Investment Agency (GNIA) is the sole public agency responsible for promoting and facilitating foreign direct investment in Georgia.
- GNIA acts as a moderator between foreign investors and the government. Being responsible for promotion of exports as well, the agency is the main bridge between investors and foreign and Georgian companies.

GNIA main mission:

- Promote Georgia internationally
- Increase awareness of Georgia as an investment destination
- Support FDI and registering new foreign investments
- Create an investment portfolio consisting of government initiated projects
- Foster public-private dialogue in order to build a better and more prosperous environment for private sector development and economic growth
- Promote Georgia's investment climate and investment opportunities abroad
- Support foreign investments and investors **before, during & after the investment process**
- Promote the Georgian export process & Georgian export products
- Research export opportunities for Georgia worldwide and preparing local sector overviews for potential investors and traders
- Assist local businesses in finding foreign partners and exploring new markets

One-stop-shop services for investors

GNIA offers the following services free of charge to potential firms interested in locating their operations in Georgia:

- Research and analysis on Georgian markets
- Information on business opportunities
- Guidance on setting up businesses
- Introductions to Georgian businesses and authorities for investors
- Advice on market entry
- Identification of Georgian partners
- Facilitated investment into Georgia

Our Team:

- Multilingual (Georgian, English, Turkish, Russian, Italian, French, German and Korean) and dedicated professionals who can guide businesses to success for investments

Please contact us at:

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