

## PM Gakharia pays official visit to Brussels, meets NATO Secretary-General



"We look forward to strengthening our partnership and look forward to full Euro-Atlantic integration in this area, NATO partnership with Georgia makes us all safer," said the NATO Secretary-General.

BY NATALIA KOCHIASHVILI

The Prime Minister of Georgia Giorgi Gakharia spoke at a joint press conference

held after the meeting with NATO Secretary General Jens Stoltenberg in Brussels, noting that the parties expressed readiness to continue

reforms in various areas.

Gakharia noted that it is important to maintain NATO's open door policy. The Head of Government focused on the situation in the occupied territories of Georgia, Abkhazia and Tskhinvali and thanked the NATO Secretary General for his continued assistance and support to Georgia's territorial integrity and sovereignty.

"NATO supports Georgia's territorial integrity and sovereignty within its internationally recognized borders," announced the Secretary General, calling on Russia to withdraw its recognition of the regions of Abkhazia and South Ossetia and as well as its troops.

One of the issues discussed during the meeting was the security of the Black Sea region. According to the NATO Secretary General, the Alliance is interested in deepening cooperation with Georgia in the Black Sea region, where Russia's representation has grown significantly in recent years.

"Recently, we have been focusing on the Black Sea region, developing naval potential in cooperation with the NATO



"We reaffirm the importance of maintaining NATO's open door policy," said PM.

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# The pre-election period against the backdrop of growing epidemic and inflation rate

BY MALKHAZ MATSABERIDZE

In recent days, the coronavirus has continued to intensify and may collapse the health care system. The economic crisis has led to increasing inflation and further impoverishment of the population. The Georgian Dream is preparing for a third term in the upcoming parliamentary elections, and the opposition is not only unable to unite, but the confrontation has become more heated.

For two weeks in a row, new cases of Coronavirus infection have been reported higher than the previous day. On September 22<sup>nd</sup>, 218 cases were reported. Authorities say the situation is under control, they do not intend to declare a state of emergency across the country and will fight the pandemic with localized restrictions. However, experts say the situation is alarming - if an average of 200 new cases are detected per day (and the number of daily cases rises to 300), the situation will become dire somewhere around the end of the year when the healthcare system will no longer be able to treat all the infected. The Georgian healthcare system will currently be able to care for 2,000 to 3,000 patients in the hospital.

The 'Italian scenario' may repeat in Georgia as well, when the medical sector is breaking down. The government was proud of stopping the epidemic in the spring, which they sacrificed the country's economy to. The Prime Minister's and the ruling



party's rating was boosted for the time being, but now, the dire economic situation and the rapid growth of infection are doing the opposite. Now the key problem for the government in the pre-election marathon is to maintain the public's support at least before the election by convincing the electorate that the epidemic will be controlled and the healthcare system will cope with the challenges well.

The opposition has been critical of the government's policy regarding the epidemic for long. According to one of the opposition leaders, in the spring, the government took inadequate measures, and crashed the economy with severe restrictions, while the peak of the epidemic was only postponed and coincided with the flu season in the fall, which will create an even more difficult situation. In addition, in the summer, the

government did virtually to prepare for the rise in the number of cases.

The economic situation has long been a more serious challenge than the epidemic. In a stagnant economy, inflation is becoming more widespread. If during Saakashvili's rule the GEL exchange rate against the dollar was around 1.60, now it has already exceeded 3.20. This means rising prices, and halved pensions and salaries.

Opposition criticizes Georgian Dream for wrong economic policy, in general. During the rule of the Citizens' Union, Shevardnadze (1995-2003), the country's economy doubled, during the rule of the National Movement, or during Saakashvili (2003-2012), the country's economy grew 3 times, and the foreign debt was reduced by 10%. During the 8 years of the rule of the Georgian Dream or

Bidzina Ivanishvili (since 2012), the economy not only did not grow, but the country's debt increased by 50%.

Despite everything, the Georgian Dream is preparing for the victory in the parliamentary elections for the third term. However, according to several opinion polls, the Georgian Dream has a rating of 25 to 38%, meaning that the majority of voters support opposition parties and expect a change of government as a result of the election.

Judging by the results of these polls, more than 60% of voters support the opposition political forces, but the fact is that the leading opposition forces, along with criticism of the government, criticize each other no less harshly, with the most fierce opposition to those political leaders. They were members of a political force - the National Movement. Their foreign and do-

mestic political views do not differ much from each other, the reason for the disagreement is the third president of Georgia, Mikheil Saakashvili, who is in Ukraine.

Mikheil Saakashvili, far from Georgia, has been actively involved in the election campaign, with his National Movement party nominating him as a candidate for prime minister. Saakashvili has vowed to pull the country out of the crisis if he comes to power and will not remain prime minister for more than two years.

But his former allies, who now represent European Georgia, Strategy Builder or Girch, believe Saakashvili is still preparing for a one-man government and is not focused on forming a coalition government if Ivanishvili is defeated. But his former allies, who now represent European Georgia, Strategy Builder or Girch, believe Saakashvili is still preparing for a one-man government and is not focused on forming a coalition government if Ivanishvili is defeated.

The harshly critical and insulting statements made by the representatives of the opposition against each will eventually frustrate the ordinary voters. This 'internal dispute' reduces the rating of opposition parties altogether. If the opposition wants to change the ruling team, they have to negotiate and unite against the Georgian Dream party.

*(Translated from Georgian by Mariam Mchedlidze)*

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Naval Command and the UK. This includes some assistance to the Coast Guard and visits by NATO ships to ports," he noted, emphasizing the strategic importance of the Black Sea region for Georgia and its NATO allies.

### Weather

Wednesday, September 30

Day Overcast  
High: 20°C  
Night Overcast  
Low: 13°C

Thursday, October 1

Day Showers  
High: 18°C  
Night Showers  
Low: 14°C

Secretary General recalled 'worth partner' joint exercises that were recently held in Georgia and announced that the work on updated essential NATO-Georgia package will carry on.

"We are very grateful to Georgia for the strong commitment that is being made and contributing to our mission in Afghanistan," he said, noting that Georgia is one of the top contributors to NATO's missions.

According to Stoltenberg, the elements, that will be added to

our collaboration, such as the exchange of air traffic data - how we can improve the exchange of information related to air traffic radar data, are being further discussed.

"We also discussed Georgia's role in the narrow paradigm of the South Caucasus and underlined our current role in the wider dimension of the Black Sea region," said the PM.

NATO officials congratulated Georgia on reforms' the progress of the last few years in the context of, building democratic in-

stitutions, strengthening democratic oversight of the security services, and democratic control over the implementation of the terms and many other destinations.

He particularly emphasized the importance of judicial reform and democratic oversight of the security services.

"The good thing is that we see Georgia and NATO cooperation are even closer than before, and as we mentioned, there is more NATO in Georgia and Georgia is more represented in NATO.

Step by step, we do even more together," he added.

Stoltenberg also expressed hope that the elections in Georgia will be held following international standards, since "this is important for both Georgia and NATO, and NATO partnership with Georgia makes us all safer."

Gakharia spoke about the upcoming parliamentary elections in Georgia and noted that the government "will do everything to hold free and fair elections."

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## Pension Agency approves investment policy document

BY NATALIA KOCHIASHVILI

The Pension Agency has approved an investment policy document, a long-term strategy for investing in pension assets, that was developed by the Investment Council of the Pension Agency, and the compliance of the document with the Law on Funded Pensions was confirmed by the National Bank of Georgia (NBG).

The document defines the process of investing pension contributions by the population and sets out the specific requirements on what conditions this or that financial instrument must meet to be able to invest citizens' pension savings in it.

According to the investment policy document, the investment goal is to get a positive real return on investment (taking into account inflation) with a probability of 95% and more, as well as to maintain the necessary liquidity and diversify the investment portfolio. Benchmark (target) portfolio and risk limits were defined for these purposes. The investment policy document strengthened the risk management approach. In risk management, the pension agency uses the three-line protection principle, which is a universally recognized international standard. The first line is the investment service itself, which is responsible for the investment and operational risks arising in the investment process and their management. The second line is the Chief Risk Officer, which independently checks the compliance of the investment portfolio and transactions.

"Approval of the investment policy document is the most important stage for the development of the investment activities of the Pension Agency. It is an important document and defines a long-term strategy for asset allocation through a low-risk portfolio to achieve high real returns," said Olivier Rousseau, Chairman of the Investment Board.

According to the law, after 5 years from the launch of the system, citizens will be given the right to choose the pension sys-



"Today, the accumulated money is fully placed in commercial banks. As soon as we add a specialized depositor to our infrastructure, then we will start investing in securities," said Goga Melikidze, Senior Investment Officer of the Pension Fund.



The NBG positively assessed the investment policy document.

tem - this determines the level of risk of investing funds in the pension account. By law, the pension agency presents citizens with three different investment portfolios, namely - low-risk, medium-risk, and high-risk in-

vestment portfolios. Each of these portfolios will have a different investment composition (there will be different ratios between securities, foreign currency instruments, and deposits), therefore, the average interest rate

and risk level of each of these portfolios will be different.

The financial instruments in which pension assets can be invested must have at least one global rating agency (Standard & Poor's, Moody's, Fitch Rat-

ings, Credit rating granted company and in compliance with the rating requirements specified following the order N258/04 of the President of the NBG of November 30, 2018.

At the moment, 1 million citizens are involved in the state pension system. As of September 28, ₾993 million has already been accumulated in the pension fund. 100% of citizens' pension savings are in GEL today. At the same time, most of the money is placed in the certificates of deposit of Georgian commercial banks.

"The assets accumulated today accrue 11.1% interest rate, which is 2.3 times higher than the current annual inflation rate in the country (4.8% as of August) and 1.3 times higher than the GEL yield," said Goga Melikidze, Senior Investment Officer of the Investment Service.

At the same time, according to the Pension Agency, ₾100 million was accumulated as interest on the accumulated assets of the citizens.

The document was also evaluated by Salome Skhirtladze, Head of the Capital Market Department of the NBG.

"In the process of elaboration, our assessment is positive, we think that the document fully complies with the requirements set by the legislation of Georgia and also takes into account good international practice," she announced. The role of the NBG is to supervise and monitor investment activities.

Alexander Bluashvili, Head of TBC Macrofinance Analysis Department, positively assesses the approval of the investment policy document. In his estimation, there was a high public interest in the investment policy document, so it is good that it was discussed openly and publicly.

Bluashvili says the investment policy document will build more confidence in the funded pension reform. However, according to him, the document is good on paper, but the main thing is how it will be executed, which may be related to various challenges.

## Implementing European Court of Human Rights judgments

Strasbourg, 29.09.2020 – The Council of Europe's Committee of Ministers is holding its latest quarterly meeting to oversee the execution of judgments and decisions from the European Court of Human Rights in Strasbourg from 29 September to 1<sup>st</sup> October.

Cases to be examined in detail during the meeting concern Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Greece, Hungary, Ireland, Italy, the Re-

public of Moldova, Romania, the Russian Federation, Turkey and Ukraine.

The Minister of Justice of Ukraine, Denys Maluska, will take part in the meeting remotely at the invitation of the Committee of Ministers and the Council of Europe's Directorate General for Human Rights and the Rule of Law.

Decisions taken by the Committee of Ministers will be published on the Council of Europe

website as soon as possible after the meeting.

Under Article 46 of the human rights convention, judgments from the European Court of Human Rights are binding on the states concerned.

The Committee of Ministers oversees the execution of judgments on the basis of information provided by the national authorities concerned, applicants, NGOs and other interested parties.

## This week, the Committee of Ministers of the Council of Europe in Strasbourg is meeting to examine the execution of judgments of the European Court of Human Rights.

The Georgian cases on the agenda are the following:

**Identoba and Others** (the judgment became final in August 2015), the judgment revealed the lack of protection against homophobic attacks during demonstrations.

**Merabishvili v. Georgia** (the judgment became final in November 2017), the judgment revealed the failure of the domestic courts to give sufficiently reasoned decisions for the continued pre-trial detention of the applicant, a former Prime Minister and Minister of the Interior, and use of the pre-trial detention during this period by the Chief Public Prosecutor for the illegitimate purpose of pressurising the applicant into providing information on matters unrelated to the criminal case against him.