

Signed a memorandum on temporary employment in Israel

EKATERINE TIKARADZE AND THE AMBASSADOR OF ISRAEL SIGN A MEMORANDUM ON LEGAL EMPLOYMENT OF GEORGIAN CITIZENS IN ISRAEL



► An agreement on the temporary employment of Georgian citizens in Israel signed between the Government of Georgia and the State of Israel on October 1st, 2020.

BY ANASTASIA SOKHADZE

The Minister of Refugees, Labor, Health and Social Affairs from the Occupied Territories, Ekaterine Tikaradze, and the Ambassador of Israel to Georgia, Ran Gidor, signed a memorandum of understanding.

According to the ministry, the purpose of the memorandum is to expand temporary legal employment opportunities abroad and protect the rights of labor migrants.

"The Minister of Health and the Ambassador of Israel to Georgia signed a memorandum. The memorandum envisages cooperation between Georgia and Israel so that Georgian citizens can work safely and legally in Israel. These are the details that will become known to our citizens after we specifically agree on the implementation protocol and mechanisms. After that, those who wish can register," said Tamar Barkalaia, the Deputy Minister of Health.

The Ministry clarifies that pursuing active employment and labor market policy, including opening legal employment opportunities for Georgian citizens abroad, is one of the government's priorities.

Yesterday, on September 30th, it became known that Georgian citizens will be able to legally be employed as temporary support staff in long-term care facilities in Israel. According to the Israeli Embassy



► Georgia becomes the first country to apply to the Israeli government for the employment of foreign aid personnel in long-term care facilities.

in Georgia, the relevant document was signed by Israeli Foreign Minister Gabi Ashkenazi and Georgian Ambassador to Israel Lasha Zhvania.

"Both documents are designed to facilitate the selection and temporary employment of hundreds of support workers from Georgia in Israeli long-term care facilities where people with chronic or complex illnesses and/or people with disabilities (physically or cognitively) are cared for. A team of diplomats, public officials, lawyers, and experts from government agencies in both countries have worked tirelessly in recent months to ensure that the selection, training, and

employment systems are fair, efficient, and effective. The whole process is carried out, monitored and supervised by the relevant government agencies to ensure full compliance with the jurisdiction of both parties," it is said in the official statement of the Embassy of Israel in Georgia.

According to the embassy, Georgia is the first country to apply to the Israeli government for the employment of foreign aid personnel in long-term care facilities.

Pursuing active employment and labor market policy, including opening legal temporary employment opportunities for Georgian citizens abroad, is one of the government's priorities.

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The EU launches My Village information campaign on community-based rural development in Georgia



► LAGs identify rural development priorities and draft local development strategies based on the municipality's needs and capabilities analysis, and then provide EU-funded grants to support local development initiatives.

BY NATALIA KOCHIASHVILI

The European Embassy in Georgia has launched a new information campaign 'My Village' on Local Action Groups (LAGs). EU ambassador Carl Hartzel says in his interview that agricultural, tourism, and economic potential, rural development is vitally important for Georgia's sustainable and inclusive economic growth, and though this is part of the bigger project, the 'bottom-up' approach helps support local ownership and entrepreneurship.

The EU has been assisting Georgia since 2013 with the ENPARD program in developing this potential. This includes support to the Government to promote better policy and help modernize the sector and working with partners to support and raise skills in the regions. "However, effective local development also requires local engagement," reads the press

release. That is why for the last years, the EU has been working with partners and supporting bottom-up, community-based approaches to rural development in Georgia. Based on EU best practices, these approaches bring local citizens, civil society organizations, and municipalities together to develop solutions for their regions in the form of Local Action Groups (LAGs). To date, LAGs have been established in 12 municipalities throughout Georgia, including Lagodekhi, Borjomi, Kazbegi, Tetrtskaro, Akhalkalaki, Dedoplistskaro, Keda, Khulo, Tsalka, Akhmeta, Tskaltubo, and Mestia.

LAG is a non-profit group, made up of representatives of the local community (public, private, and civil society sectors) that decides the directions and content of local development strategy and pursues diverse socio-economic activities to the benefit of the local community.

Through the LAGs, the EU has funded over 500 local initiatives that have helped diversify local economies, provided better employment to more than 1 000 rural households, and improved living conditions of over 10 000 rural population.

The goal is to help Georgia's rural communities to make the best of the local economy, stay and

prosper in their villages without having to think about migrating somewhere for a better livelihood.

"The greatest achievement of our work is to see the motivation, interest, and enthusiasm of people who take local development into their own hands. We will continue to build on this. Our goal is to help Georgia's rural communities to make the best of the local

economy, stay and prosper in their villages without having to think about migrating somewhere for better livelihood," stated EU Ambassador to Georgia.

This week, the EU is launching an information campaign to raise awareness about these local community initiatives. Over the next two weeks, we will bring you the success stories of LAGs

established with EU support in different parts of Georgia, as well as rural people who benefited from LAG actions. We will show you how local communities are taking a wider perspective, where they are seeking economic upturn not only in agriculture but also through entrepreneurship, tourism, services, and other locally-driven initiatives.



► Ambassador Hartzel: "Over 3 steps of the program since 2013, ENPARD has already spent more than half-billion gel in Georgia."

FRIDAY **OCTOBER 2**

Day Partly Cloudy
 High: **23°C**

Night Partly Cloud
 Low: **14°C**

SATURDAY **OCTOBER 3**

Day Sunny
 High: **25°C**

Night Rain
 Low: **16°C**

published by **The Messenger**

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EXCHANGE RATES:

US DOLLAR – 3.2059 | EURO – 3.7560 | GBP – 3.1212 | 100 RUSSIAN RUBLE – 4.0976 | SWISS FRANC – 3.4786 |

NBG publishes 2020 Financial Stability Report

BY NATALIA KOCHIASHVILI

The National Bank of Georgia, (NBG) has published a 2020 financial stability report, which presents an assessment of the challenges and risks in the financial system and focuses on the medium and long term, the structural characteristics of the financial sector, and the aspects of the Georgian economy that are important for financial stability. The report also includes an analysis of the resilience of the local financial system and reviews the measures taken by the Financial Stability Committee to promote financial stability.

On the growth of the country's external debt, the report said that the increased risk premium and local currency depreciation during the Covid-19 pandemic were reflected in the increase in the debt service burden. At the same time, financial resources mobilized to mitigate the recession caused by the pandemic have increased foreign debt.

According to the NBG, the ratio of total external debt to GDP has been stable in recent years, although this figure remains high. Georgia's foreign debt is mainly denominated in foreign currency and, consequently, is significantly vulnerable to exchange rate risk.

Although Georgia's total debt ratio is not significantly higher than in other emerging economies, the government's external debt is expected to increase significantly by €6,187 million in 2020, largely due to the pandemic recession and the rapid pandemic response program. According to the International Monetary Fund, Georgia's external debt will reach 136% of GDP by the end of 2020 and will gradually begin to decline in the coming periods.

"The share of foreign currency liabilities in Georgia is almost one of the highest for almost all types of borrowers compared to selected countries, which is reflected in a significant increase in the external debt burden due to the depreciation of the exchange rate," explains NBG.

Central Bank notes that a significant part of Georgia's



► The world's leading financial publication, *Global Finance*, named Koba Gvenetadze, President of the National Bank of Georgia, as the third-best governor of the Central Banks in 2020.

foreign debt is borrowed from international financial institutions on preferential terms, which implies a low service burden on these types of loans compared to the market.

NBG forecasts that by 2020 the profitability of commercial banks will be close to zero. It says that before the pandemic banking sector was characterized by high profitability, in 2019, the average return on capital was within 18%. As a result of the pandemic, net profit became negative and amounted to minus 747 million in the first quarter of this year.

"Thanks to high operating income, it is expected that after the pandemic is over, banks will be able to restore a healthy level of profitability," hopes the NBG noting that the anti-crisis economic measures taken to reduce the shock impact of Covid-19 have a somewhat positive effect on profitability, but the financial institutions do not accumulate excessive risk to make short-term profits.

According to the current forecast of the NBG, real GDP growth in Georgia in 2020 will be 5%, which is mainly due to declining net exports and investment. The bank noted that such economic forecasts are characterized by

a high level of uncertainty and claims that the large-scale fiscal stimulus planned in partnership with international financial institutions will partially offset the effects of the severe shock, and contribute to rapid recovery of the economy in the post-crisis period.

The report read that the Georgian economy was still in the process of overcoming the negative consequences of the ban on flights from Russia in the summer of

2019 when a new challenge arose. The shock of the summer of 2019 and the subsequent 2020 pandemic significantly worsened Georgia's balance of payments.

The pandemic shock has increased risks in the real estate sector since the declining incomes and growing market uncertainty have significantly reduced demand for residential real estate. Also, the sharp decline in tourist flows has worsened the attractive-

ness of real estate as an investment asset, with an additional negative impact on declining demand, especially in tourist regions. Besides, it is important to note that before the current crisis, the supply of multi-apartment residential real estate increased, which in the current period, in the wake of a sharp decline in demand, increases the likelihood of realizing the risk of excess supply. As demand decreases and market uncertainty increases, real estate prices fall. However, the report assures that the reduction in prices will not be as sharp as it was as a result of the 2008 crisis, because unlike the crisis the recession caused by the pandemic has made the real estate market more resilient.

The recovery of the sector largely depends on the remediation of the epidemiological situation, the depth, and duration of the recession caused by the pandemic. It is important to note that non-residents, who own one-third of mortgages in Batumi, are more likely to default than residents, especially when neighboring countries experience a pandemic-induced recession. "The imposition of a non-resident loan ratio of 70 percent by the National Bank last year reduces the risks to financial stability from the side of non-residents," notes the report.

The next meeting of the Financial Stability Committee will be held on November 25th, 2020.



► In 2020, the state's foreign debt is expected to increase by more than €6 billion.

Literary prize Idea of Unity to be awarded to a Georgian author

The presentation of the Literary Prize of the Embassy of the Federal Republic of Germany will be held on October 3rd. The work must also respond to the ideas of unity and tolerance and the breaking down of dividing 'walls' in people's imaginations or societies. The winner of the Literary Prize will be announced on October 3rd, 2021.

On October 3rd, 1990, eleven months after the fall of the Berlin Wall, the German state, split into

two, united. For Germans, this holiday emphasizes the idea of the importance of unity and freedom. The Literary Prize Idea of Unity established by the Embassy of the Federal Republic of Germany will be awarded for the first time to a Georgian author for the best published work published in 2019-2021, which deals with the artificial boundaries between people and the struggle against totalitarian and authoritarian regimes. The award is given by

the German Embassy in Georgia in cooperation with the Georgian Literary Initiative. Ambassador of the Federal Republic of Germany Hubert Knirsch, Director of the Georgian Literary Initiative Medea Metreveli and members of the Literary Prize jury will speak about the literary award at the event.

From the books submitted for the competition, a special jury composed by the embassy will first select the best works, and



► Ambassador of the Federal Republic of Germany H.E. Hubert Knirsch.

then will reveal the winner. The members of the jury are: Maia Panjikidze (translator), Lasha Bakradze (historian, director

of the Museum of Literature), Natia Mikeladze (translator), Zurab Karumidze (writer), Zaal Andronikashvili (literary critic).