

Opinion & Analysis

Separately celebrated
May 26th

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Economics

NBG to launch new tool
to support lending to
small and medium-sized
businesses

Under the new program,
commercial banks will pledge
business loans to NBG.

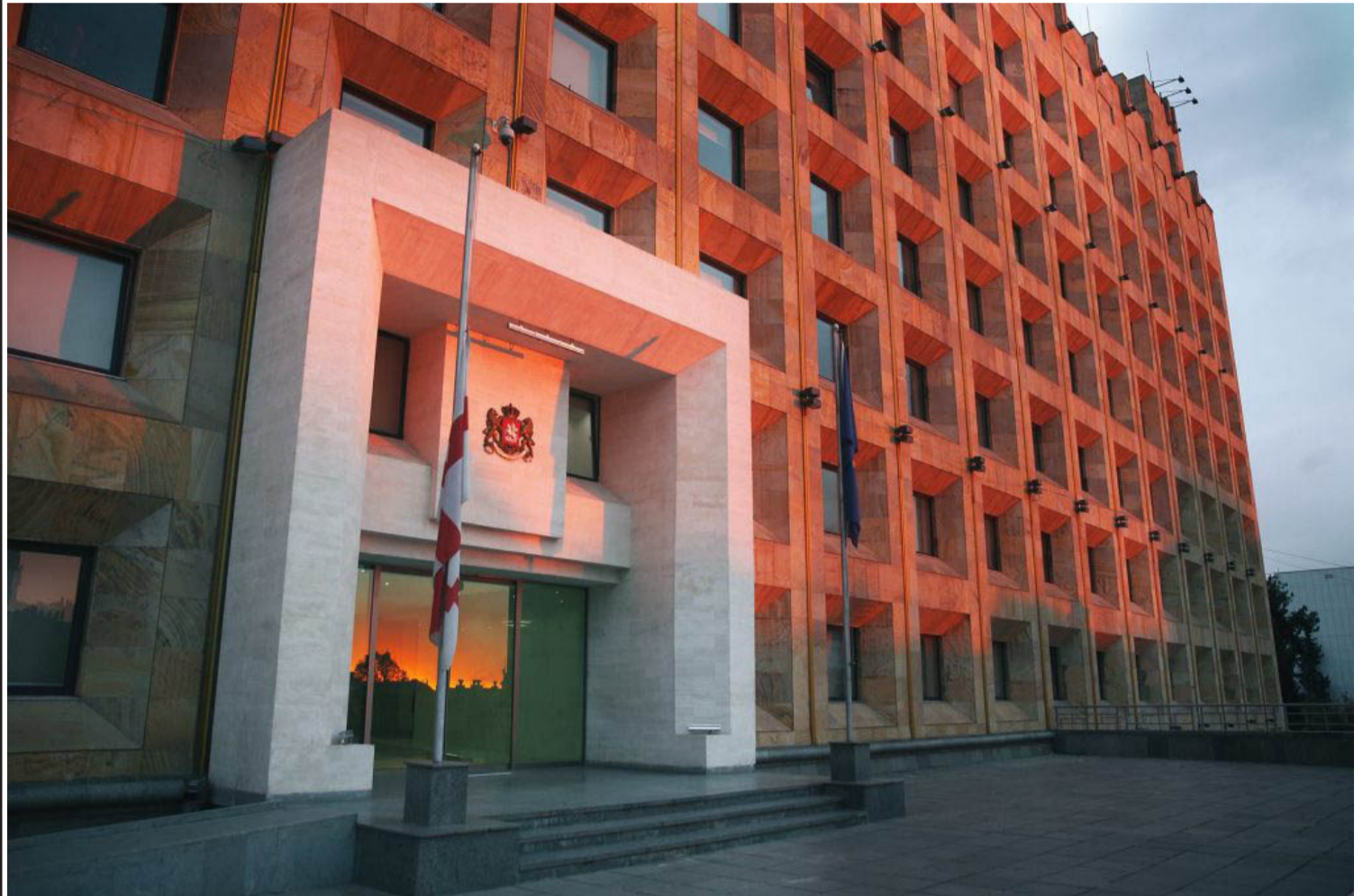


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Gov't of Georgia submits a report to Parliament on the implementation of government program for 2019-2020



The European and Euro-Atlantic integration remains a top priority.

BY NATALIA KOCHIASHVILI

The Government of Georgia has submitted a report to the Parliament on the implementation of the government program for 2019-2020. The document is 105 pages long.

According to the report, the Georgian government is actively and deliberately pursuing reforms in line with the Unified Government's vision and government program, which aims to strengthen the democratic state, improve the welfare of the population, sustainable economic development, restore territorial integrity and Georgia's complete integration into European and Euro-Atlantic space.

The government notes that the country's European and Euro-Atlantic integration remains a top priority.

"Along with the institutional and legislative rapprochement with the European Union, it is very important to strengthen Georgia-EU relations and bring them to a qualitatively new level, especially in the areas of education, labor market, transport, communications, energy and other areas," reads the report. It also mentions that Georgia can serve as a hub for Europe to provide access to a wider region, thus, strengthening the above-mentioned economic ties, including through the development of relevant infrastructure on the Black Sea, is particularly important.



According to the report, despite many challenges and the tense situation in the region, macroeconomic stability has been maintained and a tendency to improve fundamental macroeconomic parameters has been observed.

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Separately celebrated May 26th

By MALKHAZ MATSABERIDZE

Georgia recently celebrated Independence Day, but this, even symbolically, failed to unite the political spectrum. Everyone celebrated Independence Day separately. The next day, during the speech of the Prime Minister in the parliament, the government and the opposition met. The Prime Minister spoke about the successful fight against the epidemic and the beginning of the way out of the crisis, while the opposition reminded the government of the existing problems.

On May 26th, Georgia marked the 102nd anniversary of the restoration of independence. No public action was planned due to the Coronavirus epidemic, and no flags were displayed in the streets. No symbolic event was planned, where representatives of the government and the opposition would celebrate together. Some celebrated at Rustaveli Street near the former government palace, some on Mtatsminda near the grave of Kakutsa Cholokashvili, the hero of the 1924 uprising.

Today's Georgia considers itself the successor of the Democratic Republic of Georgia, which gained independence in 1918. It

was announced on May 26th, 1921. It was occupied by Soviet Russia in February-March and forcibly incorporated into the Soviet Union. Post-Soviet Russia has not been freed from aggression against Georgia and currently occupies two regions of Georgia. Therefore, May 26th was a good opportunity to talk about Russia-Georgia relations. However, Georgia's top officials - the Prime Minister and the President - did not mention the country's main problem during the Independence Day celebrations - the Russian occupation and the creeping expansion of the occupation zone by borderization.

The occupation was mentioned only by the Speaker of the Parliament without any reference to the occupier: "The occupation of our territories continues and thousands of our fellow citizens are not allowed to return home." However, the pro-Western part of the opposition didn't avoid the main topic of Georgia-Russia relations and spoke about the Russian occupation.

While political leaders from around the world congratulated Georgia on Independence Day, the Russian government also remembered Georgia. It was on May 26th that Moscow expressed its concern over Lugar's labora-

tory, claiming that it posed a 'biological threat' and requested an inspection. Clearly, Lugar's Lab poses no threat. On the contrary, the laboratory played an important role in the fight against the coronavirus epidemic, which Georgia dealt more successfully with than Russia. The opposition described the statement as another provocation and threat from Russia. Georgian authorities said that Russian observers could enter Lugar's laboratory but separately but only with representatives from other countries.

The main topic of Georgian politics is still the implementation of the March 8th agreement. After the pardon of Ugulava and Okruashvili by the President, Giorgi Rurua remains, whose trial has continued. The united opposition says it will not support constitutional changes unless Rurua is released. The opposition considers him a political prisoner, while the government claims that there are no political prisoners in the country.

After the lifting of the state of emergency, it became possible to renew the "universal-public discussion" of the constitutional amendments. If the government wants to fulfill this part of the

March 8th agreement, it can make constitutional changes if the votes are mobilized in the parliament. If the government is looking for a reason to not meet the agreement, the boycott will work as the perfect excuse for it even though it poses the risk of exacerbating the tension and will send problematic messages to the West.

Meanwhile, one of the MPs and a bishop have openly made anti-Western statements. According to the MP, "we do not want such an America and the European Union to interfere in our internal affairs." The bishop demanded a new plebiscite, saying that the people no longer wanted a Western orientation.

It was at this time that the results of the Transparency International-Georgia survey found that 56% of the population thought that Georgia should join NATO, even if it would strain relations with Russia. Almost half of the respondents (49% - 3% more than in 2019) think that Georgia should not have good neighborly relations with Russia without de-occupation. 39%, despite the occupation (5% less than last year), believe that Georgia should try to have good relations with Russia. Such a mood of the society is not a good background for a big pro-Russian turnaround. Clearly, those who do not like the results of the research can as usual say that

they do not trust the results of the research, but it doesn't take a survey to clear that the pro-Russian mood in the society does not dominate.

Prime Minister Gakharia's speech in parliament and subsequent debates captured two diametrically opposed images of the state of Georgia. According to Gakharia, Georgia is successfully coping with the epidemic and the economy is starting to work, and according to the anti-crisis 6-month program, the population will also receive assistance. The opposition sees the start of the pre-election campaign by the Georgian Dream in the government's anti-crisis program.

Gakharia has been widely criticized. Bringing one quote is enough to show the picture. "The Prime Minister came to the parliament empty-handed and empty-pocket. None of his words we heard here are trustworthy. Georgia is the only country in the world that has not helped its citizens with a single cent during the pandemic," said one of the UNM leaders Roman Gotsiridze.

According to the opposition, the country is facing the most difficult problems and the government cannot solve them.

(Translated by Mariam Mchedlidze)

Gov't of Georgia submits a report to Parliament on the implementation of government program for 2019-2020

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The government says that despite the small reporting period and the developments related to COVID-19 in 2020, under conditions of effective management and increased coordination, the Georgian government has achieved tangible results in all 4 key areas of the government program. In particular, the government claims to have prioritised security and human rights - ensuring the security of the country is a key foundation for development and accordingly, the government, in this regard, has worked intensively to

mobilise the efforts and support of the international community for the effective implementation of foreign policy priorities in order to strengthen the country's sovereignty and ensure territorial integrity.

According to the government, the implementation of existing and new tools for integration into European and Euro-Atlantic structures has continued. Work has been carried out to help residents living in the occupied territories and to restore dialogue and confidence along the occupation lines, a new wave of reforms has entered into an active phase to ensure the readiness of the defense forces and to create decent conditions for personnel. The process of systematic renewal of public order, public safety and penitentiary institutions continues. "The institutional mechanisms for the pro-

tection of human rights are being refined, and at the same time the foundation has been laid for the development of a new, long-term national strategy for the protection of human rights," the report said.

The document talks about economic development as well. 2019 is assessed quite positively in these terms, given that economic growth was higher than planned and stood at 5.1%.

Along with economic growth, reforms and the development of the business sector, the unemployment rate has fallen (11.6% to its lowest level in 18 years. The output of small and medium-sized businesses increased significantly - by 18.6%, and its share in the total output of the business sector amounted to 61.2%, which had a positive impact on employment of the population.

A new phase of involvement of state-owned property in economic activity was initiated, in which the 2019 plan was implemented by 116.7% and 78,217,120 was transferred to the state budget from the funds received as a result of privatized facilities. Reforms in the field of transport, agriculture, efficient management of natural resources, energy have entered an active phase.

The government report speaks of measures taken to improve education as well. According to the document, the process of implementing state standards in the field of early and pre-school education has continued.

At the level of general education, both infrastructure projects and the introduction of a 'new school model' in 166 pilot schools has continued in line with priority areas. "Teacher develop-

ment programs are being improved and their salaries are being increased," report claims. The access and quality of vocational education is being improved as well.

According to the executive branch, there is no doubt that the world pandemic has had a significant impact on important government achievements. However, as part of the fight against the virus, the government provides health and life support to citizens, their social support, entrepreneurship, economic support, and intensive work with international partners to maximize the impact of the crisis on attracting the necessary financial flows. The report highlights that Georgia is "one of the most successful examples of the fight against COVID-19 today, as evidenced by many international assessments."

Weather

Wednesday, June 3

Day  Partly Cloudy

High: 30°C

Night  Chance of a T-storm

Low: 15°C

Thursday, June 4

Day  Clear

High: 31°C

Night  Showers

Low: 16°C

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NBG to launch new tool to support lending to small and medium-sized businesses

BY NATALIA KOCHIASHVILI

The National Bank of Georgia (NBG) has recently announced about a novel measure to mitigate the negative impact of the pandemic on the economy.

According to the statement, in this situation, it is important that the financial sector, banks and microfinance organizations continue to lend to companies and entrepreneurs without interruption, and at the same time not increase the cost of credit resources due to liquidity risks. To neutralize this, the NBG provides appropriate cash and non-cash liquidity to both banks and microfinance organizations, which was done with both existing tools and an additional short-term swap tool.

The NBG reported that with the gradual restoration of economic activity, in order to avoid future risks of liquidity, it became expedient to take additional measures. Against the background of increased uncertainty and increased risk, banks are particularly wary of lending to small and medium-sized businesses. In this situation, in order to maintain credit and, consequently, business activity, a number of tax benefits and mechanisms of state guarantees will be activated.

NBG claims it will ensure that this financial system is run smoothly in support of the liquidity of the financial system, as it is the function of central banks to maintain a sufficient level of liquidity in the market to continue the business lending process in the face of temporarily increased risks. According to the statement, one way to achieve this is to provide liquidity in exchange for collateral for non-liquid assets.

With this in mind, NBG will launch a small and medium business liquidity delivery tool from June 1st, which consists of 2 components. The first is for commercial banks, which will have the opportunity to receive liquidity support from the



The new mechanism, along with existing tools, is believed to ensure liquidity risk reduction and uninterrupted supply of financial resources to creditworthy borrowers.

NBG in exchange for mortgaging the loan portfolio. The second tool will be for microfinance institutions, which will be able to attract loan resources from commercial banks with the support of the NBG within the framework of the loan portfolio in accordance with the criteria established by the central bank.

The new liquidity management mechanism will operate until the end of 2023 (with a decreasing schedule from 2022), with the possibility of a monthly update, and the price will be determined by the TIBR1M one-month index.

It was also reported by NBG, that 182-day bonds with a face value of ₾50million as well as 2-year securities with a face value of ₾70 million were sold on the 2nd of June at the auction of treasury bonds of the Ministry of Finance.



It's important that the financial sector continues to lend to companies/entrepreneurs without interruption, whilst not increasing the cost of credit resources due to liquidity risks.

“Together for Better Environment” - EU and MEPA launch Green Week information campaign

On June 2, 2020 the EU in cooperation with the Ministry of Environment Protection and Agriculture of Georgia launched the Green Week Campaign under the slogan “Together for Better Environment”.

Team Leader on Connectivity, Energy, Environment & Climate Change at the EU Delegation to Georgia, Alexandre Darras state that “*Team Europe is standing very close to Georgia to support socio-economic recovery from the COVID-19 crisis. During this period, we will also continue working with Georgian authorities to protect the wonderful environment of Georgia and make sure that biodiversity is protected.*” According to him pursuing the green reform which has started to make Georgian economy more circular and more sustainable will continue, ‘*as we are fully convinced that this is also a key asset for future growth and job creation.*’

The campaign will be implemented in cooperation with the Ministry of Envi-

ronment Protection and Agriculture of Georgia.

According to Nino Tandilashvili, Deputy Minister of environmental Protection and Agriculture of Georgia, every year, June 5 – the World Environment Day – consolidates general public, civil society and governments to take measures to overcome the challenges that our planet is facing and this year the world is consolidating around the importance of the nature and biodiversity. “*It is our duty to protect our nature, its unique diversity and all living organisms for the sustainable development of our future generations. It is important, that we all work together for the better future of the planet and the people,*” she stated.

From June 2 to June 8, the Green Week information campaign will focus on children, youth and the general public and highlight the importance of the environment on us and our health, and underline the key role we all play in protecting it. The campaign will center around 52

tips everyone can make to protect the environment, eco facts, and providing information on EU support to environment protection in Georgia. Information will be provided on national TV programmes, as well as online on the Facebook page of the EU Delegation to Georgia.

World Environment Day is the most renowned day for environmental action. Since 1974, it has been celebrated every year **on 5 June**, engaging governments, businesses, celebrities and citizens to focus their efforts on a pressing environmental issue.

In 2020, the **theme of the World Environment Day is biodiversity** – a concern that is both urgent and existential. The variety of life on Earth, its biological diversity is commonly referred to as biodiversity. Declining biodiversity is a concern for many reasons. The foods we eat, the air we breathe, the water we drink and the climate that makes our planet habitable all come from nature. Biodiversity involves 8 million plant and animal spe-

cies, the ecosystems that house them, and the genetic diversity among them.

The EU is a global leader in environmental protection. Environment also represents one of the key priority areas of EU support in Georgia.

In Georgia, the EU is working together with the authorities on the issues related to the protection of biodiversity, improvement of waste management, better management of water resources, development of circular economy.

The EU-supported projects in Georgia have been working on the development of natural parks, improvement or air quality, unlocking opportunities for greener growth, improving waste management and water infrastructure, and setting mechanisms to better manage environmental risks and impacts. Numerous infrastructure investments have been made with EU-funding in the sectors of Water Supply and Sanitation, Waste management and development of eco-friendly transports.