

WHAT IS THE COST OF THE GEORGIA NATIONAL TEAM? • TOP 10 OF THE FAST GROWING ECONOMICS

ENGLISH ISSUE

Forbes

GEORGIA

A professional portrait of Alexander Bolkvadze, a man with dark hair, wearing a dark blue suit jacket, a white shirt, and a blue textured tie. He is looking directly at the camera with a neutral expression.

THE EMINENT PRACTITIONER

ALEXANDER BOLKVADZE IS A FIRST GEORGIAN LAWYER AWARDED THIS STATUS BY INTERNATIONAL LEGAL GUIDE CHAMBERS GLOBAL



PAYOT

HOMME

Skincare dedicated to men for stronger, more resilient skin.

The best of men's face care in the Optimale range effectively relieves sensations of discomfort, protects from pollution and rejuvenates men's skin.



OPTIMALE

პროფესიონალური კოსმეტიკა

big,
Estée

Professional cosmetics

24 I. Abashidze str.; Tel: 2 24 24 55



CONTENTS

Forbes English #11 // December 2018

Forbes ^{GEORGIA}



p. 52

LEADERBOARDS

12 Top Ten of the Fast Growing Economies

16 What is the cost of the Georgia National Team?

THOUGHT LEADERS

20 Theoretical Framework of Public Integrity and Institutional Changes of Georgia's Tax Administration
by Rusudan Kemularia

24 The President: Power Through Others
by Vakhushti Menabde



ALLIANCE
PRIVILEGE

EXCLUSIVE APARTMENTS

City: **Batumi**
Hotel brand: **Marriott** (1-12 floor)
Investment cost: **\$80 000 000**
Management company:
McInerney Hospitality International
Floor: **54**

[+995 422] 27 00 00

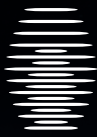


ALLIANCE
PALACE

PREMIUM APARTMENTS

City: **Batumi**
Hotel brand: **Cortyard by Marriott** (1-5 floor)
Investment cost: **\$45 000 000**
Management company:
Sophos Hotels
Floor: **41**

[+995 422] 27 00 00



ALLIANCE
HIGHLINE

LUXURY APARTMENTS

City: **Tbilisi**
Hotel brand: **Wyndham Garden** (Block C)
Investment cost: **\$75 000 000**
Management company:
Sophos Hotels
Floor: (Block A) **40**, (Block B) **34**, (Block C) **28**

[+995 32] 250 00 00



CONTENTS

Forbes English #11 // December 2018

STRATEGIES

32 The Family Wine
by Elene Chomakhidze

38 The EIB as a Part
of EU Family
in Georgia
by Giorgi Isakadze

TECHNOLOGIES

42 An Impossible Life
by Giorgi Isakadze, Ana Lapiashvili

50 Modern PR
by Anita Muskeria

COVER STORY

52 The Eminent
Practitioner
by Elene Chomakhidze

CEO

58 Bringing Georgia Closer
to Europe
by Mariam Zurabashvili



ENTREPRENEURS

28 Alliance Group Steps in
Wellness Tourism
by Jenn West



Dirsi

RESIDENTIAL COMPLEX DIRSI

Location - Isani, Shota Nadirashvili Str. 24 ● 2 74 04 04 ● www.dirsi.ge

CONTENTS

Forbes English #11 // December 2018

THE FORBES 400

- 68** Forbes 400 List
- 78** The Price of Presidency
*by Dan Alexander and
Chase Peterson-Withorn*
- 86** New Trick for an
Old Unicorn
by Biz Carson

ECONOMICS

- 92** Why is Agriculture
Stagnating?
by Beso Namchavadze

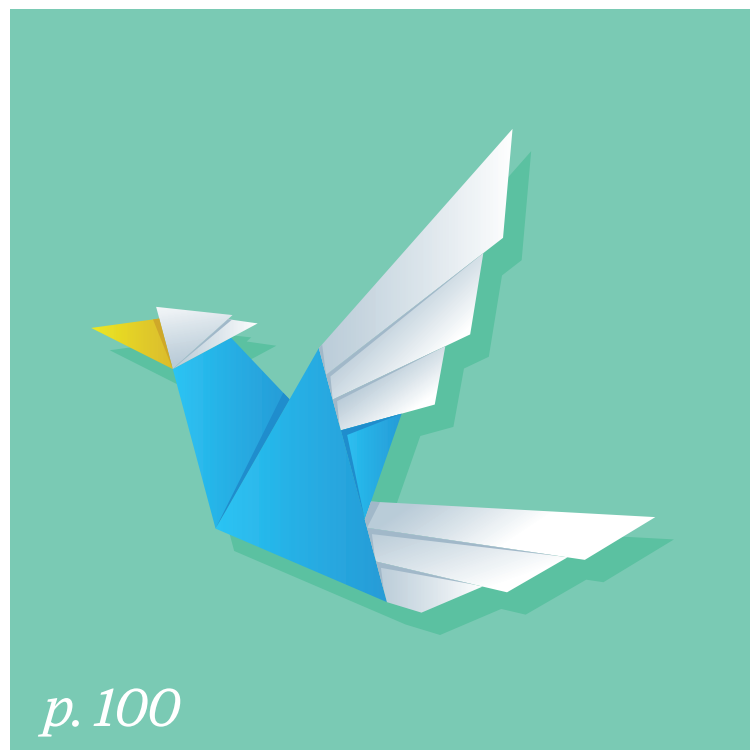
FORBES LIFE

- 96** The Making of Georgian
Fashion Moment:
Tbilisi Fashion Week
- 100** The Countries People
Want To Get Away From
by Niall McCarthy

p. 96



p. 100





BK CONSTRUCTION

— SINCE 1993 —



**LEADING CONSTRUCTION COMPANY IN GEORGIA WITH
25 YEARS OF EXPERIENCE**

29 Ilia Chavchavadze Ave. 0179 Tbilisi, Georgia
T | (+995 32) 225 91 91 W | www.bkconstruction.ge

CONTENTS

Forbes English #11 // December 2018

Forbes

Editor in Chief: Giorgi Isakadze

Executive Editor: Anna Eristavi

Editor: Kate Tabatadze

Copy Editor: William King, Eleonor Rambo

*Creative Director / Photo Editor / Designer:
Serga Nemsitsveridze*

*Writers/ Reporters: Rusudan Kemulaira,
Vakhushti Menabde, Zaza Abashidze, Beso
Namchavadze, Elene Chomakhidze, Ana
Lapiashvili, Anita Muskeria, Mariam Zurabashvili,
Jenn West*

*Photographers: Khatuna Khutsishvili,
Khatuna Khutsishvili, Davit Phantsulaia*

Web Editor: Gogi Kavtaradze

*Forbes Georgia is published by
Media Partners JSC*

Publisher: Maia Mirijanashvili

Advertising and Marketing: Leli Mirijanashvili

Forbes USA

*Editor-In-Chief:
Steve Forbes*

*Chief Content Officer:
Randall Lane*

*Art & Design:
Robert Mansfield*

*Editorial Director, International Editions: Katya
Soldak*

Forbes Media

President & CEO: Michael Federle

Senior Advisor, International: Tom Wolf

Founded in 1917

B.C. Forbes, Editor-in-Chief (1917-54)

Malcolm S. Forbes, Editor-in-Chief (1954-90)

James W. Michaels, Editor (1961-99) William

Baldwin, Editor

(1999-2010)

*Copyright©2018 Forbes LLC. All rights reserved.
Title is protected through a trademark registered
with the U.S. Patent & Trademark Office*



საბეჭდო-ბეჭდვითი სააგენტო "ომეგა ტეცი"
საბეჭდო-ბეჭდვითი სააგენტო, თბილისი, სარაიშვილის ქ. 17
ტელეფონი: 00 995 32 253 03 62

PRINTED BY "OMEGA TEG" PRINT HOUSE
TBILISI, GEORGIA, 17 SARAJISHVILI STREET
TELEPHONE: 00 995 32 253 03 62

EU4Business-EBRD Credit Line – 2 Years of Success

BY JANNA FORTMANN

AS THE YEAR DRAWS TO ITS CLOSE, the EU4Business-EBRD Credit Line looks back at its successful activities in Georgia and the end of Quarter III 2018 results confirm once more that this credit line is the best in class loan support programme available for SME development in Georgia at the moment. Even though the EU4Business-EBRD Credit Line is available in three countries (Georgia, Moldova, Ukraine) it is safe to say that Georgian SMEs were very quick to understand that these kind of investments opens-up their access to 500 million consumers in the European Union Market. Georgian SMEs took full advantage of the opportunity and scrambled to receive their portion of benefits available under the DCFTA agreement. In this short period of time 157 projects were financed via EU4Business-EBRD Credit Line, representing an amazing 73% of all projects funded under the EU4Business Credit Line across the defined region. The total value of the projects financed in Georgia was EUR 89.85 million, representing an amazing 91% of regional funds disbursed to date. The Georgian SMEs who already had their projects successfully verified to date received a grant cash back of 10-15%, funded by the EU4Business initiative of the European Union. Possibly even more exciting is the significant regional impact in terms of economy boost and employment. In Georgia alone, more than 9,500 jobs were secured and/or created as a result of investments financed with EU4Business-EBRD Credit Line loans. A great example of this is LTD “Ludi Batumuri”, which is a traditional brewery located in Batumi, in the Adjara region of Georgia. Ludi Batumuri’s production line was significantly upgraded with the support of the EU4Business-EBRD Credit Line. Through this investment the company boosted its productivity, by replacing old machines with modern technology that delivers high quality products, ensures environmentally friendly operations and that helped the company align the health and safety of workers

with European standards. ‘Ludi Batumuri’ did not confine its improvement project to the installation of new equipment. With the support of EBRD’s ASB programme, the company complemented its equipment upgrade with the implementation of HACCP certification and ISO 22000:2005 certification.

What is the EU4Business-EBRD Credit Line? It is a loan and grant programme that was developed jointly by the European Union under the “EU4Business” initiative and The European Bank of Reconstruction and Development (EBRD). The main aim of the programme is to support Georgian SMEs wishing to take advantage of the opportunities provided by the Deep and Comprehensive Free Trade Agreement that was signed between Georgia and the European Union. Loans are disbursed via local partner financial intermediaries and, after successful verification, investors receive a 10-15% grant incentive, calculated on the value of their loan, funded by the EU4Business initiative of the European Union. Apart from the grant incentive, SMEs interested in upgrading their business by investing in new technology can also take advantage of the free-of-charge technical expert advice and consultation provided by the international team of implementation consultants. This free-of-charge technical assistance is also funded by the European Union and is provided by a consultants’ consortium formed by RINA Consulting S.p.A. and GFA Consulting Group GmbH.

EU4BUSINESS | EBRD Credit Line

Finance and Advisory Programme supporting SMEs
მცირე და საშუალო ბიზნესის ხელშეწყობის სავაჭრო და საკონსულტაციო პროგრამა



Top Ten of the Fast Growing Economics

TWO YEARS AGO, I published an article in Forbes about the fastest growing economies of 2015-2016. This time, I will discuss the fastest growing economies of 2017-2018. Four out of the ten countries featured in the last article can also be found in this year's top-ten list. They include Ethiopia, Cote D'Ivoire, India and Cambodia.

I have used the databases of the International Monetary Fund (IMF) as the source of this article.

The average growth of the world economy in 2017- 2018 was 3.7%. Developed countries grew by approximately 2.3%, and the economies of developing countries grew by about 4.7%, with Africa representing the fastest growing region at nearly 6.5% a year.

In cases where a country's economy grows by a minimum of 7%, it ends up on the list of the top 10 fastest-growing countries. However, I would like to emphasize the important role that a fast-growing economy plays in the so-called basic condition.

By Beso Namchavadze



1. Libya

Population: **6.5 million**

GDP: **\$43 billion**

GDP per capita: **\$6,600**

In 2017, the economy of Libya grew by 64%, and in 2018 it grew by 11%. The IMF predicts the country's economy will also grow by 11% in 2019.

The rapid growth of the Libyan economy has specific reasons. From 2011-2016 the country experienced armed conflict, which started with a rebellion against the Muammar Gaddafi regime. Because of the ongoing civil war and the reduction in the cost of oil, the economy of Libya plummeted from \$69 billion in 2010 to just \$19 billion in 2016. Per capita income dropped from \$12,000 to \$3,000 in that time. Since 2017 however, the situation in Libya has become relatively more peaceful and the economy has begun to develop again from almost nothing. The cost of oil has also increased. Nevertheless, in 2018, Libya's budget deficit hovered at around 25% per capita, and the level of inflation rose to 24%. Because of this, Libya still faces a crisis.



2. Ethiopia

Population: **94 million**

GDP: **\$84 billion**

GDP per capita: **\$890**

Ethiopia's economy has witnessed the second fastest growth in the world. Over the last two years, the country's economic growth has averaged 9.2% annually. If you include the last eight years, this number rises to annual economic growth of 10%. Despite the rapid growth, Ethiopia remains one of the poorest countries in the world with a per capita income of about \$890. Parallel to the economic growth, the country's population has grown by several million people each year. For instance, in 2011 the population was 84 million, whereas in 2018 this number reached 94 million.

The cheap working force is the main driver of Ethiopia's economic growth. 70% of the population is under 30. It is the third biggest coffee-producer in the world. Ethiopia is also rich with the hydropower resources, which makes the country the largest exporter of power throughout Africa and the Middle East.

3. Cote D'Ivoire

Population: **25.6 million**

GDP: **\$46 billion**

GDP per capita: **\$1,800**

Cote D'Ivoire had the third fastest growing economy in the world in 2017-2018. Its rapid economic growth began in 2012 and in 2017-2018, it reached an annual growth of 8.7%. Similar to other African republics, a demographic boom is also characteristic to Cote D'Ivoire. Since 2011 the population of the country has grown by 20%.

Cote D'Ivoire is a French-speaking country on the west coast of Africa. Until 2011, for almost 10 years, the country faced both political and economic crises leading to increased levels of poverty. Since 2011, the country has remained politically stable. The government completed a number of infrastructural projects, which helped to speed up the growth of the economy.

Like other poor countries, Cote D'Ivoire's agricultural sector plays an important role in the economy. Cote D'Ivoire's budget expenses per capita are 23%.



4. Bangladesh

Population: **165 million**

GDP: **\$286 billion**

GDP per capita: **\$1,700**

In 2017-2018, Bangladesh's economy grew by 7.4%. Over the last eight years, per capita income has doubled. However, with the eighth largest population in the world, Bangladesh remains one of the poorest countries in the world.

The magnitude of the government of Bangladesh is 15% per capita. The country has a low national debt, and the country's imports and exports are almost equally developed.

The fast growth of Bangladesh's economy is aided by its vast and inexpensive workforce, which produces clothing. Currently, Bangladesh is the second largest clothing exporter in the world behind only China.

LeaderBoard

TOP10

5. Ghana

Population: **29 million**
GDP: **\$52 billion**
GDP per capita: **\$1,800**

At 7.4%, Ghana has the fifth fastest growing economy in the world. However, with a GDP per capita of \$1,800, Ghana remains a poor country. Over the last seven years, Ghana's population has grown by 20%, whereas the economy has grown by 51%.

Ghana has a high annual inflation rate (10%), as well as a large budget deficit and a growing national debt, which makes the country's recent economic growth unreliable.

Ghana is a democratic country, where the official language is English. The main products for export include cocoa, gold and oil. These three commodities make up 75% of the country's exports. The country's oil industry has achieved a high level of economic growth. Since 2011, procuring oil in Ghana has become much easier.



6. Nepal

Population: **29.7 million**
GDP: **\$29 billion**
GDP per capita: **\$971**

In 2017-2018, economic growth in Nepal reached 7.1%. However, in previous years, economic growth developed at a much slower rate. With a rapidly growing population, Nepal is among the poorest countries in the world.

Nepal's economic growth was triggered largely as a result of the devastating earthquake that occurred in 2015 when Nepal received a great deal of international financial assistance. The most strategic sector of Nepal is tourism. With 20 percent of country's land undeveloped, more than half of the population is employed within the agricultural sector.



7. Senegal

Population: **16.3 million**
GDP: **\$24 billion**
GDP per capita: **\$1,500**

Over the last two years, Senegal's economy has grown by 7.1% annually. Similar to other developing countries in Africa, Senegal's population is also growing rapidly - 15% over the last five years. In poor countries, demographic growth is an indicator of a cheap workforce, which helps grow the economy.

Senegal maintains a very low level of inflation, which has hovered at approximately 0.4% over the last five years. The magnitude of the state (budget expenses per capita) sits at 23%, with a budget deficit of 3%.

However, the country continues to greatly depend on international financial support, which makes up a third of its budget expenses. Senegal is one of Africa's most politically stable countries.



GROUP: SHUTTERSTOCK



8. Guinea

Population: **13.3 million**

GDP: **\$11.5 billion**

GDP per capita: **\$865**

In 2017-2018, economic growth in Guinea was approximately 7%, which is a positive indicator, as Guinea begins to pull itself out from poverty. Guinea's economic growth is also accompanied by a demographic boom: In the last eight years, the population has grown by 2.4 million (22%). However, with a per capita income of less than \$900, Guinea remains one of the world's 20 poorest republics.

With regard to resources, Guinea is rich in a variety of metal ore. A quarter of the world's iron bauxite is extracted in Guinea. As such, 80% of the country's exports are comprised of metal ore. Exports are the main indicator of Guinea's fast-growing economy. Guinea also enjoys a rich agricultural environment. A large amount of money is also invested in developing the country's infrastructure. The power supply for the population has also improved over the years.

9. India

Population: **1.3 billion**

GDP: **\$2.7 trillion**

GDP per capita: **\$2,000**

After China, India has the world's second largest population. However, unlike China, the population of India continues to grow at a rapid pace. For example, in 2017, India's population increased by 17 million. Were it not for the growth of the population, India could lift itself out of poverty much sooner than it has thus far. In 2018, India's per capita income was \$2,000, whereas in 2010 it was only \$1,400. Over the last two years, the Indian economy grew by approximately 7%.

India began liberating its economy in the 1980s, and from 2000, the country became a free-market economy. The main catalyst of India's fast-growing economy is the progress it has made in the service sector. Essentially, India skipped the industrialization stage and switched from agriculture straight to developing the service sector. India is a democratic country with a stable political environment. India sits at 42nd on the democracy index, ahead of Slovakia, Bulgaria, Poland and Croatia.



10. Cambodia

Population: **16.5 million**

GDP: **\$26 billion**

GDP per capita: **\$1,600**

In 2017-2018, Cambodia's economy grew by approximately 6.9%. And while Cambodia continues to pull itself out of extreme poverty, its per capita income has grown by 2.2% over the last eight years, sitting at roughly \$1,600 (two and half times less than Georgia's). In addition, Cambodia's population is also increasing rapidly.

The fast growth of the Cambodian economy is conditioned by its cheap workforce, as well as the improvement of agricultural technologies and the external support the country receives. Cambodian exports and the country's tourism sector are also growing quickly. Cambodia's state budget expenses per capita is 24%, whereas the national debt is 32% per capita.



What is the cost of the Georgia National Team?

THE RECENT UNEXPECTED SUCCESS of the Georgia national football team, has awakened the interest towards football in Georgia. The first position in the group stage and the prospect of moving on to the European Championship, has first of all, best reflected on the numbers. At the moment, the Georgian National Team, has made €15 million, which is a record rate for the last years of its history. Alongside the political, sports analysis is also quite common. However, we have decided to choose a different path and discuss the progress of Georgian football players as a whole. For this, traditionally, we have used the analytical database of the most trustworthy organization - Transfermarkt.de. Here you can observe how much Georgian football players cost on the market. Because of the team's recent success, we have decided to give you more detailed information about Giorgi Chakvetadze. This Georgian teenager playing in the Belgian league, is talked about in different sport outlets throughout the world, so we hope you won't be criticizing us for paying more attention to him.

By Zaza Abashidze

THE HIGHEST PAID GEORGIAN FOOTBALL PLAYERS



1. Solomon Kvirkvelia
(FC LOKOMOTIV, RUSSIA)
€8 000 000



2. Giorgi Chakvetadze
(GHENT, BELGIUM)
€5 000 000



3. Giorgi Kvilitaia
(GHENT, BELGIUM)
€3 000 000



4. Davit Khocholava
(SHAKHTYOR, UKRAINE)
€2 500 000



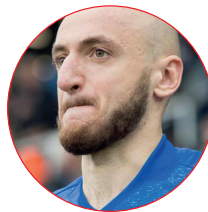
5. Vako Khazaishvili
(SAN JOSE, U.S.A)
€2 500 000



6. Jano Ananidze
(FC SPARTAK MOSCOW, RUSSIA)
€2 000 000



7. Guram Kashia
(SAN JOSE, U.S.A)
€2 000 000



8. Vako Gvilia
(LUCERNE, SWITZERLAND)
€1 250 000



9. Otar Kakabadze
(LUCERNE, SWITZERLAND)
€1 000 000



10. Jaba Kankava
(FC TOBOL, KAZAKHSTAN)
€1 000 000



11. Tornike Okriashvili
(KRASNODAR, RUSSIA)
€1 000 000



12. Jimi Tabidze
(FC UFA, RUSSIA)
€1 000 000



13. Giorgi Papunashvili
(ZARAGOZA, SPAIN)
€800 000



14. Giorgi Aburjania
(LUGO, SPAIN)
€800 000



15. Otar Kiteishvili
(STURM, AUSTRIA)
€800 000

THE HIGHEST PAID FOOTBALL PLAYERS OF THE GEORGIAN NATIONAL TEAM

(BY POSITION)



LeaderBoard

SPORTSMONEY

THE COST OF GIORGI CHAKVETADZE



19 years-old, GHEENT

MARKET PRICE:

Apr.5, 2017: €300 000

Aug.1, 2017: €750 000

Oct.20, 2017: €1 200 000

Mar.30, 2018: €3 000 000

Sep.11, 2018: €5 000 000

THE HIGHEST PAID
FOOTBALL PLAYERS
OF GHEENT



THE HIGHEST PAID
FOOTBALL PLAYERS
OF THE BELGIAN
CHAMPIONSHIP



THE HIGHEST PAID
FOOTBALL PLAYERS
OF THE GEORGIAN
NATIONAL TEAM



THE HIGHEST
PAID
ATTACKING
MIDFIELDERS



THE HIGHEST PAID
FOOTBALL
PLAYERS BORN
IN 1999



THE HIGHEST PAID PLAYERS OF THE GEORGIAN CHAMPIONSHIP (NATIONAL LEAGUE)

1		Leonardo Ribeiro , Brazil (FC Dila, Gori)	€600 000
2		Vagner Goncalves , Brazil (Saburtalo)	€600 000
3		Levan Kharabadze , Georgia (FC Dinamo Tbilisi)	€550 000
4		Giorgi Qimadze , Georgia (FC Torpedo Kutaisi)	€500 000
5		Irakli Bughridze , Georgia (FC Chikhura Sachkhere)	€450 000
6		Luka Lochoshvili , Georgia (FC Dinamo Tbilisi)	€450 000
7		Bakar Kardava , Georgia (FC Dinamo Tbilisi)	€400 000
8		Khvicha Kvaratskhelia , Georgia (Rustavi)	€400 000
9		Roin Kvashkadze , Georgia (FC Torpedo Kutaisi)	€400 000
10		Giorgi Gabedava , Georgia (FC Chikhura Sachkhere)	€350 000



Theoretical Framework of Public Integrity and Institutional Changes of Georgia's Tax Administration



INTRODUCTION

One of the most important policy questions for any government is how to build institutional integrity. How can a government eliminate corruption and make public institutions more trustworthy? There are different concepts in both theory and practice that can be used to address this question. However, I will examine the definition of integrity developed by Nikolas Kirby in relation to Georgia's Revenue Service. Two types of public integrity can be identified: the 'institution-first' approach, and 'public officer' integrity. The first is defined as "the robust disposition of a public institution to legitimately pursue its legitimate purpose to the best of its abilities, consistent with its commitment." The second dimension is public officer integrity, which is "the robust disposition of the public officer in the course of her public duties to pursue the integrity of her institution to the best of her abilities." For the purposes of this article I will explore only the 'institution-first' concept of integrity.

PURPOSE OF THE REVENUE SERVICE

Edmund Burke, emphasized that "revenue is the

chief preoccupation of the state. Nay more, it is the state." Furthermore, "a tax institution achieves its main purpose when it raises revenue effectively and equitably for the state's necessary or legitimate activities and functions. Tax institutions have one "obligatory purpose" and that is to raise revenue effectively and equitably." To these ends, the Revenue Service is constituted under the Ministry of Finance of Georgia. According to charter number 303, article 2, (b), one of the key objectives of the Revenue Service is the collection of revenue.

Moreover, the ratio of tax collection to GDP in developed countries usually outstrips that of developing countries. Nicholas Kaldor has suggested that "developing countries raise about 8 to 15 percent of their Gross Domestic Product (GDP) as tax revenue, while the ratio for advanced countries is 25 to 30 percent. More than sixty years after this issue came to the fore, and after more than thirty years of tax administration reforms in developing countries, it remains largely unresolved."

LEGITIMACY OF PURPOSE

The taxpayer does not like to pay taxes but as

Benjamin Franklin once observed, “in this world, nothing can be said to be certain, except death and taxes.” Democratically elected government and its tax administration can have a purpose of tax collection in order to provide public goods. Before changes to Georgia’s constitution in 2010, the government had the flexibility to raise taxes and modify the tax structure without a referendum. Georgia’s constitution requires this. Furthermore, article 94 of the constitution stipulates that “taxes and fees shall be paid in the amount and under the procedure determined by law. Only law shall determine the structure of taxes and fees and the procedure for introduction thereof. Exemption from taxes shall be permitted only by law.” In general, such strict regulation and minimized discretion of government could increase the public trust toward tax administration. However, it could be problematic for the government to address economic shocks, and balance a high budget deficit in a timely and effective manner.

THE PURSUIT OF PURPOSE OF THE REVENUE SERVICE

Any tax administration has limited human and financial resources, which are critical for the effective collection of revenue. There are only so many well-trained civil servants and tax inspectors - especially in developing countries.

The government of Georgia established the finance academy of the ministry of finance to train civil servants on the job, as the tax legislation is complex and requires special knowledge. The Netherlands, Austria, and Singapore have similar training centers. While these initiatives have been important, tax administrations still face the problem of highly qualified civil servants moving to the private sector rather than remaining in public service. This ‘leakage’ of highly trained tax specialists to the private sector diminishes the resources at the disposal of tax administrations.

LEGITIMACY OF PURSUIT

The simplification of tax legislation is important to the legitimate pursuit of purpose. The complex tax system and vague tax provisions created a preferable regime for fraudulent and corrupt transactions. Thus, a simplification of the tax code of Georgia and the elimination of ambiguous norms surrounding tax rules enabled the Revenue Service to achieve its core objectives in legitimate ways.

Hundreds of changes were made to the tax legislation. These were necessary to mitigate the risks associated with corruption and to rebuild public trust toward the tax authority. However, frequent changes to the tax law created uncertainty and concerns. The biggest achievement was the consultation process held between the tax institution and stakeholders in order to discuss the legislative changes, however this process was not always transparent and comprehensive.

The design and implementation of tax legislation poses challenges for administrations attempting to create conditions of tax certainty. For example, a report by the OECD and IMF in March 2017 suggests that “the major source of tax uncertainty is complex and poorly drafted tax legislation and the frequency of legislative changes.”

Commitment of the Tax Authority

The advance ruling is legally binding for the tax administration and the taxpayer. The aim of the regulation is to promote clarity and consistency regarding the application of the tax law and commit the Revenue Service to act according to the ruling. A taxpayer can submit the application to the Revenue Service asking for the interpretation of a particular taxable transaction. After introducing such rulings, the tax administration is obliged to follow its interpretation.

As noted by the IMF in 2016, the advantages of a private tax ruling are the “promotion of clarity and consistency regarding the application of the tax law for both taxpayers and the tax authority.”

Increased certainty around the tax treatment of transactions also raises taxpayer confidence in the tax system.

There are, however, arguments against a private ruling practice. The disadvantages of a private ruling practice could include: “risk of base erosion where [the] incorrect or inappropriate rulings are issued or published.” If the incorrect ruling is issued, it could decrease revenue. However, the revenue risk is limited, because the tax ruling is confined to the taxpayer to whom it was issued. In addition, the advance ruling system may help the tax authority to identify potential structural weaknesses in the tax legislation.

ROBUSTNESS OF TAX SYSTEM

IT-based risk assessment was introduced in Georgia’s Revenue Service in order to create a more robust tax system. Before introducing this mechanism, tax inspections were conducted manually. Then, the selection of companies for assessment was based on the tax inspector’s preferences. The risk assessment system (software) was therefore developed based on a number of objective parameters, such as profit margin, average salaries of employees, changes in revenue and profit and so on. This system helps to increase tax certainty, as there is a low risk of taxpayers being selected based on individual interests. Furthermore, the system is effective in terms of tax collection. It selects companies based on risk level. At the initial stage, 80–90 percent of all tax audits were conducted based on the IT system. Nowadays all audits are triggered electronically.

It was demonstrated that the improvement of all components of institutional integrity, such as legitimate purpose, legitimate pursuit, commitment and robustness, lead to improvements in the tax system and improved public trust towards the tax administration. **F**

ADVANCE RULING BY OECD COUNTRIES

Country	Public rulings		Private rulings			
	Public rulings are issued	Binding / not binding on revenue body	Private rulings are issued	Binding / not binding on revenue body	Time limits for private rulings	Fees for private rulings
<i>1. OECD Countries</i>						
Australia	✓	Binding	✓	Binding	✓ /1	x
Austria	✓	Binding	✓	Binding	✓ /1	x
Belgium	✓	Binding	✓	Binding	✓ /1	x
Canada	✓	Binding	✓	Binding	✓ /1	✓
Czech Republic	✓	Binding	✓	Binding	x	✓
Denmark	✓	Binding	✓	Binding	✓ /1	✓
Finland	✓	Binding	✓	Binding	✓	✓
France	✓	Binding	✓	Binding	✓ /1	x
Germany	✓	Binding	✓	Binding	x	✓
Greece	✓	Binding	✓	Binding	✓ /1	x
Hungary	✓	Binding	✓	Binding	✓ /1	x
Iceland	✓	Binding	✓	Binding	✓ /1	✓
Ireland	✓	Binding	✓	Binding	✓ /1	x
Italy	✓	Binding	✓	Binding	✓ /1	x
Japan	✓	Binding	✓	Not Binding	x	x
Korea	✓	Binding	✓	Binding	x	x
Luxembourg	✓	Binding	✓	-	-	-
Mexico	✓	Not Binding	✓	Not Binding	✓ /1	x
Netherlands	✓	Binding	✓	Binding	x	x
New Zealand	✓	Binding	✓	Binding	x	✓
Norway	✓	Not Binding	✓	Binding	✓ /1	✓
Poland	✓	Not Binding	✓	Not Binding	✓	✓
Portugal	✓	Binding	✓	Binding	x	x
Slovakia	✓ /1	Binding	✓ /1	Binding	✓ /1	x
Spain	✓ /1	Binding	✓	Binding	✓	x
Sweden	✓	Binding	x /3	Binding	x /1	✓ /1
Switzerland	✓	Binding	✓	Binding	x	x
Turkey	✓	Binding	✓	Binding	x	x
UK	✓	Binding	✓	Binding	✓	x
USA	✓	Binding	✓	Binding	x	✓
<i>2. Select non-OECD countries</i>						
Argentina	✓	Binding	✓	Binding	✓	x
Bulgaria	✓	Binding	✓	Not Binding	✓ /1	x
Chile	✓	Binding	✓	Binding	x	x
China	✓	Binding	✓	Binding	x	x
Cyprus	✓	Binding	✓	Binding	✓ /1	✓ /1
Estonia	✓	Binding	x	-	-	-
Latvia	✓	Not Binding	✓	Binding	✓	✓
Malaysia	✓	Binding	✓	Binding	✓ /1	✓
Malta	✓ /1	Not Binding	✓	Binding /1	x	x
Romania	✓	Binding	✓	Binding	✓ /1	x
Singapore	✓	Binding	✓	Binding /1	✓ /1	✓
Slovenia	✓	Binding	✓	Binding	✓ /1	x /1
South Africa	✓	Binding	✓	Binding	✓ /1	✓



GEORGIA'S LEADING TV BUSINESS PROGRAMS

TV3 **პირველი**

SPEND WEEKDAYS WITH:

 **ანალიტიკა**

ANALITIKA

15:00-16:00 PM

22:30-23:00 PM

(every friday)



SAKMIS KURSI

(BUSINESS COURSE)

15:00-16:00 PM

22:30-23:00 PM



QALEBIS NARATIVI

(WOMEN'S NARATIVE)

11:00-12:00 PM



SAKMIANI DILA

(BUSINESS MORNING)

07:55-11:00 AM

WWW.BM.GE



THOUGHT LEADERS

VAKHUSHTI MENABDE - CURRENT EVENTS

The President: Power Through Others



The swearing in of Georgia's new president will bring into effect the new constitution, which is why this year's election of the new head of state is special. This is due to several specific new statutes. First of all, this will be the last

time Georgia's president will be directly elected by the voters. Second, the winner will serve a six-year term, instead of five, as was previously the case. Third, the new president will deliver a 'program speech' at the inauguration ceremony for the final time, with the speech henceforth being known as an 'address to the people.'

The new president will no longer be allowed to be a member of a political party. Based on

the constitution, the status of the president will consist of the following three titles: (1) head of state and guarantor of national unity and sovereignty; (2) commander-in-chief of the defence forces; and (3) the country's representative in foreign relations. This three-way role is presented in greater detail in the following statutes, which ultimately define the institutional role of the country's leader within the constitutional system.



1. THE POWERS OF THE HEAD OF STATE

The president will retain the formal authority to sign constitutional agreements; sign and announce laws; decide upon the issue of holding a referendum (jointly with the prime minister); convene parliamentary sessions; exercise a veto; issue pardons; call parliamentary and local elections; and to dissolve the parliament in the case it fails to form a government.

With regard to the changes, while previously the president had the authority to dissolve the parliament in the case of termination of a no-confidence procedure, the new constitution removes the possibility of dissolving the supreme legislative authority in such circumstances, while also removing the presidential authority to veto the appointment of the prime minister chosen by the parliament.

The president's role in the process of giving the government a vote of confidence is decreasing. Although the president previously only had a formal role in authorizing a cabinet that lost the authority of the government of Georgia to perform its duties until the creation of a new government, as well as nominating the candidate with the best results in the parliamentary elections for the position of the prime minister. Henceforth, the president will not be included in this process and is will be limited to appointing a prime minister who has already been issued with confidence.

The president will also lose the power to force discussion of individual issues at government meetings and participate in the said discussion.

The date of presidential elections shall henceforth be set not by the president, but by the parliament. The date of the High Council of Adjara elections has been set within the constitution. Therefore, the president shall only set the latter date if the elections are extraordinary, or if they take place under martial law or a state of emergency. Even then, the signature of the prime minister will be required. Upon the lifting of the latter circumstances, the president will have the authority to call parliamentary elections.

However, while the date was previously set by the constitution, the president will now have a 15-day discretionary period.

The head of state retains the authority to make decisions on the issues concerning citizenship (it should also be added that the new formulation of these powers is considerably clearer than before). However, the president will be stripped of the power to afford asylum to individuals.

Although the presidential administration will no longer be a constitutional body, the head of state will still have the power of organizing and operating it.

The president will also retain the authority to assign the highest military and diplomatic ranks, special and honorary titles and state awards, in addition to state prizes. The last three do not require the prime minister's signature. However, if previously the constitution assigned the president exclusive authority in this field, the scope of action will now be determined by the parliament.

The president previously had the authority to address the parliament at any time, but will now only retain such authority with regard to addressing the population. Nevertheless, the head of state will still be required to deliver an annual speech before the parliament, addressing the most significant issues

facing the country.



2. THE POWERS OF THE COMMANDER-IN-CHIEF

The new constitutional model makes the president's authority in the field of military, as well as appointing the government, dependent upon the prime minister's signature. For example, the declaration of martial law and the signing of a truce, which previously fell under the president's exclusive authority, must now be proposed by the prime minister and immediately presented to the parliament for approval. The declaration of a state of emergency will henceforth be proposed in advance by the head of the cabinet, instead of acting as a co-signatory in this process.

Under the aforementioned circumstances, the new model will limit the president's exclusive authority to issue decrees through the procedure of the prime minister's proposal. This mechanism still allows the head of state to limit or suspend certain human rights. Decrees in relation to the National Bank of Georgia (NBG) will be issued with the approval from the president of the NBG. Under martial law, the president will henceforth be able to issue a decree to unite the bodies responsible for protecting state and civil security.

The defence forces will act on the orders from the minister of defence under ordinary circumstances, and on the orders from the prime minister under the circumstances of martial law, state of emergency, natural

and technogenic disasters or outbreak of an epidemic. None of these actions will need to be discussed in the parliament, as was previously the case.

As for declaring a state of emergency and fulfilling international duties, decisions will be made by the president upon being proposed by the prime minister and immediately submitted to the parliament for approval. These decisions will come into effect as soon as they are approved by the parliament. The same procedure applies to the deployment and movement of foreign military personnel on Georgian soil for the purposes of defence or in other instances stipulated by legislation. This is another area where the president formerly had full authority.

Finally, the National Security Council will be dissolved and replaced by the National Defence Council, which will operate during a state of war and will be chaired by the president. The size of the defence forces will now be determined by the parliament instead of the National Security Council. The president will no longer have the authority to approve the structure of the defence forces.



3. THE POWERS OF THE COUNTRY'S REPRESENTATIVE IN FOREIGN RELATIONS

The presidential powers in foreign relations include the following: general representation of the country in foreign relations; international negotiations; signing international agreements; meeting and accrediting diplomatic representatives. The president fulfils all of the aforementioned

activities with the government's consent.

Ambiguous statutes related to the signing of the Association Agreement with the EU and addressing the United Nations on behalf of the country remain nebulous and open to interpretation. It is clear that the head of state cannot act without the government's consent in foreign relations. However, the president presumably has the privilege of exercising the aforementioned powers even when being in disagreement with the government. To put it in a different way, the government's authority to block the president's foreign initiatives does not imply that it can intervene with the president's right to physically represent the country.

Based on the old constitution, the president (as well as the prime Minister) was required to sign agreements on the country's membership in international organizations, military agreements, as well as all agreements concerning the country's territorial integrity and borders. The head of state has now been removed from the aforementioned process.



4. STAFFING POWERS

Staffing powers must be highlighted separately. Everyday political processes are often influenced by people in whose appointment the president plays a part.

The president will retain the authority to nominate members of the National Bank of Georgia Council; appoint the president of the NBG and judges for the constitutional court;

appoint and dismiss ambassadors and heads of diplomatic missions as proposed by the government, and take part in the process of appointing members for national regulatory bodies as proposed by the government.

The head of state will continue to appoint one member to the High Council of Justice, and will now have full sovereignty in this matter, whereas the old constitution allowed the parliament to dictate the regulations and limit the president's freedom to appoint the candidate of their choosing. On the other hand, the president will no longer be able to nominate candidates for the posts of judges and chairs of the Supreme Court.

The president will take part in the process of appointing the chair and members of the Central Election Commission. The new formulation of the relevant statute leads us to believe that the president will have the final say on this issue instead of simply initiating the process, as was previously the case.

The new constitution no longer mentions the position of Chief of General Staff of the Armed Forces. The president will appoint and dismiss the head of the Georgian Armed Forces as proposed by the government. However, he/she will no longer have the authority to participate in the process of appointing other military leaders, as was previously the case.



5. AUTONOMOUS REPUBLIC OF ADJARA

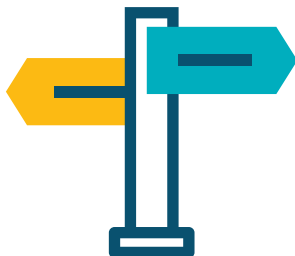
The President's powers with respect to the Autonomous Republic of Adjara must

be highlighted separately, as they require special attention.

In accordance with the government's proposal and parliamentary approval, the president has the authority to suspend the activities of the representative body of Adjara, or to dissolve it altogether if its activities threaten the country's sovereignty, territorial integrity, or the ability of state institutions to carry out their constitutional duties. If the Supreme Council of the Autonomous Republic of Adjara is unable to exercise its powers, or fails to approve the government of the region on two consecutive occasions, then the president will require the prime minister's signature and parliamentary approval in order to dissolve the Supreme Council. If the Supreme Council of Adjara is dissolved, then its authority shall be taken over by an interim state council appointed by the president, although the prime minister's signature will also be required in this case.

When nominating a candidate for the chair of the Government of Adjara, the president will require a co-signature instead of prior approval by the government. The Government of Adjara is accountable to the president, among others.

The government has been afforded the authority to suspend or terminate the Act of Government of the Autonomous Republic of Adjara. However, the president (with the prime minister's co-signature) will have the authority to set the first session of the Supreme Council of Adjara.



6. SUMMARY

Although the constitutional powers of the president have been affected by numerous changes, his/her institutional role remains essentially the same. It can be said that the first president to be sworn in under the new constitution will be operating within a framework that is not fundamentally different from the one in which the current head of state is operating.

An analysis of the statutes of constitution shows that in spite of their theoretic significance, the president's powers will not suffice to influence everyday policies. Even in the field of foreign relations, where the president has a relatively broad space, his/her scope of action will be limited by the need to obtain governmental approval. On the one hand, on the issues of declaring martial law and states of emergency, as well as commanding the defence forces, the president's authority is balanced out by the cabinet and the parliament. On the other hand, these competences themselves have no active roles in the public processes. Therefore, along with the veto, staffing decisions will continue to be the president's main tool. He/she will participate in the processes of appointing various figures in key positions who can influence important processes. The head of state may have been stripped of authority, but authority will be in the hands of those who are appointed to various positions by the president. ^F

JOIN THE IDEA



Manager as Developer Award



JOIN
THE
IDEA

Like every human, large international corporations also have a past, present and future, its own universe, values and ideology. These are probably what the company is proud of, what it nurtures and strives to improve.

JAPAN TOBACCO INTERNATIONAL – or simply JTI – is a huge international tobacco corporation and the global owner of world-renowned brands such as Sobranie, Winston, Camel, Magna and Winchester. JTI is also a cozy home for 40,000 employees from 77 countries who share the company's values and do their best to bring the business to a higher level, and by building a successful future.

“Why is JTI my friend? Because JTI is libertarian, stands for the freedom of each individual and gives a choice to everybody to live life in their own way. JTI is supportive, helping me every single day to get closer and closer to my goals. JTI gave me the confidence and taught me that I can make something great happen. JTI is responsible and I feel safe with it. It is also fun, and I am enjoying life with it. JTI is also a deeply interesting person!” says Anano Salia, who worked as a trainee for two years and now is a successful financial analyst.

Lately, Millennials came up with an alternate, more modern name for JTI, referring to it as “Join the Idea”. The company continually seeks talented individuals. The search and recruitment process is based on modern and transparent methods. Jobs.jti.com, the company's high-tech career platform, offers new opportunities to talented youths and professionals. Recruitment at JTI requires great responsibility because it is the employee who is the cornerstone of the company's success. Employees are the ones leading JTI in the right direction towards development, where opinions and ideas of the employee are of crucial importance to the company. Here, everybody knows that there is no goal that cannot be achieved and no idea that cannot be brought to life for the welfare of the employees and the company.

To identify talented young people,

along with other interesting projects, JTI conducts the Scholarship Competition Program at various universities and covers the tuition fee of the best students. Another successful project is the Traineeship Program at JTI, which allows students to work on real and very interesting projects for the company. The figures show the success of both programs – 80% of JTI Scholars and 70% of JTI Trainees become JTI employees.

“That's my Georgian Google with an enviable environment, opportunities and culture that gives me the ability to expand my knowledge and experience every day. That's the job I was searching for since my childhood,” says Teko Gochashvili, who moved from her jobs as office coordinator to the product manager position in only a few years.

JTI hires for attitude and trains for skills.

If you become a part of the JTI team, you will be amazed by the company's compensation and benefits, based on internal equity and strong external competitiveness.

In addition to health insurance for employees, their family members and relatives and the annual bonus system that JTI offers, there is also a Special Achievement Award for implementing an original or largescale project. If you are a hard-worker, good at managing your team, utilizing your potential and ready to do more for the company, you will receive the Extra Mile Award.

If you are a millennial, you will appreciate work-life balance at JTI. The flexible work schedule, everyone's favorite Flexi Hours, will allow you to select the most convenient time to work. Modern technology and the company's culture make it possible to telecommute – work from anywhere – two days a month. Summer is a special season of the year, and JTI lets you

spend time with your family from Friday at noon.

“What is MY JTI about? It is empathic to diversity, open to my opinion, and encourages my transformation. Is it perfect? Probably not, but I am proud to feel that I can make it the best place to work!” says Valeria Kadjaia, Trade Channels Strategy Manager in Caucasus.

“Better together” is a phrase that describes the company’s aspiration for success, and its talents’ marathon. For JTI, talent is the most important phenomenon. This simple word encompasses talented, hardworking, prospective individuals, and JTI makes large unconditional investments in their development.

“At JTI, I feel like I am part of something really special. And being part of something special makes you special, does it not? Here at JTI, each and every employee is appreciated. And it’s good to know that you are working at a good company. I feel very fortunate to work alongside some of the smartest and most creative people; to be challenged and obviously learn new things every day, which gives me great optimism,” says Gaga Rukhadze, Budget Analyst in Caucasus.

The adventure for new employees starts on the very first day. My Talent Journey is a concept JTI uses for talent development. What is the journey at JTI all about? First of all, your goals are defined and your potential is evaluated. Modern evaluation methods and tools identify the learning and development areas for efficient job performance on your current or new, higher position. Each employee’s career is planned, visible and transparent, thus everything depends on the employee’s desire and effort.

It is probably hard to find a company that has its own academy for talent development. JTI’s Local Career Path (LCP) Academy offers a one-year training and learning course, preparing high potential

employees for future managerial positions. The course includes leadership, interpersonal and management skills, as well as a course on the art of persuasion. Individual and group exercises are conducted under the supervision of experienced mentors. The academy students obtain new, out-of-the-box vision and ideas, which are beneficial to the company in the long run. Being an LCP academy student is very prestigious since it helps you envision company business from a completely different prospective. 80% of LCP academy students get a promotion within just one year after graduation.

JTI grows and develops exactly in line with the development of the JTI employee. Investing in people is the most important strategic decision of the company. Yet another interesting project is Manager as Developer, where managers learn how to lead and develop the team, as well as the arts of motivation and feedback, coaching and career planning. As a result, the company receives an empathic manager, who enhances the team spirit through development and goal-oriented constructive feedback.

This is the path of talent development in the company. What happens when a successful employee takes the top manager’s position? In this case, the company sends the top managers to Harvard, Ashridge, London Business Schools and other leading universities, where they are mentored by the world’s most prominent professors.

“What kind of company is JTI? JTI is the place where everyone gets the same chance. It doesn’t matter who you are and where you come from. For me it is a high level of humanity that stands above all and this is what the rest of the world is lacking very much. This is the environment that evokes sincere dedication to the company and drives to irreversible growth and success. That’s why I am proud to be part of JTI and that’s why I have been here for many years. I love



JTI and consider it as “My Company,”

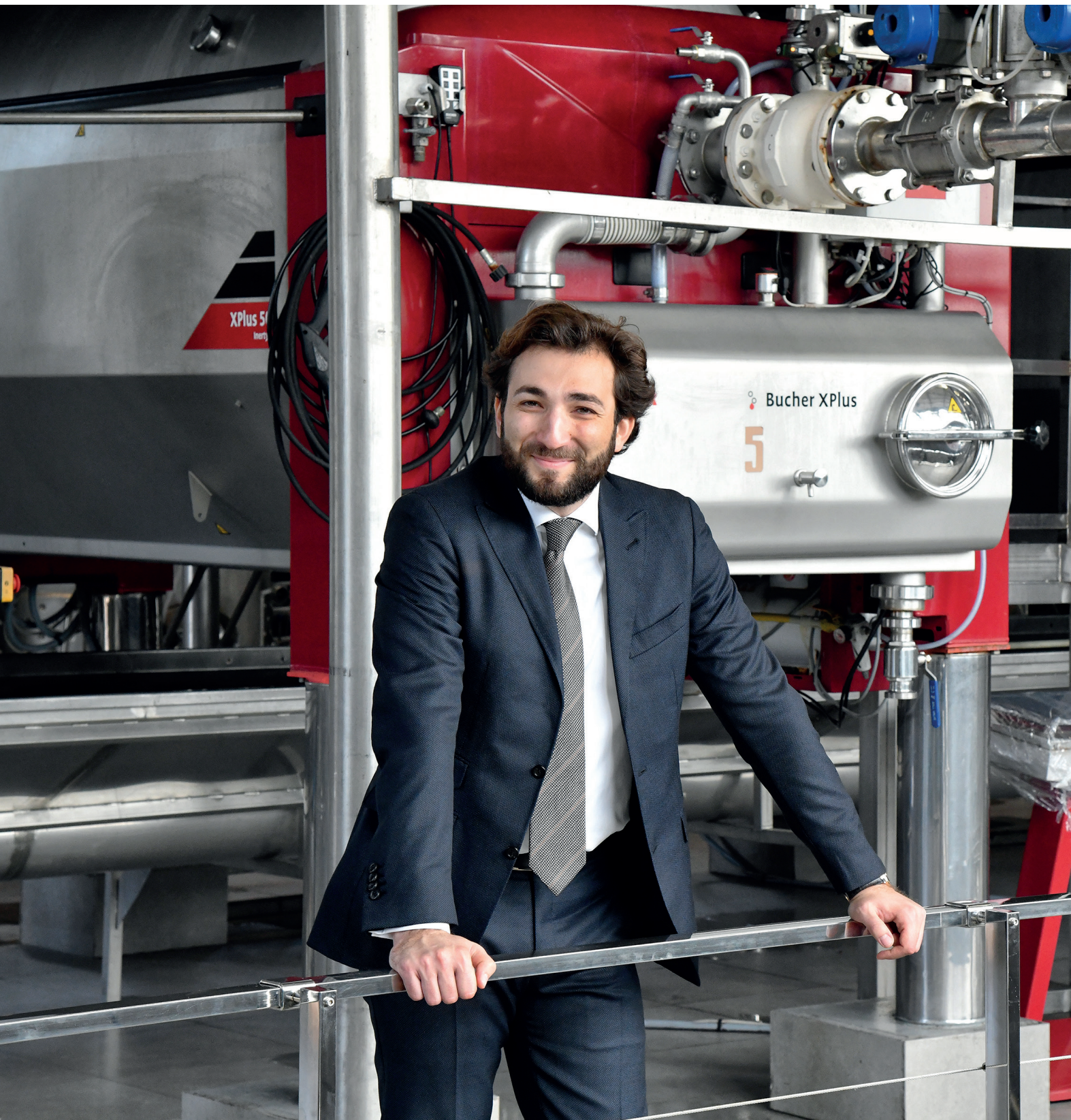
explains Tamta Nanishvili, who worked at JTI’s Georgian office and recently moved to the company’s head office in Geneva, Switzerland.

Live Fit is another interesting project, which includes the promotion of healthy lifestyles, as well as professional consultations at the employee’s requests (child care, first-aid, allergy prevention, healthy food and many other interesting master-classes). On top of that, free passes at swimming pools and fitness centers are provided to the employees to make their lives comfortable.

Over the last five years, JTI has been awarded with the Top Employer status in Georgia, Europe, Asia and globally for offering the best conditions to their employees. What is the Top Employer

Award? This is very prestigious award given by the Top Employer institute which conducts an annual survey to reveal the best employers worldwide, analyzing the highest standards of working conditions, development and benefit offerings. For 2019, again JTI is among the selected Top Employers: in December, JTI became the Top Employer 2019 in Georgia and Asia, waiting for the upcoming certification for Europe and Global in February 2019.

“Being a hero in JTI doesn’t mean that you must possess supernatural or extra ordinary powers. If you go the extra mile, you will be treated as a vital link in the chain. Go to the goal, work, make a mistake, learn and develop,” noted Khatuna Gorgiladze, Budget Analysts at JTI.



THE FAMILY WINE

It has been a couple of years, since the Iukuridze family started breaking the myth that good wine is only produced in Georgia or in France. Their main focus is the high quality, appreciation of the Ukrainian soil and the assistance of the already infamous brand 'Shabo' with the most precious value - their family. Shabo's one of the founders, Giorgi Iukuridze spoke to Forbes about the idea of wine making, the leading positions on the market and the future plans of the company.

BY ELENE CHOMAKHIDZE





George, first of all, tell us all about the initial idea behind 'Shabo'.

Well, the idea was to produce something we were passionate about. My family's big passion happens to be Ukrainian wine. Therefore, the idea behind Shabo was to create a winery that would show the great potential of Ukrainian wine in general. Unfortunately, when you think of Ukraine, wine may not be the first thing that comes to your mind, and so our country is not as associated with winemaking as, in my opinion, it should be.

Ukrainian winemaking has a more than 2,000-year-old history and culture, but, sadly, it is not so well known. Shabo has a unique quality of terroirs. Regarding the soil, I would say that it is possibly the best soil you can find to cultivate vine. All these elements are what help us create a special product. As you know, 80% of wine quality depends on the vineyard. Therefore, Shabo's product is the result of amazing terroir, good soil, its grapes and vines. We believe that Ukrainian wine has great potential for the market and should be

standing among the other first-class wines.

Is Shabo a family business in the classic sense?

You can call it family business in a classic sense, yes. Our whole family is involved in this business. Shabo is our only business and we are all very passionate about it. We believe in winemaking so much that it has become something that unites our family. For example, each member of our family puts an effort into the business according to their own profession. My father, Vazha Iukuridze, is the executive director of the company and represents the main force behind our business. My mother, Bela Cholikidze, is an architect and an interior designer. Every little detail that you see around you was created and then executed by her. That is the smallest example of what she has contributed to the company. My mother is a very thorough and passionate person and that is exactly how she approaches her work. Our family believes that whatever you do, you should do it with great passion; otherwise, you should not do it at all.

My sister has always been into arts. By profession, she is a film director and currently runs a boutique in Paris, providing haute couture nightgowns and Prêt-à-Porter for women. Her main involvement in the family business is designs, particularly when it comes to web/label designing. Every packaging of Shabo is under her supervision and cannot be done without her agreement.

Personally, I am a specialist of international relations and political science. I can say I am a wine-lover. In the company, I usually take care of the international affairs and exporting the product. I am also responsible for the technical side, as well as presenting our wines overseas. I try to be involved in the winemaking process as much as I can, because, to be honest, it is my great passion. My father and I exclusively make different varieties of our wine.

Do you consider your company a leader in the wine industry of Ukraine and do you have any statistics to confirm this?

As I have already mentioned, our company was number one in terms of sales throughout a couple of years. However, we have decided to change the strategy, because to succeed in selling more products was never our priority. Having the family business means that our product will always be associated with our name, therefore, we prefer to focus on quality. Despite that such a policy might harm the business, we will maintain the respect of our name and family. None of the Shabo wine is of cheap quality. By cheap I mean entry-level winemaking, producing of which does not require as many financial resources as we have invested in Shabo vineyards. Without a doubt, we are leaders in selling premium wines. Maybe the number of bottles sold states otherwise, but we definitely receive a big profit. In addition, we are number one in brandy sales with sparkling wine in its early stages. To summarize, the quality for our family carries the primary importance.

Can we suggest that regardless of all the geopolitical issues, the business climate in Ukraine seems to be promising and is growing? You probably agree, that the business environment in the country is crucial in developing any kind



of business.

We do not get involved in politics. Wine is our politics. I can only say that there are logical explanations of why our country is still at war. It is very difficult for me to comment on the current political situation or on the potential for developing business, simply because we have elections at the end of March next year and no one knows what changes will come or what the outcome will bring.

Shabo is now a brand. Was there a specific need, for example, for your father to get involved in it? Did your whole family contribute to the recognition of the company?

To be honest, it took a couple of years to get the recognition. Winemaking is a very specific and personal business, so is wine as a product. To be more precise, the person-



ality of a winemaking company leader says a lot about their business in general. In our family's case, being Georgian played an important role for getting the acknowledgement in the beginning of our business. Although, due to our nationality, the expectations were high and we were required to make great wine only. To tell you the truth, we never doubted Shabo's potential and therefore, its success. Our faith reflects on the leading positions of our brand. As we speak, our company is re-branding. The customers will see the results next year.

As I understand, your Georgian origins helped Shabo to be solidly presented on the Georgian market?

To a degree, that is true. Our family has been living in Ukraine for more than 40 years. I was born here in Odessa and am a citizen of this beautiful country. However, we never forgot our roots and are proud to be Georgian. Nevertheless, in our opinion, first comes wine - which we get from wonderful Ukrainian soil. Opening a wine factory here in Ukraine was to show our gratitude to this nation for welcoming us and allowing our family to live and work here.

George, it is no secret to you that the wine industry is one of the biggest industries in the world. According to the statistics, every third Ukrainian consumes Shabo. Tell us about how competitive the local market is and who are its players?

Well, it depends on which product are we talking about. When you say that every third Ukrainian drinks Shabo, it is only true in the case of brandy, or cognac if you like (In Ukraine we can use this word until 2027). In selling brandy, we have been the definite leaders since 2011 and we certainly hold on to this position. I would like to underline the fact that I do not believe in competitiveness in winemaking or in the alcohol business in general. All of us are friends and colleagues who share the same passion and mutual interests. Moreover, it is not for me to judge what ways people choose to achieve their goals or how they accomplish their success.

Let's talk about Georgian market. Do you consider Georgia as a platform for Shabo? By this, I do not only mean your brand but winemaking itself and also the local industry.

Before answering your question, I would like to say that the Russian embargo on Georgian wine definitely had positive and negative points. Because, after this event, the level of winemaking in Georgia certainly increased, which makes me quite happy. The quality, starting from the vineyards and ending with the finished product is undoubtedly much higher. Is there a need for growing and improving? - Always. I believe in Georgia's potential and its possibly strong position on the world market. Everyone agrees that Georgia is the cradle of wine and that 'qvevri' winemaking is unique. However, there are



innovations needed in order to combine the 8,000-year-old tradition with the new technologies that are available. It is possible for Georgians to make brand new varieties because for a country with such wine traditions, the sky is the limit. That is the main reason why my wife and I decided to build a wine factory in Georgia. Our family has been working on this project for a long time now but unfortunately, due to geopolitical issues in Ukraine, we could not proceed with the project. Nevertheless, I think we are now ready to follow our dream and are actually starting the construction work beginning next year. It will be a massive project and not only will we make great wine, but it will also be a tourist destination. I want to make it clear, that it is not just a business, but rather it's more like a social project, which will pay respect to Georgia, as the country where wine was born. We will only produce 10,000 bottles a year, but wine in each of these bottles will be made of delicately chosen grapes.

How does Shabo's future look for you in Georgia? What will be the effort your family puts into these processes? As I know, besides winemaking, you are also planning to stage exhibitions, build a museum and so on. Tell us more about these ideas.

The devil is in the details so we have to go into specifics too. Shabo will see its biggest profit in wine, naturally. However, we would like to

take social responsibility and build a wine museum that will gradually tell the history of Georgian winemaking traditions. I am excited to tell you that we have a lot of partners and sponsors. For instance, the Georgian National Museum and the National Library are among our supporters, as well as other state organizations. This project is very important to Georgia. We are starting on the construction early next year and by our calculation, it will finish in only three years.

Without a doubt, the export of Georgian wine is growing tremendously. Shabo is already an international company. What are the business models you look up to? In addition, how is your family going to make sure that export-import between Georgia and Ukraine grows as well?

We have to look at things realistically. Georgia sells 3 million bottles of wine each year. I am sure that tourists are responsible for 80% of this number. Tourism in Georgia is crucial for local wine businesses. We have to have strong positions in the local market in order that the export is successful. The main target for Georgian wine-makers for the next 3 to 5 years will be the Chinese market for sure. As well as the U.S, Scandinavia, Great Britain and Germany. As I said before, Georgia has great potential in exporting wine. Although before it happens, wine businesses need to be effective within the country. **F**

The EIB as a Part of EU Family in Georgia

This year, the European Investment Bank (EIB) celebrates its 60th anniversary and more than ten years of activity in Georgia. Vazil Hudák, the Vice-President responsible for operations in the Eastern Partnership, European cohesion countries, advisory and transport, explains what the bank has achieved and what lies ahead.

BY GIORGI ISAKADZE

How would you define the role of the European Investment Bank (EIB) and what makes it relevant for Georgia?

The EIB is part of the EU family.

Established in 1958 to support long-term investment and with a mission to contribute to the balanced and steady development of the internal market and to enhance cohesion across Europe, the EU bank has 60 years' experience in financing sustainable projects. It does this by financing projects in less-developed regions, addressing climate change challenges, funding projects of common interest to several member states or the European Union's policy goals, and promoting innovation.

In addition, since 1958 it has launched operations in all EU member states and more than 160 countries worldwide. Overall, some 90% of its financing goes to projects in the EU member states and 10% to projects outside the EU.

What has EIB policy been in recent years and what are its priorities in the coming years?

In its first six decades, the EU bank has delivered investments worth over €1 trillion based on a cash contribution by the member states of €14 billion. This is not the case for any other bank. It is an excellent deal.

In the future, the EU bank wants to deliver even

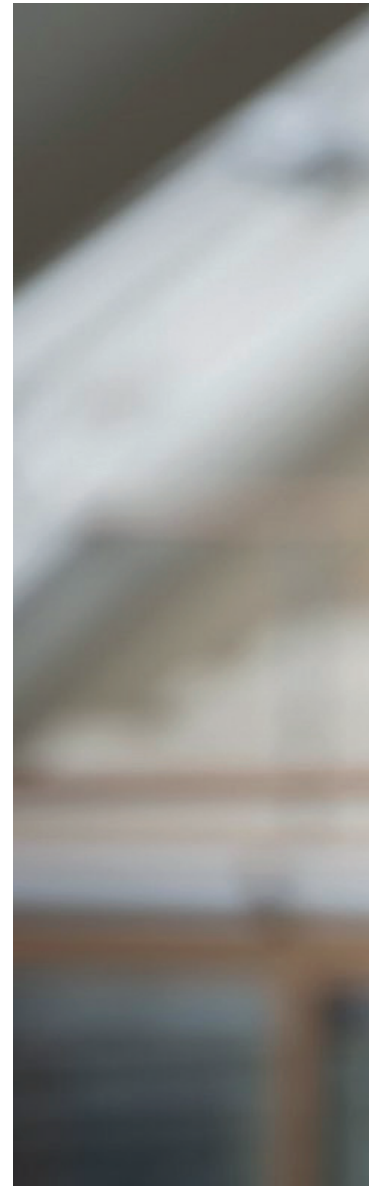
more to those who need more, bringing real value, real progress and impact to everybody. We strive to get better and better!

We want achieve more in development finance, especially when it comes to the European neighbourhood, as well as in support of the sustainable development goals. It is our ultimate goal to make the economy of Europe and our neighbours more innovative, cohesive, and competitive.

The EIB has a long-standing role in furthering EU external action in EU partner countries. Our flagship mandates for public and private sector financing from the European Commission enable us to support technically, economically, socially and environmentally viable projects with concrete impacts, EU visibility and political leverage in the Union's partner countries. Furthermore, the bank's activities in the region promote growth, employment and intra-regional trade, and help to protect our common environment and to mitigate climate change by supporting low carbon and climate-resilient growth.

What are EIB's priorities in the Eastern Partnership region?

EIB activities in this region focus on social and economic infrastructure, local private sector development and climate action. We support projects that are





beneficial to both the target countries and their relationship and connection with the European Union. Balanced development and citizen well-being in the countries bordering the EU in the East are of strategic interest to us all.

By the end of 2017, EIB lending in the Eastern Partnership had reached over €8 billion, financing more than 90 investment projects and providing credit lines to support SMEs in the region.

What has the EIB achieved in Georgia so far?

The long and successful cooperation between Georgia and the EIB began with the signature of a

framework agreement in 2007. At the heart of this cooperation lies the vision to promote development in Georgia and bring it toward closer integration with the European Union.

Since 2007, the EIB has supported 28 operations in different sectors of the economy at a steadily growing pace. Following the signature of the Association Agreement and the Deep and Comprehensive Free Trade Area (DCFTA) between Georgia and the EU, the EIB stepped up its support, effectively doubling its lending portfolio in the country to €1.6 billion. This makes Georgia the main EIB beneficiary in the Eastern Partnership region on a per capita basis.



Public lending represents 82% of the EIB portfolio, with a focus on transport connectivity, water, sanitation and municipal infrastructure. The remaining EIB support involves SME financing through local banks.

As an example, I would gladly mention the EIB loans in support of the Georgian Regional Development Programme, which is focused on improving the efficiency and reliability of municipal services and infrastructure throughout Georgia. Financing is currently allocated to the rehabilitation of 34 municipal roads totalling 185 kilometres, six sports facilities, six schools and kindergartens and a regional innovation center. These huge investment programmes are becoming visible in the everyday life of Georgian citizens.

Georgia is an important partner for the EIB, and we are proud to have such an interesting track record of successful cooperation spanning more than ten years.

What were the EIB's main activities in 2018?

This year we signed a €30 million loan to TBC Bank, the largest bank in Georgia, in order to broaden the access to finance of Georgian SMEs, which represent over

90% of companies active in the country. Around 600 Georgian SMEs are expected to benefit from the loan.

In addition, in 2018 we signed the Eastern Partnership Technical Assistance Trust Fund (EPTATF) grant agreement for €3.25 million with the Georgian Ministry of Regional Development and the United Water Supply Company of Georgia (the Georgian water utility company). These funds will be used for the financing of specialized professional services to support the utility in the implementation of the EIB Kutaisi Waste Water project.

We have also just recently approved a new framework loan to provide an additional €250 million of support for road investment for the Georgia Transport Connectivity Program. The implementation of the program is expected to be supported with a Technical Assistance grant of €6 million from the European Union.

Globally, investment gaps remain. We want to enhance our impact and make sure we get better at collaborating with others. There is not enough public financing in the world to address global development challenges. Catalyzing private investments is the only way to finance

the achievement of the sustainable development goals. And we can deliver on that - for every €1 from the EU budget, under the European lending mandate we manage to leverage support of €40 of investment.

Therefore, the EU bank remains committed to international and multilateral cooperation. No one is stronger alone. In an interconnected world, it is absurd to think that we can achieve success in delivering global development and prosperity if we don't work together.

What are the main challenges for Georgia in its relations with the EIB?

We have already allocated a substantial amount of funds to the Georgian private and public sectors. However, we also consider it our duty and responsibility to implement them in the most efficient way. Technical assistance grants are therefore used to improve the implementation of financed projects. This is key momentum for the project lifecycle supported by the EIB.

The majority of the projects already financed are with the public sector, therefore one of the remaining challenges is to balance the portfolio and ensure that a good variety of private companies become the clients and beneficiaries of our financing. The EU bank's contribution to their investment programs increases the attractiveness of the investment and is certainly a good sign for other global investors to join as well.

At the same time, we believe that the cooperation offers opportunities to learn more from European companies and their know-how, as well as to absorb the good practices in the form of European procedures and policies at a national level, e.g. procurement rules according EU standards. I believe these challenges are actually opportunities for Georgia.

How active and productive are your potential lenders in Georgia (both private and state sectors)?

Active enough for Georgia to become the number one beneficiary per capita among the Eastern Partnership countries.

As the European Commission is the policy maker, we are policy takers. The activity of our counterparts in Georgia reflects and goes well with the pro-European path of the country, and is market-driven. The EIB was not created to make a profit, but rather to make investments more attractive for other investors; to crowd-in

the private sector. And this remains a sufficient driver for potential lenders.

The leadership of the country is an excellent partner for strategic, but also operational discussion on the investment priorities for Georgia.

EIB's regional representation in Tbilisi - are there any plans to expand its coverage and portfolio?


The EIB regional office in Tbilisi was inaugurated in 2015. For us, it is important to bring the EU bank closer to our clients in the entire region. It enables us to better seize lending and technical assistance opportunities, and better assess and respond to the financing needs of Georgia, Armenia and Azerbaijan.

The representation recently got a new head - Maciej Czura - who I believe will ensure that the EIB presence in Tbilisi is key for market proximity and an increased operational delivery capability for the EIB, as well as closer institutional ties with the national authorities. Our regional representation actively contributes to project identification and screening, the appraisal of new operations, and the development of new products to finance the public and private sectors.

In terms of EIB plans and estimates in Georgia beyond 2018 and plans for the next year - are there any plans regarding Georgia already confirmed by EIB headquarters?

As far as the close future is concerned, we want to enhance our impact and make sure we get better at collaborating with others. There is not enough public financing in the world to address global development challenges.

I believe the upcoming year will bring new developments on the possible financing of smart and green solutions for urban development, especially for the city of Tbilisi, and will bring another good private sector project, this time in the energy sector. Nevertheless, the Georgian government remains our main public counterpart, and I'm confident we will soon inaugurate other projects of regional importance for the everyday life of citizens.

The future is in innovation. Therefore, I am sure that investment opportunities for Georgia in this sector will also soon be identified. Yet, development of the private sector, and in particular SMEs, will remain a key objective of the EIB in Georgia, as the private sector is the key driver of economic growth, job creation and innovation in every healthy economy. 



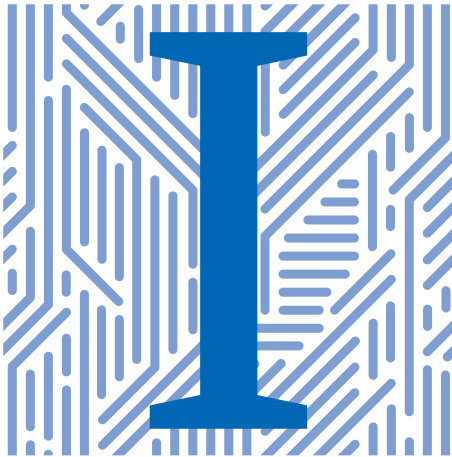
AN IMPOSSIBLE LIFE





Born in Soviet Georgia, George Arison turned an 'impossible life' into his American dream. In the space of just four years, the Georgian entrepreneur managed to attract \$275 million in investments to his San Francisco-based company.

By Giorgi Isakadze and Ana Lapiashvili



It is the hot autumn of 2018. Having last interviewed Irakli Areshidze 15 years ago, we are meeting the same man again, except he now goes by the name George Arison. An announcement by Ilia State University alerted us that he was here visiting his country of birth. Arison, who is now based in San Francisco, is one of Georgia's most successful entrepreneurs and start-up gurus, and he is here in

Tbilisi to take part in the Start-up Grind event in Tbilisi.

Shift Technologies was founded in 2014, and has attracted more than \$275 million in investment to this day. Shift itself is an online platform that can be used for buying and selling used cars. The platform was used by up to 9,000 people this year. Prior to Shift, Arison co-founded Taxi Magic in 2007, which is now operating in several states under the name of Curb. Curb's online taxi service app was created before Uber. Prior to starting his own business, Arison worked as a product manager at Google. He was also part of the Boston Consulting Group.

However, his story starts in Georgia.

Irakli Areshidze was two-years-old in 1978, when his parent's generation was conducting unprecedented protests on Rustaveli Avenue in Soviet Tbilisi, demanding the retention of the constitutional text pertaining to the state language. Around the same time, he started to learn English as his father spoke firmly and confidently about a future that was unthinkable during that time.

"My father was somewhat crazy. In the 1970s and 80s, he was talking about his children living in the United States," notes Areshidze, not forgetting about the promise he made to himself. "When I moved to the US in 1992, I always thought that I would return to Georgia in 10-15 years." His future plans were tied to a country that he could not mention to his friends without needing to provide a short lesson in geography - "Georgia the country, not the state."

Today, everything is different, as far as both

his personal life and the global awareness about Georgia are concerned.

"When I talk about Georgia today, people often tell me that they know about our country. They tell me stories about friends who travelled to Georgia and visited interesting places there."

Arison is delighted to see the country's progress in the field of tourism, the opening of many new hotels, and the multitude of articles about his homeland in various publications. However, he cannot help pointing out that the economy in Georgia is still not strong enough to allow people to live comfortably.

Unlike during his younger days, he now follows the political life in Georgia more sporadically. He reads the news on Civil.ge each week and discusses current affairs with his father on a weekly basis. Nevertheless, he has a clear and well-defined opinion on many issues. In his view, the gaps between the various layers of society constitute one of the main problems in Georgia. "A situation where there are very rich and very poor people, and very few in-between, is not good for the country's development. It is good that there are many rich people, and I have nothing against that. However, we must find ways of ensuring that this wealth trickles down. This must be ensured by the government and enabled by economic growth."

On this occasion, we did not have the time to go into Arison's opinions about the current government's economic views and strategy. However, when expressing his sympathies towards the current government, he had answers ready for those with a differing viewpoint - those who question the informal nature of the administration. He cites the example of Sonia Gandhi, whose government had no complaints directed against it for lack of democracy during their eight years in power. He is not even convinced that there is an informal government in place in Georgia at all, but sees such a setup in a positive light.

"It is good to have such an extra-constitutional force in Georgian politics, controlling and balancing out the government while the latter is developing."

Arison knows that his unpopular views may attract criticism, but remains undeterred despite his



past experiences in politics. His assessments of the political processes in Georgia in 2003-2004, which can be found in his book *Democracy and Autocracy in Eurasia: Georgia in Transition*, have not changed 15 years down the line.

“Georgia only managed to achieve results after 2012. I do not think that there was any real progress during the 2003-2012 period. On the contrary, there was a decline in policy development. Then something unique happened: someone had enough money to ensure that the country could get back on track towards democratic development.”

Arison does not even give the former administration credit for relinquishing power peacefully,

even though he knows that such precedents are rare in countries in the post-Soviet space. Here too, the businessman sees money as the main influencing factor.

“This was not their accomplishment. They were told by the Americans that things would otherwise end badly for them. I know this for certain, and I know that this happened because Bidzina Ivanishvili had enough money to hire half of the lobbyists in Washington.”

Arison has never met Georgia’s representative on the Forbes list of billionaires in person, and is not particularly close to any other members of the current government either. He had closer ties to the political figures of the 2003-2004 period,



which, in a way, conditioned his future success: confronted with the dire political situation in Georgia, he decided to relocate back to the United States. At the same time, this move was motivated by the fact that he missed his friends, family and the environment which he left behind for 18 months when he came back to Georgia.

Thus began Irakli Areshidze's transformation into George Arison. His mother helped him choose the new name. In 2007-2008, as he was offering the services of Taxi Magic to other companies, he initially had to devote a lot of time to discussions about his name. The foreign-sounding name Irakli Areshidze would often steer business conversations in the wrong direction, with potential part-

ners believing that the person on the other end of the phone was looking to start working as a driver. For his new identity, he chose his father's first name and translated part of his surname (Are-son).

A search for practical solutions to existing problems inspired him to start his first business. While working for Boston Consulting Group and conducting frequent business trips, he was wondering why the problematic process of hailing a taxi on the street could not be simplified through a single telephone app. This is no longer a challenge today in the home of Uber and Lyft. However, Taxi Magic preceded both of those firms. Arison now talks about the mistakes made by him and his business partner Toby Russell during the process



of building their first company in a light-hearted manner. They created a lot, while others reaped the benefits. To put it simply, Taxi magic was only offering software, with all the other services still being provided by the taxi companies themselves. Then came Uber, claiming to offer everything, and thereby monopolizing the market. Competition from Lyft later forced it to somewhat alter its concept, but that is no longer Arison's concern. Even Taxi Magic is now run by others, albeit under the Curb brand. As for George Arison and Toby Russell, their setback allowed them to grow as businessmen.

"The best entrepreneurs are those who use their first company to gather experience, taste success and rather than following one business to the end, go on and start something new. Silicon Valley encourages setbacks. Learning from failure





is a good thing.”

Learning is also conditional. There is no perfect formula for success in the startup era. It is difficult to provide a precise description of a million dollar idea, but we can be certain that a million dollar idea coupled with investment can bring in a lot of money. A low six-figure sum is no longer regarded as a considerable amount. For George Arison, the \$2.5 million investment spent on his first company over a period of 24 months was a lot of money. Today he has received \$3.5 million for his first start-up series, and that is far from the limit. In the space of 10 years, the reality has changed so much that start-up businesses can raise \$5-10 million in seeding capital.

“For better or for worse, start-up capital has grown substantially across the world. Raising early funds is very easy, and although people expected costs to decrease as technologies improved, the opposite is now the case. Everyone spends a lot to ensure that the business gets off the ground. A million dollars is no longer a huge amount.”

The difference between a million and a billion is huge even in the start-up mecca. Although the number of so-called unicorn companies is gradually growing, there are only 10-15 companies in the world that can purchase start-ups that are worth more than half a billion dollars. The numbers are conditional - nobody knows what happens tomorrow. The market is competitive, and it is growing.

I believe that we will soon witness a big surge in the share of venture capital in investment. China will play a significant factor - its economy is booming, and a lot of money is being invested in Chinese start-ups. For the first time, we see a country other than the United States having an impact on technological development. In this regard, China is not yet on the same level as the US, but will be in the future."

Arison can see both the positive and negative sides to the fact that more and more funds are being invested in startups. The job market is no longer offering low-paid staff to the employers. Higher costs and higher investment has led to an increase in expectations and demand for results. Along with the Georgian entrepreneur's personal emotions, this was one of the reasons why Arison opened an office in Georgia five years ago.

The Georgian team currently consists of 70 employees. Prior to being equipped with the necessary technologies, Shift employed 120 people, who played a crucial role in the company's success. Arison never thinks about cutting ties with his homeland - especially after getting to know the Georgian participants of Start-up Grind and being pleasantly surprised by their expertise and their ideas.

"I am amazed at the talent that I discovered here. I was not expecting this. They know so much about technology and about risk-taking."

Arison believes that the young attendees are ready to face the kind of challenges that require skills that are different from Georgian culture. They are in need of further examples. Success spreads fast through the internet, and examples are easier to come by than was the case at the time when Steve Jobs was delivering his first inventions. The flow of information often contains examples that can be compared to the soap bubble effect.

"We are witnessing a technological boom, and these technologies will bring about fundamental changes of the kind that we experienced through the internet. The first signs of this happening is the blockchain, which will create a new internet. I do not know what will follow after that, but with so many intelligent people working together, it

will certainly be something interesting."

The other challenge is presented by artificial intelligence and artificial reality. In this regard, Arison predicts that the most significant changes will occur in the medical field. According to him, not everything has to come from the Silicon Valley, whether this concerns finances, venture funding or ideas that will change the world.

As he assesses the results of working 12-14 hour shifts in his own company, Arison admits that he managed to raise more money for Shift in New York than in San Francisco. According to him, in order to raise funds in New York, a business must pass through Sand Hill Road first.

It will take Arison more than a year to be able to turn Shift into a public company. In spite of several attempts to hear him assess the value of his firm, the only number that we heard him say was 0.

"A company is worth 0 until it either becomes a public company or is purchased by someone." Will there be an offer? He does not know. Would he accept an offer? He does not know that either. The only thing that is certain is next year's plan. If the number of vehicles purchased through Shift was 9,000 in 2018, it ought to reach 20,000 in 2019. This would be enough to ensure that there is a choice to make Shift a public company, and that decision depends on the development strategy alone.

Nothing is easy. Not even in Silicon Valley, or anywhere else. Not many start-up scan emulate Facebook. Ideas such as these are like an election cycle - they only come about every four or five years. Still, every idea is worth pursuing until the end.

"I keep telling my employees that nothing is impossible. My whole life has been impossible."

Some like it, others do not, but this is reality.

"If someone had told a man born in the USSR in 1977 that he would be doing what we are doing today, his chances would be one in a million, or even 100 million. This is why I say that my life has been impossible."

He made it.

Both as Irakli and as George. 

Modern PR: an Interview with Anar Askerov

Anar Askerov is a PR expert with more than 10 years' experience. He is the founder and CEO of Plan B PR Agency and CEO of Report News Agency (www.report.az), which is one of the largest news agencies in Azerbaijan. As a PR expert, Askerov is increasingly focused on utilizing modern tools to help his clients control their messages, build true industry influence and protect their name or brand in the world of new media.

BY ANITA MUSKERIA

How did technological development influence PR

It is hard, even impossible to imagine that the rise of new media and the era of information explosion do not affect PR and its tactics today. The main objective of public relations is to deliver the company's or an individual's brand-specific message to the target audience. As such, PR's main component is of course, information. In the past, information was communicated through traditional media channels like newspapers, magazines, television and radio, but today this process is also performed on social networks and influencers. Now we take into consideration not only a PR expert's relationship with journalists, but also their involvement in the use of new tools under the PR concept.

What are differences between modern PR and traditional PR?

If we think about traditional PR, in most cases this issue covers only publishing press releases and building good relationships with the media. However, studies show that readers do not have a sufficient interest in the standard texts by the companies. The reason is that press releases are mostly designed like advertisements or announcements. In the new technological era, the duration of people's attention distortion declines day by day. According to

studies, the speed of attention distortion has dropped from 12 seconds to 4 seconds in 18 years. Of course, it significantly affects the plans built PR experts when delivering their messages to readers. Therefore, PR experts are now using new modern tools to communicate information to their readers. In other words, if people like to receive information in small portions, a PR expert should take these wishes into account while publishing information.

Today everyone can create and spread information, regardless of whether it is factual or fake news. This has changed the situation; now people are more interested in the opinion of third parties or influencers, rather than the information published by the companies in the press release. Obviously, companies have spent a lot of money in this direction for many years; they advertise their products via influencer marketing methods while trying to deliver their message to their target audience. I think this process will not last long, because followers have already begun to identify the advertisements done by bloggers and influencers in most cases. The first question that occurs to the follower is: 'How much does the blogger earn to talk about this product?'

How does social media affect the distance between the brands and their audience and what is PR's role in this process?

The opportunity to “have a say” by those in social networks brings brands closer to their audience. The PR teams must listen to these “says” and conversations to build a qualitative and durable relationship. The process for building the right relationship with the brand’s audience greatly depends on having the right analysis and presentation of all the issues that are discussed about the company in both online and offline environments by the PR team. So, the PR team ensures the right communication between the brand and its audience by organizing the listening process in the most accurate form.


How have innovations changed the members of the PR team?

Unlike a traditional PR team, a modern PR team includes new members, which is comprised of research analysts, SEO experts, designers, multimedia specialists and content managers.

Nowadays, we hear more about an individual’s name rather than the company name. Why has personal reputation management become so important?

Commercials are everywhere. When we decide to use the services of a particular person, we ask third parties and search online to help us make the right decision. It can be a dentist to take care of our teeth, a hairdresser for a new hair-style, or a business partner or a specialist to fill a vacancy. Usually, we conduct our search via online platforms. Whether we will use the services of the person depends on the positive or negative links that we may see and read while searching. In other words, the first pages that come up in a Google search are really important.



Therefore, today, the importance of good reputation management has greatly increased. An individual must use the standards of personal reputation management as an integral part of PR in the right way for the proper provision of his services. Your online image must be relevant to all the standards. That is, we think twice before hiring the one who shares his videos having fun with friends on LinkedIn. 

The Eminent Practitioner

BY ELENE CHOMAKHIDZE
PHOTOS: KHATUNA KHUTSISHVILI

Alexander Bolkvadze is the first Georgian lawyer awarded this status by the international legal guide - Chambers Global. In addition, he has entered the 'Hall of Fame' of another renowned legal publication called Legal 500. For two decades in legal practice, Bolkvadze has something to share about the law, his profession and not only.



Alexander, you are one of the founding partners of the BLC Law Office. What was your career path?

Well, indeed, I founded the BLC Law Office together with my partner Ivan Khokhlov back in 2000, as I have moved on from the GCG Law Office, the first western-style law firm in modern Georgia. I am very thankful to GCG and to my mentor at that time - Ted Jonas, who has helped me take the first steps in the legal profession. Currently, my partners are Ketivartskhava and Giorgi Batlidze - both of whom are renowned legal practitioners. Overall, I have been in the legal profession for 21 years. Our firm has been growing steadily over the years. Throughout this time, I have devoted myself to BLC Law Office, which was a beautiful adventure. We have provided legal services to various companies from diverse jurisdictions, helped them invest in Georgia, overcome problems and prosper. One of our clients is a JSC Ksani Glass Tare Factory, which has been with us from its inception - 18 years! This is a remarkable example of 'attorney-client fidelity'!

Our objective is also to grow regionally. Currently, we have an indispensable network of partner law firms but our ultimate objective is to expand BLC Law Offices in the region. We have already designed a strategy and will pursue this goal vehemently.

What about your academic background?

I graduated from Tbilisi State University's Law Faculty in 1994. It was a turbulent time for Georgia. I was lucky to have been awarded the US Senator - Edmund Musky Scholarship and to have been able to pursue my education in the United States. I obtained my master's degree (LLM) from the University of Notre Dame Law School in 1996 (Summa Cum Laude). At the time, I was only the fourth Georgian with an American master's degree. Before me there was David Khoguashvili (former member of the parliament), George Kavtaradze (former Minister of Justice) and Mikheil Saakashvili (the former President of Georgia). The experience greatly helped me in my career development, it also gave me a broader outlook of law and business. In addition, it also taught me a lesson - to never give up. "There is one investment that supersedes all others: Invest in yourself" (Warren Buffett). Accordingly, much later in my career, I graduated

from the Yale School of Management - a prominent business education institution - with an executive degree. I speak English, Russian and French. I am a member of the Board of the Chamber of Commerce and Industry of France in Georgia and a frequent speaker at various investment forums for or on behalf of Georgia.





What is BLC Law Office's current international legal ranking?

According to the international legal guides, such as Legal 500, Chambers Global and IFRL, our firm has been considered a top tier law firm in Georgia for several years now. Our firm and lawyers have received the highest accolades. For example: "BLC

is absolutely comparable with 'Magic Circle' and its very professional team provides great support, clear communication and is on the lawyer-to lawyer level" (Legal 500). Further, "The team advises a number of energy companies, particularly in the hydropower sector, regulatory advice in oil and gas and mining is another strength. Financing, construction and real es-

tate are additional areas of expertise for the firm. The team is very good and widely present in the market. The team is practical and focused" (Chamber Europe).

You have also received some personal recognition. Tell us about that.

I am thankful for the fact that I was recognized as an Eminent Practitioner by Chambers Global last year, as well as repeatedly this year. This is the highest appreciation for the work I have been doing for so many years for which I am very grateful. In addition, I was also included in the so-called 'Hall of Fame' as part of Legal 500's recognition of Georgian law practitioners.

I have been pleasantly surprised that my colleagues from the competing law firms spoke so highly about me, as these rankings are based on cross-check interviews of the professionals from different law firms. Evaluations from clients are given

omission when you are trying to build a relationship with a client base" (Martha Stewart). This principle has been guiding our firm in our day-to-day performance. The diligence and perseverance of our lawyers - this is what has created a difference and propelled the development of BLC Law Office on the Georgian market. We have invested greatly in our staff. We praise and promote them according to their deliverables. Our team has been strong and has remained united. We face challenges and try to overcome the difficulties we face.

What are the current challenges in the legal profession?

There is fierce competition on Georgia's small legal market. Having achieved the top rankings, our competitors are now eager to knock us off our pedestal. This is how the business functions. Georgian law firms become very inventive and com-

Our objective is to grow regionally. Currently, we have an indispensable network of partner law firms but our ultimate objective is to expand BLC Law Offices in the region.

due consideration. We have always embraced our clients, as it is a well-known fact that one unhappy client can spread more negative information about your performance than ten happy clients can spread positive information.

What steps have you taken in order for BLC Law office to reach such a high position?

Initially, BLC Law Office was just two lawyers - me and my partner. Currently, we are comprised of 25 lawyers, which make us one of the largest on the market. The small size of the Georgian market does not allow us to grow as fast as we desire and accordingly, we cannot compete in size with our peers from Ukraine or even Russia, where law firms grow to up to 200 lawyers, and in a few cases even more.

"There is no room for sloppiness, inaccuracy or

petitive. While we enjoy our success, we remain focused and maintain our competitive advantages. "Successful people today are both innovators and disruptors" (Dhanin Chearavanont), I think the same principles apply to companies as well.

In addition to Georgian law firms, there is now a growing competition from the international auditing firms that have started legal practices, as well as from foreign practitioners. We, Georgian lawyers, are trying to protect our market within the legal ramifications.

I am not happy the way the Georgian Bar Association (GBA) and the Georgian Law Firms Association are handling the issues in connection with the protection of the legal profession, or the protection of the rights of Georgian law firms vis-à-vis foreign firms. They definitely need to be more active!

And what will be the challenges in the years to come?

Well, there is a popular discussion about the role of Artificial Intelligence (AI) that could play a big role in all professions, including the legal profession. "With Artificial Intelligence we maybe summoning a demon that could create an existential risk to humanity" (Elon Musk). In the legal profession, AI already exists. It was created by IBM and it's called 'Watson' and is already being used by several international law firms. Instead of lawyers spending hours doing expensive research, a cost that is often passed on to the client as a 'billable hours', can now be done by 'Watson', who will 'come to the rescue' and will do the work in a couple of minutes or even seconds. Now you tell me, isn't this going to replace human work? And this is just the beginning. I think after some years, human work will become redundant, which is a big disaster.

Where did you draw your inspiration to succeed from?

I remember about 12-14 years ago, in the last edition of the year one Georgian newspaper listed the top, most remarkable business transactions of that year. To our disappointment, we acknowledged that our firm was not involved in any of them. This has been one of the driving forces for me. A few years later, in the same end-of-year edition, it showed that we had been involved in almost all the significant deals. My partners and me, we set an objective: as we are in this market, we have to be on the top. This has worked well for us.

Apart from that, we take a page from Steve Jobs: "We hire clever people". I fully share this vision. My co-workers are fantastic, bright and hard-working people. They are individually remarkable performers and leaders of the market. I learn a lot from them.

What are your areas of prime concern?

"Georgia on my mind" - this was my paper in Yale SOM. My work during the last several years has gone beyond pure legal work and focused on attracting investment to Georgia. I have spent hundreds of hours in various forums and conferences, where I strove to attract investment to Georgia.

Georgia has achieved tremendous progress as

it relates to its position on the World Bank's Ease of Doing Business ranking and in the Index of Economic Freedom. According to the Global Corruption Barometer, Georgia is essentially considered a corruption-free investment destination. Georgia has favorable trade and simplified and favorable tax regimes, a developed transportation network: air and seaports, good road and railway infrastructure, oil and gas pipelines traversing Georgia from east to west, a skilled labor force, a flexible labor code and of course, a strategic geographic location.

Despite all that, Georgia remains as a poor country with annual GDP per capita in arrears of \$3,500. With annual GDP growth of 3-5% Georgia would need 20-30 years to reach the level of Eastern European countries (Romania, Bulgaria and Poland), which is, personally for me, unsatisfactory, since in my lifetime, I will be living in a poor country. Accordingly, we have to ensure Georgia's two-digit economic growth, and ensure that only capable people are involved in the management of the country. We have to maintain and reinforce the arrears of the strategic control/dominance of Georgia in comparison to our peers in the region - historical/cultural and customary. We have to develop ideas for Georgia as a regional hub due to its presumed neutrality (Armenia, Azerbaijan, Turkey and Russia do not frequently get along).

Development of the manufacturing sector, which is lagging behind (8% of the GDP) by identifying "tradable products" should also be on the government's agenda. We need to promote our skilled human capital as an overriding force for the sustainable development of any country, which is not happening in Georgia. Let's see how Bidzina Ivanishvili keeps his promise of bringing in smart and skilled new faces.

How do you spend your leisure time, and what are your hobbies?

I have a hobby, which turned into a business. As Georgia was awarded the 'Cradle of Wine' status, I think this is an area where we can put in a lot of investment and develop it, as we have such a competitive advantage. Likewise, I have embarked on this journey and I am currently developing a new brand of Georgian wine called Chateau Zarbazani or Marani Zarbazani. So far, things are moving in the right direction and I enjoy this business very much. 

CEO

MICHAEL O'LEARY

BRINGING GEORGIA CLOSER TO EUROPE

An interview with CEO of Ryanair, Michael O'Leary

BY MARIAM ZURABASHVILI



What is the main idea behind Ryanair and how was it created?

The main idea was to establish a low-fare competition choice on the European air travel market in the mid 1980s when there were neither low fares nor much of a choice. It was all state-owned carrier monopolies. The airline was created by the Ryan family who had the vision of copying what Southwest successfully accomplished in North America and to bring that model to Europe. Their aim was to democratize air travel and to make air travel affordable for everybody. While until 1980 only the very rich 1 or 2% of people or politicians and business people could afford to fly.

You joined the company in 1991 when the company was struggling with its financing. What main changes did you introduce to Ryanair?

Yes, the company only had four aircraft, now it has 440. Generally, we were following and copying the Southwest Airlines model in the states. For example, in 1991 Ryanair had four aircraft but four different types. Now we have one type of aircraft -the Boeing 737. They were trying to be higher fare, trying to offer business-class; they were not trying to be good at anything. Instead, they were trying to do everything. What I did as part of the change was to buy new larger aircraft that would help us lower our cost of production. We are evangelical about selling low fares. Everywhere we go we have the lowest airfares.

What competitive advantage does Ryanair have over other low-budget airlines?

We have lower costs or lower fares than any other airline, but there is no other low-budget airline. Ryanair has the newest and largest aircraft; thus it benefits from more scale. It means that every market where we compete with other airlines (WizzAir in central Europe or EasyJet in the UK), we are always offer the lowest fares.

What is the main source of profit for the company? Is it the tickets that you sell, or extra goods and services that you offer on the plane?

The main source of profit are the tickets. The ancillary sales are nice to have to help profitability

but the main profit source is ticket sales. This year we expect to make a profit of about €1.2 billion, which sounds like a lot, but when you count on 140 million passengers it means we are making less than a €10 profit per passenger.

What is the profit margin and how do you manage to keep fares low and profits high?

This year we carried 140 million passengers we are the largest international airline in the world. Last year profit margin after taxes was 20%, this year it will be a little bit less because oil prices have risen. We have the highest margin of any majorairline in the world. And the way we are able to keep fares low and profits high is by eliminating things like travel agency distribution; we sell the tickets across the web. We enjoy economies of scale; we buy aircraft in volume from Boeing so we have low-cost but brand-new planes. We negotiate incentives with most airports, where we promise to bring airports lots of growth if they give us incentive. One of the newest airports to join the family is Boryspil in Kiev.

What is important to note is that we do not make savings on safety and pay. We are high pay, we pay to people well but we expect them to work a lot in return and we do cut corners on safety. We invest typically €300-400 million every year in safety, training, maintenance engineering.

So, where Ryanair goes it helps to develop infrastructure and facilities in the airport.

Yes, the airports tend to develop infrastructure themselves only because they know traffic roads are coming. We helped to improve 100s of airports across Europe. For example, Charleroi in Belgium, prior to our arrival in 1997- 1999, it had no traffic - only about 20,000 passengers a year, so it had a tiny little terminal. This year, Charleroi will have about 8 million passengers, it's a brand-new terminal, new runway, new infrastructure, bus connections to Brussels and to other cities all over Belgium. So, where we bring the visitors the infrastructure and profits will follow those airports.

What is the working culture in the company? As I can see the office is pretty open and looks like many multinational tech companies.

It is a reasonably young company; the average

age of our company's employees is 27. It also has an open culture. My office is a glass box office and I am sitting on the first floor not on the top floor of the building. It is very open and accessible, we have a management meeting every Monday morning, and we try to have only two layers of management between somebody on the front line and me.

How do you envision the future of Ryanair?

I think it will be bright. This year we will have 440 aircraft and we will carry 140 million passengers. Over the next six years we expect to grow that number to 200 million passengers a year and increase the number of our aircraft to 600.

Most of our growth is focused on expanding to European countries and those countries that border Europe. For example, we fly to Morocco, Jordan, Israel, and Ukraine.

What are the main factors you look at before you consider expanding to a new country?

The only thing we look at is whether there is an airport and if there is incentive to grow. Is the airport low-cost and has it got spare facilities?

Do you do any analysis of consumer demand or demographics?

No, we do not. All we really want to know is if there is an airport, and if so, do they want to grow with us, will they give us incentive to grow, what is the existing airline and what fares are they charging? We do very little analysis at all.

There is a lot of talk about Ryanair coming to Georgia. A few years ago a special Ryanair team even visited Georgia to negotiate flights. Do you have any future plans to expand to Georgia? Also in terms of doing business, Georgia is ranked among the top six in the world according to World Bank. Is this an attractive designation for Ryanair?

We do, we would like to fly to Georgia.

When we decide to open new routes, we look for incentives from the airports. When we had negotiations with Georgian airports, they were not ready to give incentives and have not made as much progress as we would really like to see.

If they are going to give us incentives, we would be happy to restart negotiations.

If you do expand, which destinations would you fly to from Georgia?

Anywhere to Europe. If we were to fly from Georgia, generally we would be looking at flying to Poland, Germany, Greece and Italy. So, it would be those kinds of central and eastern European flights. We do not want flights to take 5-6 hours. Generally speaking, we will connect Georgia to those cities where flights will be anything up to 3 hours, and where we think there is reasonable demand for traffic.

Will you be mainly considering flights to the country's main airport in Tbilisi, or secondary airports like the one in Kutaisi?

We will fly from whichever airport gives us the biggest incentive. That's always part of the commercial discussion - we talk to the main airport and we also talk to the secondary airports and those who want to grow. If you go back ten years, ago, we started flying to Germany's secondary airports - Hahn for Frankfurt and Bremen for Hamburg. Now, as a result of the success of those airports, the main airports come to us. So now we are flying to the main airports in Frankfurt, Hamburg and Dusseldorf. But we still continue to fly to the secondary airports as well.

When you look at the secondary airports, do you have certain regulations like how close it should be to the capital?

Honestly, it just depends on how low-cost the airport and handling services are. The fares we are charging are so low, even if we had to fly to a secondary airport outside Tbilisi, people would fly with us because of our €29 and €19 tickets. Sometimes people who fly with us are not necessarily people who live in the main cities, but the visitors who come.

The example we always use is London. There are five airports and they are all well outside London. Heathrow, Gatwick, Luton and Stansted are in the south end. In the old days, people in the 50s and 60s were doing demographic analysis and the airports had to have a certain number of check-in desks and baggage handlers. That was really was irrelevant.



People do not travel so they go and visit airports. It is just a stoppingpoint or an arrival point.

Do you think that Ryanair has changed the modern way of doing business by acting as a benchmark for other airline companies?

Everybody copies us. We were the first to charge people money for check-in bags, not because we wanted the money from a check-in bag, but we were trying to persuade the customers to travel with one check-in bag instead of two. We constantly use these charges not as a way of raising money but to change consumer behavior.

When we first started flying, food on the plane was free. But it was never free, you had to pay €600 for the airfare, but the food was free, the drinks were free. Now you pay €20 for the airfare and €3 for a drink. But at least it only costs you €23, as opposed to €600 as it would cost. Everyone was saying 'ooh, they are terrible people, they charge you for drinks. It used to be free!' It was never free it cost €600. We changed customer attitudes, we changed customer perception.

The great thing about Ryanair is that apart from revolutionizing airfares in Europe, we also brought Europe much closer together. We brought Europe together and I think it is the main strength of Ryanair. Young people now are much more European because they travel so much more.

Is Ryanair a key part of the whole idea of the European Union?

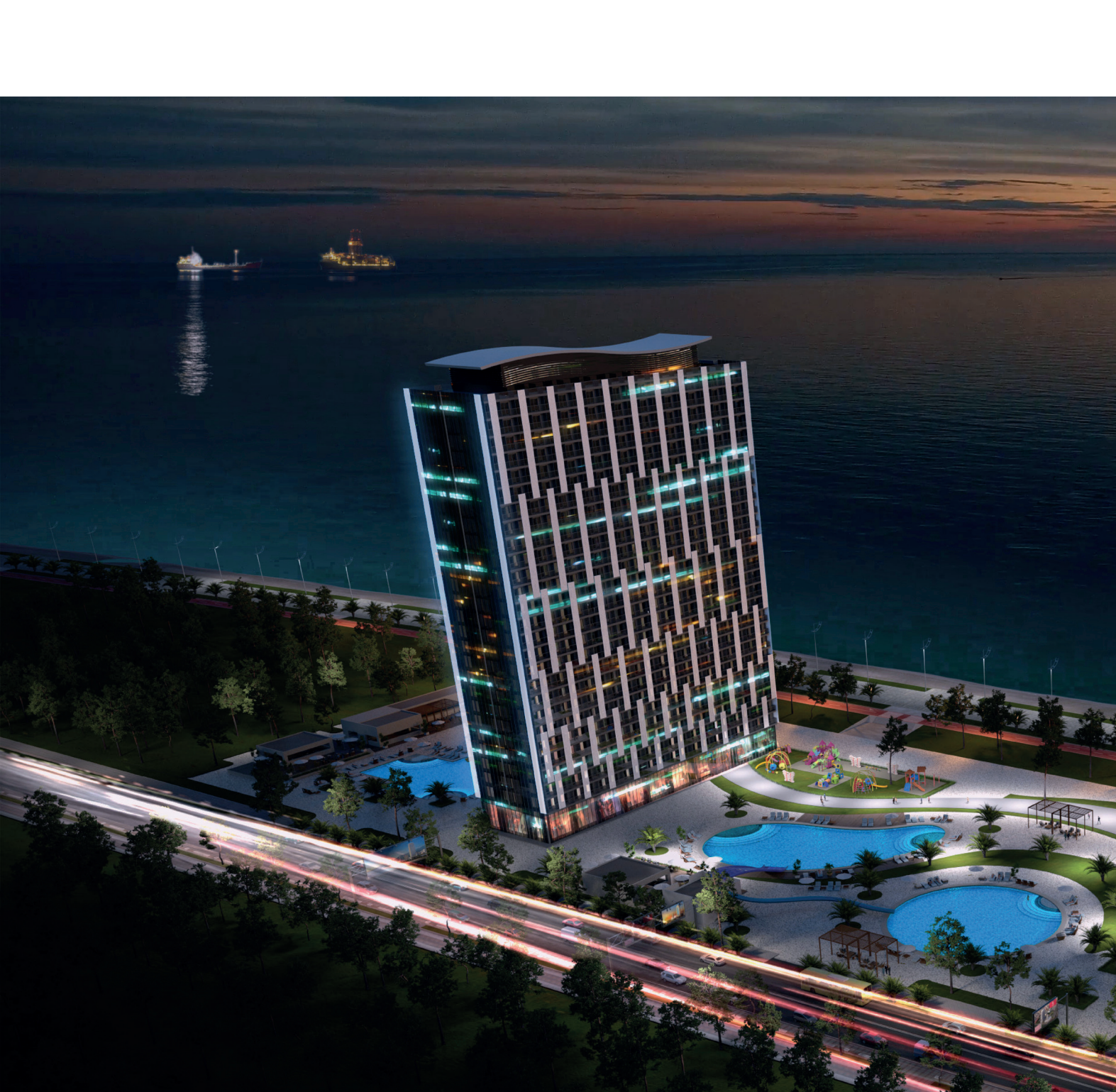
Ryanair brings Europe together. It is one of the great success stories of the European Union. We are the people who make Europe work.

What advice would you give to Forbes Georgia readers?

Fly Ryanair! What other advice could you possibly want? If you want to visit Georgia fly Ryanair, if you want to get out of Georgia fly Ryanair. As soon as Ryanair gets to Georgia.

Do you think it will happen anytime soon?

Absolutely, it is inevitable. **F**



ALLIANCE GROUP STEPS IN WELLNESS TOURISM

BY JENN WEST



Looking for a new audience to target? This is the question that has been the constant success-driver for Alliance Group. The leading Georgian construction developer, known for its game-changing projects, is making a big announcement on the health and wellness tourism market. In Kobuleti, Georgia's second largest seaside resort, historically acknowledged as the regional health recovery destination, the company plans to build a multifunctional complex where a renowned international hotel will be situated.

"We see health and wellness tourism as the next best opportunity for hospitality sector development in Georgia. It's a trend in world tourism," Akaki Songulia, co-founder and CEO of Alliance Group, tells Forbes Georgia. The mild subtropical climate of Kobuleti, its ionized sea air, the sun, pine and cedar trees, all contribute to the treatment of diseases of the cardiovascular, respiratory and nervous systems.

"The Kobuleti Health and Wellness resort-complex will be developed on the land where the old Horizon sanatorium used to be in the 80s. "Because of its unique micro-climate this place is the hub-point for the clean air flows of Kobuleti," explains Songulia.

Globally, the wellness industry sees the need to create innovative tools to prevent and fight against illnesses without medicines. It is important especially with heart and cardiovascular disease on the rise.

"This is what we're doing in Kobuleti. We're not only building ultra-modern skyscrapers there; Alliance Health and Wellness Resort, it's a mindset, not a place," notes Songulia.

The Kobuleti mixed-use complex is the fourth project for Alliance Group in the Adjara region after the Alliance Palace (featuring Courtyard by Marriott Hotel), the Alliance Privilege (featuring the five-star Marriott Hotel) and the Alliance Resort (featuring the Ramada hotel) future-trend skyscrapers.

The Alliance Group is also undertaking an ongoing development project in Tbilisi called the Alliance Highline (featuring the Wyndham Garden Hotel). Though all these high-rise buildings espouse a spa and wellness concept, the Kobuleti project is a new challenge.

"We are the first to develop a health and wellness resort in Kobuleti. I dare say we always come first whenever there's an opportunity and we set the trend there," claims Songulia.

Alliance Group was the first to develop a modern residential complex in Batumi in 2005, the first to launch



an apartment hotel concept in 2008 and the first to combine apartment buildings with luxury international hotel brands in 2015. The company has invested more than \$200 million in large-scale projects in the Adjara region that have already been completed. A further \$260 million has been invested in the five ongoing projects involving multifunctional complex franchises, which are being carried out in partnership with renowned international hotel chains: Marriott International and Wyndham Hotel Group and the latest one, the name of which is not disclosed yet. The five projects will include a combined total of 800 hotel rooms and 4,300 hotel-type apartments.

Always an innovator, the Alliance Group believes that it's time to bring wellness tourism to the table. The latest



global research says the same. Wellness tourism has been identified as one of the fastest growing travel segments. Hotel groups are investing heavily in wellness. Figures indicate wellness tourism is a \$500 billion market. It's predicted this figure will exceed \$800 billion by 2020. What are the opportunities for Georgia? If we take a glance at the country's tourism sector as a whole, the statistics are impressive. According to the United Nations World Tourism Organization (UNWTO), Georgia is ranked as the world's fourth fastest-growing tourism destination. In 2017, the number of international tourists visiting Georgia reached 7.9 million. In the first 10 months of 2018, Georgia has already recorded a 11% increase in tourism, compared to same period of last year. By 2025 Georgia is

expected to host 11 million international visitors.

According to the Georgian National Tourism Administration (GNTA), revenue derived from international tourism in Georgia reached \$2.7 billion in 2017, making up 6.9% of the country's total GDP. Approximately 68% of Georgia's service export revenue comes from tourism.

"With leading positions in the international rankings, Georgia has the potential to become a destination for health and wellness tourism," notes the Alliance Group CEO.

There are several famous wellness hotels that have already been built, as well as ongoing progress being made in the country's balneology and SPA regions of Tbilisi, Borjomi, Tskaltubo, Abastumani and Kobuleti.



ALLIANCE HIGHLINE
TBILISI

ALLIANCE PRIVILEGE
BATUMI

According to the Global Wellness Institute, statistics show that wellness travelers are very high-spending, high-yield tourists. In 2017, international wellness tourists on average spent \$1,528 per trip, 53% more than the typical international tourist.

Kobuleti turned into an elite resort back in the 19th century. The Russian Emperor Alexander II gave the Georgian seaside-resort to the best Commander-in-Chiefs from the Russian-Turkish campaign as gifts and influential, high-ranking Russian officials built villas there. Spending holidays in Kobuleti meant being part of a high society.

“Health is luxury,” says Songulia. **“Today’s traveler looks for a more holistic and meaningful holiday experience. Here in Kobuleti, the city, which has been one of the top regional recreational destinations in the region for the third consecutive century. We are developing an international standard resort-complex housing a global brand hotel,”** he adds. The three-tower multifunctional complex will consist of a 200-room health and wellness hotel and exclusive apartments.

Apart from embracing all the benefits of health and wellness tourism, there’s a lot to see in Kobuleti. Near the village of Tsikhisdziri you will find the ruins of the ancient Byzantine fortress of Petra. There’s also a Museum of Ethnography in Kobuleti. The museum preserves more than 500 archaeological, historical and ethnographic artifacts. Among the natural attractions visitors will find the national parks of Kintrishi and Mtirala with pure forests, where you can go hiking and enjoy untapped nature. In Kobuleti you can also enjoy nightlife like clubs, bars, and cafés. As for the kid-friendly part, families with children are advised to visit the amusement park of Tsitsinatela. Nearby is the world-famous Batumi Botanical Garden, which is unique, as it contains flora from nine phyto-geographic areas.

The Alliance Group will bring added-value to the sea-resort of Kobuleti. The exclusive architecture multifunctional complex, will be included in the international vacation exchange network.

Alliance Group already has a partnership experience with RCI- one of the leading global vacation



exchange networks which unites 4 million member families worldwide. As a result of the partnership agreement signed between the Alliance Group and RCI in February of 2018, Georgia became part of the global network. Owners of the exclusive properties developed by the Alliance Group will have the opportunity to temporarily exchange their apartment for one of more than 4,300 international-class resort-complexes in 110 countries. Alliance Group properties enjoy the benefits of RCI's Gold Crown status, meaning you will have access to an additional 200 elite holiday locations. In order to enjoy all the advantages of the property exchange programme offered by the Alliance Group, one must become a member of the Alliance Privilege Club. Upon payment of the annual membership fee, members will indicate their desired vacation time and destination, as well as the number of family members, and will be automatically offered a broad range of options by the universal system, which is tailored to each customer's specific preferences. Those who do not use

the vacation exchange program for a year, will receive additional points that will allow them to vacation at an even better resort the next year, or increase the vacation period altogether. The RCI exchange system works even if construction of the complex has not been completed yet. For instance, owners of Kobuleti Health and Wellness complex apartments will be able to use the exchange system in advance and vacation at their desired resort. Advertising campaigns for the Alliance Group resorts and our country have already begun on various RCI platforms. Apart from the Kobuleti luxury property, the RCI network includes the Alliance Palace which has more than 1,000 apartments and the Alliance Highline with up to 700 apartments.

Key trends in the luxury travel market in 2018 can be characterized by 'the quest for authenticity', with a growing interest in adventure travel, health and wellness retreats, responsible travel and multi-generational travel, according to RCI. Alliance Group will open its first flagship health and wellness property in Kobuleti in 2022. **F**

1. JEFF BEZOS

\$160 BILLION ▲ SELF-MADE SCORE: *
SOURCE: AMAZON
AGE: 54 RESIDENCE: SEATTLE

PHILANTHROPY SCORE: ♥

Bezos is the richest person on earth. His net worth shot up by a record \$78.5 billion in the past year, thanks to a 104% surge in the price of Amazon stock. The e-commerce Goliath recorded more than \$100 billion in net sales in the first six months of 2018, a 41% jump from the prior year. Also reaching for the stratosphere is Blue Origin, the space company he funds by selling \$1 billion or so of Amazon stock a year; the firm, whose mission is to make space travel more accessible, successfully completed its 9th test flight in July. Back on Earth, Bezos made good on his promise to unveil his philanthropic plan. In September, he announced a \$2 billion commitment to two initiatives: funding existing nonprofits that help homeless families and creating a network of nonprofit preschools in low-income communities that follow the Montessori teaching method (Bezos attended a Montessori school). Called the Bezos Day One Fund, it will need about 1 million Amazon shares—1.3% of his current trove—to fulfill the \$2 billion commitment.



THE FORBES 400

It's another record-breaking year for the richest Americans. For the first time since 1994, there is a new No. 1, Jeff Bezos, the first person ever to appear in the ranks who is worth more than \$100 billion. The minimum net worth needed to make the list rose to \$2.1 billion, the highest to date and \$100 million more than last year. List members' average net worth is \$7.2 billion, up 7.5% from a year ago, while their combined net worth rose to a record high of \$2.9 trillion. Of that total wealth, half is held by the 45 richest people in the country.



2. BILL GATES

\$97 BILLION ▲ SELF-MADE SCORE: *
 SOURCE: MICROSOFT
 AGE: 63 RESIDENCE: MEDINA, WA

PHILANTHROPY SCORE:

After a 24-year-run as No. 1 on The Forbes 400, Gates has been eclipsed by a fellow Seattle entrepreneur with a fast-rising stock. No tears there. Gates sits on the board of Microsoft and still owns a 1.3% stake, worth \$11.2 billion, in the software company he cofounded 43 years ago. The rest of his fortune is invested in a mix of stocks, startup firms and more, including a nearly 11% stake in Ecolab, a water treatment and hygiene service firm. He has also invested in Memphis Meats, a startup that grows “clean meat” from chicken, duck and cow cells. In July he disclosed that his father had been diagnosed with Alzheimer’s disease and announced that he and three other Forbes 400 members (Leonard Lauder, Charles Schwab and Dagmar Dolby), in partnership with the Alzheimer’s Drug Discovery Foundation, are putting \$30 million into a fund that will accelerate diagnosing the disease. But he spends most of his time focused on solving the world’s big problems through his Bill & Melinda Gates Foundation, to which he’s donated about \$35.8 billion, mostly in Microsoft shares. He’s encouraged philanthropists around the globe, and in 2015 he cofounded the China Global Philanthropy Institute with Ray Dalio (No. 25) and 3 wealthy Chinese.

3. WARREN BUFFETT

\$88.3 BILLION ▲ SELF-MADE SCORE: *
 SOURCE: BERKSHIRE HATHAWAY
 AGE: 88 RESIDENCE: OMAHA

PHILANTHROPY SCORE:

The revered investor, who has long shied away from investing in technology, has changed his tune. Berkshire Hathaway, which owns more than 60 companies, including Geico and Dairy Queen, has been buying Apple shares since 2016. Berkshire became the tech company’s second-largest investor in early 2018 after amassing a 5% stake. With \$103 billion in cash, his firm continues to look for other investments. In August, it took a stake in Indian digital-payments platform Paytm. Shares of Berkshire Hathaway climbed 17% in the last year, boosting Buffett’s fortune by \$10.3 billion even as he gave away \$3.4 billion in July. As he approaches 90, he is making good on a promise to part with 99% of his fortune. He has already donated over \$35 billion, much of it to the foundation of his friends Bill and Melinda Gates.



4. MARK ZUCKERBERG

\$61 BILLION ▼ SELF-MADE SCORE: *
 SOURCE: FACEBOOK
 AGE: 34 RESIDENCE: PALO ALTO, CA

PHILANTHROPY SCORE:

The Facebook founder and CEO has been embroiled in an increasingly public battle over election interference, fake news and concerns about user privacy, issues that spurred the company to double the size of its safety and security teams to 20,000 people. In April, Zuckerberg testified before Congress after revelations that consulting firm Cambridge Analytica, which worked for President Donald Trump’s election campaign, improperly gathered data on at least 87 million of Facebook’s 2.2 billion users. “I started Facebook, I run it, and I’m responsible for what happens here,” he said. The business has taken a hit: Facebook’s revenue growth has slowed, and monthly active visitors decreased in Europe. Zuckerberg’s fortune fell \$10 billion in the past year as shares slipped 4% and his philanthropic Chan Zuckerberg Initiative sold some shares.



5. LARRY ELLISON

\$58.4 BILLION ▼ SELF-MADE SCORE: (
 SOURCE: ORACLE
 AGE: 74 RESIDENCE: WOODSIDE, CA

PHILANTHROPY SCORE:

There’s no end to Ellison’s entrepreneurial drive. This year he launched a wellness startup called Sensei, whose first project is hydroponic farming on the Hawaiian island of Lanai, which Ellison bought in 2012 for a reported \$300 million. Ellison, who was raised by his great-aunt and uncle, built databases for the CIA before cofounding software firm Oracle in 1977. He stepped down as Oracle’s CEO in 2014 but still serves as its chairman and chief technology officer. In 2016, Ellison pledged \$200 million to the University of Southern California to build the Institute for Transformative Medicine, focused on the prevention and treatment of cancer. Ellison has donated over \$350 million to his foundation in the past decade, mostly earmarked for biomedical research to curb the effects of aging. Since 2008, Ellison has been a key backer of Reach to Teach, an education program in rural areas of India, which works with the government and NGOs to boost teachers’ skills.

6. LARRY PAGE

\$53.8 BILLION ▲ SELF-MADE SCORE: *
SOURCE: GOOGLE
AGE: 45 RESIDENCE: PALO ALTO, CA

PHILANTHROPY SCORE: **4** ❤️

Page cofounded search engine Google with Sergey Brin (No. 9) in September 1998, with a mission to organize the world's information. Twenty years later, Google's parent company, Alphabet (Page is CEO), announced 7 guiding principles (for example, avoid reinforcing unfair bias) in June to chart the company's move into artificial intelligence and other advanced technologies. His Carl Victor Page Memorial Foundation, named after his late father, has nearly \$2 billion in assets; in the last 5 years, the foundation shifted \$365 million to donor-advised funds, making it impossible to track details on most of his giving. Among his few direct charitable donations were \$15 million in emergency funds to combat Ebola in 2014 and roughly \$3 million to Shoo the Flu, a flu vaccine program for students in public schools in Oakland.



7. CHARLES KOCH

\$53.5 BILLION ▲ SELF-MADE SCORE: %
SOURCE: KOCH INDUSTRIES
AGE: 82 RESIDENCE: WICHITA, KS

PHILANTHROPY SCORE: **4** ❤️

His Koch Industries, the second-largest private company in the U.S., with \$100 billion in sales, is looking to Silicon Valley for growth. In November the industrial conglomerate launched Koch Disruptive Technologies, a venture arm headed by Koch's son Chase. The subsidiary led a \$125 million fundraising round in May for cloud-computing startup Mesosphere. Koch, who took over the family business after his father's death in 1967, has given more than \$1 billion to charity, with a focus on education and criminal justice reform. Some of the nonprofits he supports include Hudson Link, which offers college prep courses and degrees to prison inmates, and the Phoenix, which uses activities like hiking, yoga and CrossFit to help people who are recovering from alcohol or substance abuse stay sober.



7. DAVID KOCH

\$53.5 BILLION ▲ SELF-MADE SCORE: %
SOURCE: KOCH INDUSTRIES
AGE: 78 RESIDENCE: NEW YORK CITY

PHILANTHROPY SCORE: **4** ❤️

The former executive vice president of Koch Industries stepped down from the company in July. Koch also retired from his position at the Seminar Network—founded by brother Charles and known for its activities in politics—citing health concerns. The prostate cancer survivor pledged \$100 million to New York-Presbyterian Hospital for a new ambulatory center, which opened in April; his \$150 million pledge to Memorial Sloan Kettering will result in a cancer outpatient facility in 2019. His \$1.2 billion lifetime giving also includes about \$185 million to his alma mater, MIT, and \$110 million to New York's Lincoln Center.

9. SERGEY BRIN

\$52.4 BILLION ▲
SELF-MADE SCORE: (
SOURCE: GOOGLE
AGE: 45
RESIDENCE: LOS ALTOS, CA

PHILANTHROPY SCORE: **3** ❤️

Brin, who lived in the Soviet Union until he was 6, has said that being in a country that curbed free speech influenced how he and Page would run Google. This led Google to shut down its China-based search engine in 2010 after it learned the government was spying on the Gmail accounts of human rights activists there. Now Brin, as Alphabet's president, is back in the hot seat after leaked documents reportedly showed its engineers working on a censored version of Google for China. Brin has given over \$1 billion to his family foundations.

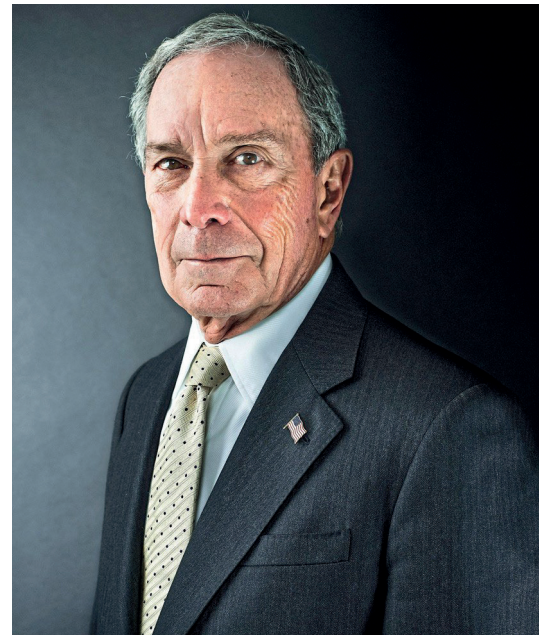


10. MICHAEL BLOOMBERG 💰

\$51.8 BILLION ▲ SELF-MADE SCORE: *
SOURCE: BLOOMBERG LP
AGE: 76 RESIDENCE: NEW YORK CITY

PHILANTHROPY SCORE: **5** ❤️

The cofounder of financial information and media giant Bloomberg LP has given away \$6 billion. His foundation is spending \$200 million to support U.S. mayors and cities, more than \$100 million to reduce coal usage globally and millions more on global health and education. A Democrat turned Republican turned independent, Bloomberg served as mayor of New York City for 3 terms. He published an op-ed in June stating that he will support the Democrats in 2018. In September, he announced he would be spending a record amount of money on behalf of women candidates.



Measuring Generosity: Our New Philanthropy Score

For the first time, Forbes 400 members are ranked not just on their total wealth and on how self-made they are but also on their generosity. Members of this elite club have been scored on a scale of 1 to 5, with 5 being the most philanthropic.

To come up with the scores, we first estimated each list member's total lifetime giving. A team of 32 *Forbes* journalists delved into public filings, from tax forms for private foundations to press releases, and reached out to 400 members and nonprofits as well. Next we looked at what percent of their fortune they had given away. We weighted these two factors equally and scored people accordingly. Some individuals were then bumped up or down based on several other factors, including whether they had signed the Giving Pledge, how personally involved they

were in their charitable giving and how quickly their private foundations distributed dollars. We also used some lifetime-giving information from Boca Raton-based firm SHOOK Research. We don't count pledges or announced gifts that have yet to be paid out. Some billionaires worked with *Forbes*; others refused to cooperate, citing privacy concerns and/or religious beliefs. List members about whom we could find no charitable giving information received an N.A. (not available). Some of our lifetime-giving estimates may be low because of a lack of transparency.

The spirit of the project harks back to an anecdote top philanthropist Bill Gates shared at The Forbes 400 Summit on Philanthropy in 2014. "One of the [Middle Eastern magnates] mentioned that in the Qur'an, it actually says the reason to talk about your philanthropy is

[that] it encourages other people to do the same," he said. "In that case, you have an obligation to talk about your philanthropy." We agree, and hope to start a conversation about the nation's richest and their commitment to the public good.

FORBES 400 LIFETIME GIVING RANGES

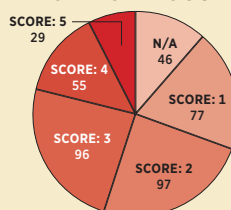
N/A: 46	88	91	89	50	36
SCORE: 1 LESS THAN \$30 MIL	SCORE: 2 \$30 MIL-\$99 MIL	SCORE: 3 \$100 MIL-\$299 MIL	SCORE: 4 \$300 MIL-\$999 MIL	SCORE: 5 \$1 BIL+	

FORBES 400 % GIVING RANGES

N/A: 46	106	151	51	29	17
SCORE: 1 LESS THAN 1%	SCORE: 2 1%-4.99%	SCORE: 3 5%-9.99%	SCORE: 4 10%-19.99%	SCORE: 5 20%+	

N.A.: NO INFORMATION AVAILABLE ABOUT A LIST MEMBER'S CHARITABLE GIVING.

LISTEES BY SCORE



11. JIM WALTON

\$45.2 BILLION ▲ SELF-MADE SCORE: @
SOURCE: WALMART
AGE: 70 RESIDENCE: BENTONVILLE, AR
PHILANTHROPY SCORE: 2

12. ALICE WALTON

\$44.9 BILLION ▲ SELF-MADE SCORE: |
SOURCE: WALMART
AGE: 69 RESIDENCE: FORT WORTH, TX
PHILANTHROPY SCORE: 3

12. S. ROBSON WALTON

\$44.9 BILLION ▲ SELF-MADE SCORE: \$
SOURCE: WALMART
AGE: 74 RESIDENCE: BENTONVILLE, AR
PHILANTHROPY SCORE: N.A.

In January, following the passage of the Congressional tax reform bill, Walmart announced that it would increase its minimum wage to \$11 an hour and issue one-time cash bonuses of up to \$1,000 to eligible employees. On the same day, it announced the closing of 63 Sam's Club outlets. The retailer's U.S. e-commerce sales jumped by 40% in the latest quarter, while the stock rose 20% in the past year. Alice and Rob sit on the board of the Walton Family Foundation, which disbursed \$536 million in 2017, mainly to educational and environmental causes, and to projects in the Ozarks. The foundation was set up by their parents, Walmart's founder Sam Walton and his wife, Hel-

en, on the retailer's 25th anniversary in 1987.

14. STEVE BALLMER

\$42.3 BILLION ▲ SELF-MADE SCORE: *
SOURCE: MICROSOFT
AGE: 62 RESIDENCE: HUNTS POINT, WA
PHILANTHROPY SCORE: 4

Since retiring as CEO of Microsoft in 2014, Ballmer has ramped up his philanthropy, writing checks to his and his wife's alma maters (Harvard and University of Oregon, respectively) and putting \$1.9 billion into a donor-advised fund at Goldman Sachs. He has also put together a website called USAFacts.org for people to look up and understand where the government is spending money. Ballmer, who met Bill Gates (No. 2) while they were classmates at Harvard and became Microsoft's 30th employee, owes most of his fortune to the software company. He owns the NBA's L.A. Clippers, which he bought for \$2 billion in 2014.

16. PHIL KNIGHT & FAMILY

\$33.8 BILLION ▲ SELF-MADE SCORE: *
SOURCE: NIKE
AGE: 80 RESIDENCE: HILLSBORO, OR
PHILANTHROPY SCORE: 4

In August, former female employees filed a class action lawsuit against Nike, alleging gender discrimination at the apparel giant cofounded by Knight in 1964. Nike said it doesn't comment on pending litigation but

opposes discrimination of any type. In September the sportswear giant released a new ad featuring controversial former NFL quarterback Colin Kaepernick that drew critics and fans alike. The stock initially dropped but recovered and rose to

an all-time high. Knight, who stepped down as chairman of Nike in June 2016, has committed more than \$500 million to Stanford University, including \$400 million in 2016 for the Knight-Hennessy graduate student scholarships.



15. SHELDON ADELSON

\$35.5 BILLION ▲ SELF-MADE SCORE:)
SOURCE: CASINOS
AGE: 85 RESIDENCE: LAS VEGAS
PHILANTHROPY SCORE: 4

The Republican megadonor and his wife, Miriam, are gearing up for the midterm elections, kicking in \$55 million to help their party keep control of Congress in November. Outside of his political contributions, Adelson has donated more than \$1.1 billion to charity in his lifetime, mostly to Jewish organizations. In April he announced another \$70 million donation to Birthright Israel Foundation, which funds trips to Israel for young Jewish people, bringing his total giving to the group to \$410 million. Adelson, who is CEO and majority owner of Las Vegas Sands, one of the largest casino companies in the country, made his first foray into gambling at age 55 when he bought the Sands Hotel & Casino on the Las Vegas Strip.

17. MICHAEL DELL

\$27.6 BILLION ▲ SELF-MADE SCORE: *
SOURCE: DELL COMPUTERS
AGE: 53 RESIDENCE: AUSTIN, TX

PHILANTHROPY SCORE: 4

Dell's namesake hardware and storage giant continues to swell in size, helped along by his knack for financial engineering. Two years ago, Dell Technologies executed one of the largest technology deals in history, merging with publicly traded EMC. In July the combined Dell Technologies announced that it will seek to return to public markets. Dell holds nearly half of his fortune in his investment firm MSD Capital. Through his foundation he has committed more than \$1.5 billion to charities. Its big push is helping children living in urban poverty.

18. JACQUELINE MARS

\$24 BILLION ▼ SELF-MADE SCORE: @
SOURCE: CANDY, PET FOOD
AGE: 79 RESIDENCE: THE PLAINS, VA

PHILANTHROPY SCORE: 1

18. JOHN MARS

\$24 BILLION ▼ SELF-MADE SCORE: @
SOURCE: CANDY, PET FOOD
AGE: 83 RESIDENCE: JACKSON, WY

PHILANTHROPY SCORE: 2

More than a century ago, their grandfather Frank started selling butter-cream candy from his kitchen in Tacoma, Washington. Today Mars is the world's largest candy maker, and this brother-and-sister duo own an estimated two thirds of the \$35 billion (sales) behemoth. Mars makes sweets like M&Ms and Milky Way bars plus staples like Uncle Ben's Rice and pet food brands Pedigree and Sheba. Both siblings have retired from active roles at the company. Jacqueline's son Stephen Badger is chairman of the board. Intensely private, they don't comment on their charitable giving.

21. PAUL ALLEN

\$20.3 BILLION ▼ SELF-MADE SCORE: *
SOURCE: MICROSOFT, INVESTMENTS
AGE: 65
RESIDENCE: MERCER ISLAND, WA

PHILANTHROPY SCORE: 5

The Microsoft cofounder spends his time on his sports empire—which includes the Portland Trail Blazers and Seattle Seahawks—and philanthropy. To date, Allen, who left Microsoft after just 8 years when he was diagnosed with Hodg-

kin's disease, has given more than \$2.5 billion to charity. His eclectic causes include preserving endangered wildlife, understanding the human brain and supporting art festivals. His Stratolaunch plane, the largest aircraft ever built, is designed to launch rockets while the plane is in flight.

22. THOMAS PETERFFY

\$20.2 BILLION ▲ SELF-MADE SCORE:)
SOURCE: DISCOUNT BROKERAGE
AGE: 74 RESIDENCE: PALM BEACH, FL

PHILANTHROPY SCORE: N.A.

The Hungarian-born digital trading pioneer is more than \$5 billion richer than a year ago; his Interactive Brokers has benefitted from increased trading amid a volatile stock market. His firm provides a specialized, low-cost trading platform for sophisticated investors that offers millions of different equities, bonds, options and futures.

23. JAMES SIMONS

\$20 BILLION ▲ SELF-MADE SCORE: *
SOURCE: HEDGE FUNDS
AGE: 80
RESIDENCE: EAST SETAUKET, NY

PHILANTHROPY SCORE: 5

Simons' Renaissance Technologies keeps raising huge sums of money: The quantitative-trading hedge fund firm now manages \$57 billion. But clients piling into Renaissance are unable to get into its legendary \$10 billion Medallion fund, which only trades capital belonging to Simons and Renaissance employees and owners. Simons, who founded Renaissance in 1982, officially retired from daily operations 9 years ago but remains its chairman and benefits from its funds. He has given away more than \$2 billion to charity. His foundation is the primary funder of Math for America's \$225 million-plus fellowship program for public school math and science teachers.

24. ELON MUSK

\$19.6 BILLION ▼ SELF-MADE SCORE: *
SOURCE: TESLA, ROCKETS
AGE: 47 RESIDENCE: LOS ANGELES

PHILANTHROPY SCORE: 1

It's been a year of bad headlines for Musk, many of them self-induced. This summer alone, he sent a cryptic tweet that he might take private his electric carmaker Tesla, which reportedly triggered an SEC investigation; appeared to smoke mari-

juana (now legal in California) on a podcast; and called a British cave explorer helping rescue Thai children a "child rapist." The rescuer denied the allegations and sued Musk for defamation. The year started on much firmer ground. In March, Tesla announced a 10-year compensation agreement for Musk tied to performance that could yield him more than \$50 billion.

25. RAY DALIO

\$18.1 BILLION ▲ SELF-MADE SCORE: *
SOURCE: HEDGE FUNDS
AGE: 69 RESIDENCE: GREENWICH, CT

PHILANTHROPY SCORE: 4

The founder of the world's biggest hedge fund firm is trying to make sure his Bridgewater Associates and its \$160 billion in assets under management outlive him. In June, Dalio announced he was turning Bridgewater into a partnership to allow top employees to gain stakes in the firm and have a say in how it's run. He launched Bridgewater from his New York City apartment in 1975 after earning an M.B.A. from Harvard. Dalio published a new book in September; the simply named *Big Debt Crises* focuses on investing in tumultuous times. He has given nearly \$770 million to his foundation, which has backed efforts to protect the world's oceans and funded medical institutions.



20. LAURENE POWELL JOBS

\$20.5 BILLION ▲ SELF-MADE SCORE: !
SOURCE: APPLE, DISNEY
AGE: 54 RESIDENCE: PALO ALTO, CA

PHILANTHROPY SCORE: 5

Steve Jobs' widow is backing a movie studio, Concordia Studio, to create documentaries with Oscar-winning filmmaker Davis Guggenheim (*An Inconvenient Truth*, *Waiting for "Superman"*) through her philanthropic, investment and advocacy entity Emerson Collective. Powell Jobs was an executive producer of Concordia's *The Price of Free*, a film about child slavery and human trafficking that won an award at the Sundance festival in January. She met Apple's famous cofounder while she was an M.B.A. student at Stanford. In 2016 she launched the Emerson Collective Foundation with a gift of \$1.2 billion, much of it in Disney shares, which her late husband got when he sold Pixar to the entertainment giant.

**MARC
BENIOFF**
(\$6.4 BIL)

The Salesforce CEO and his wife, Lynne, have made a few impact investments between \$100,000 and \$1,000,000 based on their own diligence. Examples include Carrot, which makes an FDA-cleared carbon monoxide breath sensor with a smartphone app to help people quit smoking, and New Wave Foods, which makes alga-based shrimp to reduce the harmful impact of seafood production. The Benioffs expect a 30% compound annual growth rate from these investments.

PROFITS WITH PURPOSE

FORBES 400 TOP IMPACT INVESTORS

Eleven years ago, at a small gathering at the Rockefeller Foundation's Bellagio Center in Italy, the term "impact investing" was coined. It was not a new idea, but it finally had an official name. "We gave everyone a rhetorical umbrella under which they could huddle together," says Antony Bugg-Levine, who convened the meeting and is now the CEO of the Nonprofit Finance Fund. Since then, many financial firms and investors have embraced the term and invested in companies and funds that not only make money but have a measurable, positive social or environmental impact. At least \$228 billion is at work in such initiatives, according to the Global Impact Investing Network. Some of the most notable of these investors are Forbes 400 members. Meet 12 who are leading the way.



PAUL ALLEN (\$20.3 BIL)

The Microsoft cofounder's foundation, Vulcan, focuses much of its impact investing work on Africa. It owns ten solar-powered micro-grids in Kenya, which provide electricity to villages with a combined 21,000 residents, and funds a low-cost internet provider, Mawingu Networks, also based in Kenya. Vulcan says it concentrates on projects with the potential to impact 1 million lives or more.



STEVE BALLMER (\$42.3 BIL)

The former Microsoft CEO is helping schools, nonprofits and social service agencies bring their technology up-to-date. In August, Ballmer and his wife, Connie, said they would invest \$59 million in Social Solutions, a software company that helps organizations digitize files and conduct data analytics for the communities they serve. The Ballmers had tried unsuccessfully to tackle the problem with philanthropy, donating money to help Washington State's child welfare agency better harness data.

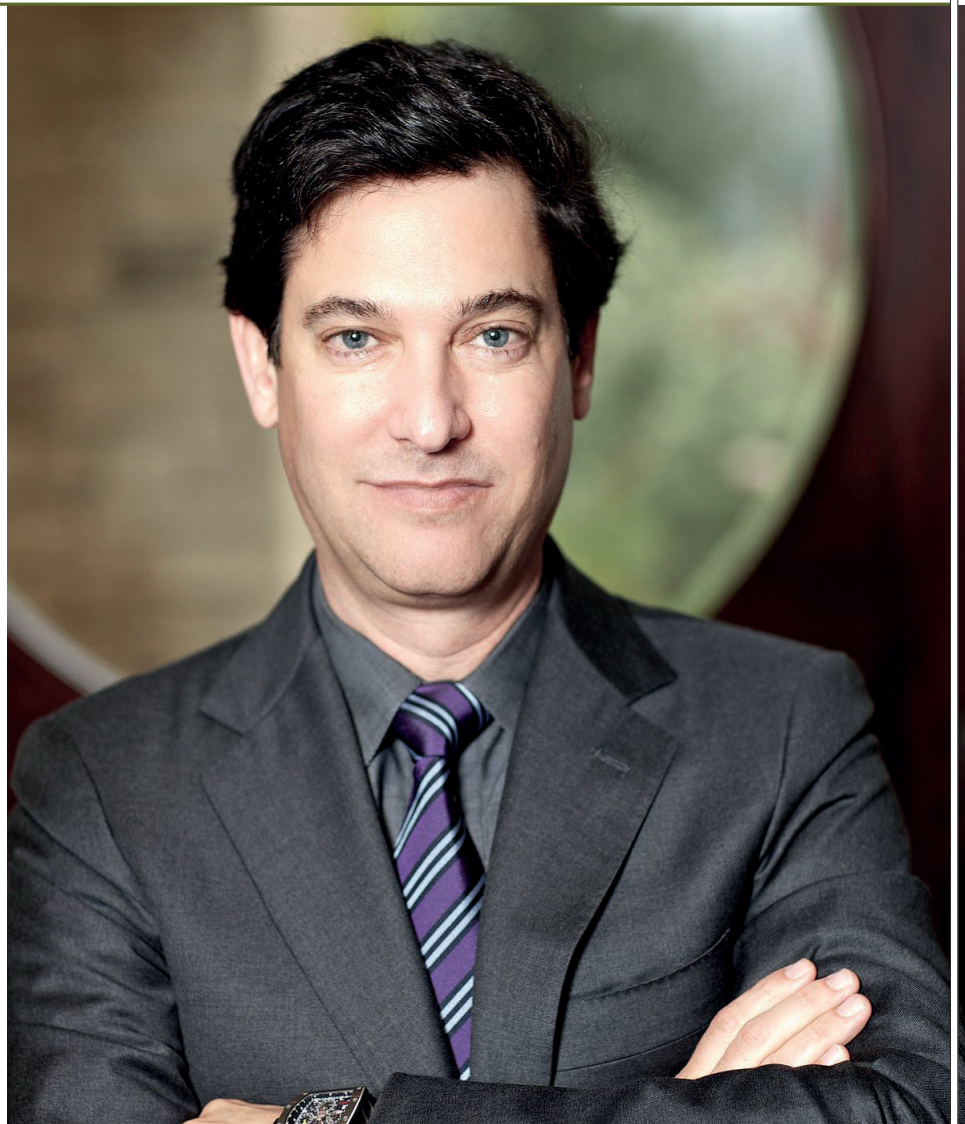
JAMES COULTER (\$2.2 BIL)

TPG, the private equity firm he cofounded, was one of the first such firms to commit to impact investing. The Rise Fund, set up in 2016 by TPG executive Bill McGlashan, Bono and Jeff Skoll, has raised \$2.1 billion for such investments. The fund, on whose board Coulter sits, has stakes in 21 companies. Among them: Indian dairy firm Dodla Dairy, which buys milk from 240,000 farmers, many of whom don't have access to refrigeration, and sells it under the Dodla name. It also has a stake in digital-payments firm Cellulant, used in 11 African countries.



JEFF SKOLL (\$4.6 BIL)

A principal theme behind Skoll's impact investing is a bet on companies that are working to combat climate change. Aiming to reduce carbon emissions, Skoll's Capricorn Investment Group was an early venture investor in electric-car firm Tesla. It's also backed battery company QuantumScape; Joby Aviation, which is pursuing electric-powered aviation; and Saildrone, which has a fleet of small autonomous sailing vessels that measure temperatures, salinity and more.



JIM BREYER (\$2.9 BIL)

Breyer was an early investor in Etsy, an online marketplace for arts and crafts that became one of the first publicly traded B Corps, signifying high social and environmental standards. (It gave up that status in late 2017 after he was off the board.) "I think my time with Etsy opened my eyes to the fact that companies can do well financially and impact the world in positive ways," he says. Lately, he's been investing in healthcare technologies and platforms such as mPharma, which gives doctors, patients and pharmacists in the developing world better access to affordable medications for chronic disease, and Subtle Medical, a radiology AI outfit that is improving the quality and speed of medical-imaging exams.

FORBES 400

DIANE HENDRICKS

(\$6.8 BIL)

"The most satisfying part of this is making an old city become vibrant with people working," Hendricks says of Beloit, Wisconsin, a community of 37,000 people. The industrial town was left with a hole after Beloit Corp., which employed 1,200, closed down in 2000. Hendricks stepped in 9 years ago, hoping to provide jobs and turn a profit. She converted the old paper-machine maker's campus into a startup hub that houses over 35 firms, with a total of 1,000 employees. She has also repurposed other properties, creating a convention center, a country club, hotels and restaurants, which added over 300 jobs to the town.



PIERRE OMI DYAR

(\$11.6 BIL)

Ebay's founder set up the Omidyar Network in 2004, before the phrase "impact investing" existed. He's put more than \$600 million, including \$100 million in 2017, into startups that tackle issues like climate change and affordable education. In 2010 he invested in solar-powered-lighting startup d.light, which brings electricity to communities with limited power access in over 60 countries. It has reached more than 80 million people with products like solar-powered lanterns, chargers and radios. Two years later he invested in Ruma, a financial and information services company in Indonesia that trained 10,000 low-income entrepreneurs (mostly women). It was acquired by Indonesian ride-hailing firm Go-Jek in 2017.



DUSTIN MOSKOVITZ

(\$10.9 BIL)

This year the Facebook cofounder's Good Ventures invested \$14 million in the Dementia Discovery Fund, joining Bill Gates. It has also backed efforts to reduce humans' carbon footprint, such as its 2016 bet on startup Impossible Foods, which develops plant-based meat.

J.B. PRITZKER

(\$3.2 BIL)

Pritzker was among the first to invest in so-called social impact bonds, which pay out to investors if certain results are achieved. Pritzker has financed preschool for thousands of low-income children in Utah and Chicago via the bonds, with returns based on how many children move on to kindergarten without needing costly special education. "I always thought early-childhood education had one of those terrific return profiles for taxpayers," Pritzker told *Forbes* in 2015, adding that he wanted the bonds to become a



BILL GATES

(\$97 BIL)

Bill and Melinda Gates do impact investing with a twist—using philanthropic dollars from their foundation, with any financial returns staying inside it. Since 2009, it has put about \$2 billion into 70 initiatives, including AgBiome, a North Carolina biotech firm working to identify microbes to help crops resist pests and diseases, and Vir Biotechnology in San Francisco, which is developing vaccines for HIV and tuberculosis. The foundation lent \$5 million to M-KOPA, a Nairobi startup that enables low-income customers to buy solar-powered lighting and mobile-phone charging systems on credit with mobile payments.



JOHN DOERR (\$7.9 BIL)

For Doerr, impact investing means backing “extraordinary” entrepreneurs who can change the world at scale. The venture capitalist at Kleiner Perkins focuses on five areas of need: education, health-care, energy and climate, poverty and leadership, backing everything from teachers’ app Remind to fuel-cell company Bloom Energy. “For me, the impact is the more important return than the financial one,” says Doerr, whether it’s lives saved or carbon taken out of the climate. But he still expects to make three to five times his investment.







THE PRICE OF THE PRESIDENCY

Donald Trump's White House tenure—and his polarizing politics—has actually dented his net worth. But it's not for a lack of trying to cash in.

BY DAN ALEXANDER AND CHASE PETERSON-WITHORN



hen Donald Trump opened Trump Tower in 1983, it marked a seminal moment in American retail, as six stories of glitzy shops like Harry Winston and Cartier beckoned luxury buyers who strode past a live

pianist and a 60-foot indoor waterfall. “We got the highest rents ever, anywhere,” says former Trump Organization executive Barbara Res, standing in the pink atrium four decades after she helped build it.

Times have changed. Gazing around, almost all the tenants are now gone. The hollowing-out began years ago, but it has only gotten worse since Trump entered politics. Nike abandoned its attached flagship store earlier this year, and Ivanka Trump’s accessories business closed up shop as well. What’s left is basically nothing but Gucci, Starbucks and The Donald, wall-to-wall. Trump Bar sits atop Trump Grille, next to Trump Café, the Trump Store and Trump’s Ice Cream. It is unlikely Trump pays himself rent for any of them. “Things are all different now,” Res says.

That difference includes profits. Net operating income dropped 27% between 2014, the year before Trump announced his run for president, and 2017, his first year in the White House. When the real estate mogul descended the escalator to launch his campaign, in this very building, no one could have predicted the chain of events that would lead to this point. Even among those who gave his moon-shot presidential bid a chance of success, the assumption was that Trump would dump his assets before taking office.

By refusing to divest, Trump raised an unprecedented question: How would the most divisive presidency in modern American history affect a company built on the president’s persona? *Forbes* has been work-

LAGGING BEHIND

CHANGE IN NET WORTH SINCE 2015:

Donald Trump: **-\$1.4 bil (-31%)**

Average Forbes 400 member: **+\$1.7 bil (+24%)**

CHANGE IN NET WORTH SINCE 2017:

Donald Trump: **\$0**

Average Forbes 400 member: **+\$600 million (+7%)**

BASED ON FORBES 400 MEMBERS IN 2015 AND 2017.

ing to answer that question since the moment Trump got elected, interviewing nearly 200 colleagues, partners and industry observers. While the experiment continues to unfold, in real time, the early results are in. Much as he’s trying—and he’s definitely trying—Donald Trump is not getting richer off the presidency. Just the opposite. His net worth, by our calculation, has dropped from \$4.5 billion in 2015 to \$3.1 billion the last two years, knocking the president 138 spots lower on The Forbes 400.

Three factors are at play. Much of that decline is due to deeper reporting, which revealed, for example, that the president had been lying about the size of his penthouse. Some of it is due to larger market forces. Trump owns commercial space at a time when e-commerce is decimating

WHAT TRUMP REALLY OWNS

HIS NAME IS ON A LOT OF SKYSCRAPERS. BUT MANY OF THEM ARE JUST LICENSE DEALS—MEANING DONALD TRUMP DOESN’T OWN ANY PART OF THE BUILDING. HE DOES OWN A PORTION OF THE SPACE IN MANY OTHER PROPERTIES, INCLUDING THESE NINE.



TRUMP PARC EAST, NYC
15 condos, retail space (Pret A Manger)



TRUMP PARK AVENUE, NYC
17 condos, retail space (Capital One, New York Sports Club)



TRUMP WORLD TOWER, NYC
37th-floor condo, retail space (UN Plaza Grill, The World Bar), 76-space garage

brick-and-mortar retail, shaving more than \$100 million off his fortune—and no amount of bully-pulpit Amazon-bashing will change that.

But the third factor comes from how Trump the president affects Trump the brand. Those familiar with him saw his 2016 run as a surreal marketing strategy, and Trump has said as much, telling *Fortune* way back in 2000, “It’s very possible that I could be the first presidential candidate to run and make money on it.” Since his unexpected ascent to the White House, Trump has tried to leverage the trappings of the presidency to benefit his commercial projects, from visits to his golf courses to hosting summits at Mar-a-Lago to launching a new hotel-licensing business aimed at his voters.

“My father made a tremendous sacrifice when he left a company that he spent his entire life building to go into politics,” counters Eric Trump, who now comanages the Trump Organization on behalf of the president, in a statement to *Forbes*. “Everything he does is for the good of the American people—he has zero involvement in the Trump Organization and quite frankly to suggest otherwise is outrageous.” (Eric Trump himself, however, told *Forbes* shortly after the inauguration that he would provide the president bottom-line updates “probably quarterly.”)

Either way, Trump’s mixture of politics and business has proved to be a net loser for him so far. In further polarizing the country, he has also further polarized his business—to the tune of an estimated \$200 million hit against his net worth. Understanding how that has happened offers a fresh window into the state of Trump Inc.—and Trump’s America.

IN MAY 2016, A DOZEN OR SO golf course appraisers settled in at Trump Na-

TRUMP TOWER'S SHRINKING VALUES

CONDOS HAVE SOLD AT LOWER PRICES PER SQUARE FOOT EACH YEAR SINCE TRUMP ANNOUNCED HE WAS RUNNING FOR PRESIDENT.

2015: \$2,800 / sq. ft.

2016: \$2,300 / sq. ft.

2017: \$1,900 / sq. ft.

2018: \$1,500 / sq. ft.¹

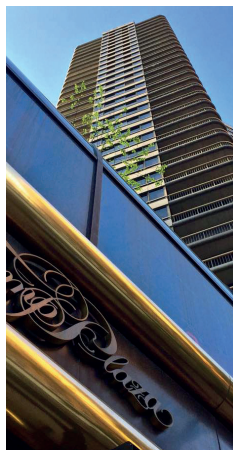
¹BASED ON A SINGLE SALE.

tional Doral, the president’s 643-room Miami mega-resort, for a few days of seminars and golf. At the time, Trump was steamrolling through the Republican primaries while bashing Mexicans, Muslims and even the pope. So it was no surprise when, inside his resort, the conversation turned to how the tumult was affecting Trump’s golf businesses.

A top Doral executive, of all people, was willing to provide an answer. According to three witnesses, he told the room of appraisers that business at the resort—whose revenues were as big as Trump’s ten other U.S. golf courses combined—was suffering because of the campaign. Historically, Doral had drawn much of its clientele from the Northeast, where Trump was and is especially unpopular. “At the time there was a lot of talk about comments that Trump had made,” says Jeff Dugas, who attended the event. “Nobody was extremely surprised.”

Big names like Nascar and the PGA Tour also pulled business from the club. After Trump won the election, Doral lost 100,000 booked room nights, according to someone who knows the resort’s business. While revenues for the Miami luxury hotel market jumped 4% overall in 2017 according to the data analytics firm STR, Doral’s revenues fell by an estimated 16%. And that was before a deranged

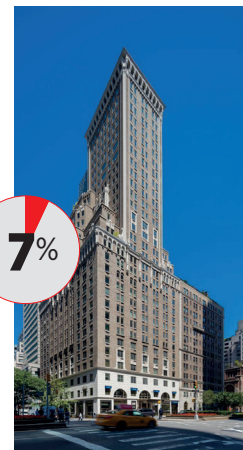
WHAT TRUMP REALLY OWNS



TRUMP PLAZA, NYC
Retail space, two 36th-floor co-op units, 128-space garage



TRUMP INTERNATIONAL HOTEL & TOWER NEW YORK
11th floor hotel-condo, retail space (Jean-Georges restaurant), 88-space garage



TRUMP PARC, NYC
57-space garage



gunman wandered into the lobby earlier this year, draped an American flag over the front desk and began shooting at the chandeliers before he was apprehended by police.

Overall, revenue at the president's U.S. golf properties fell by an estimated 9% in 2017. It goes beyond politics—guests now endure metal detectors and bomb-sniffing dogs. “It’s not a country club experience,” a source familiar with Trump’s golf business says. “It was captivating at first, but it has become tiresome.” Not even the chance to rub shoulders with a sitting president can overcome this problem: Revenues appear to be down at the three courses Trump visits most often.

A similar scenario has played out in Trump’s traditional wheelhouse: luxury residential real estate. The president still holds roughly 500 condos, co-ops and mansions, all with their own complications, in terms of both hassles and branding. He has 37 units worth an estimated \$215 million in midtown Manhattan. Prices for condos in Trump Tower have fallen every year since 2015, when Trump declared his candidacy, and are an estimated 33% below their highs. Similar trends are playing out a few blocks away at Trump Parc East, where prices are down 23%, and at Trump Park Avenue, where they have dropped 19%.

In Chicago, values of Trump condos have crept downward, the opposite direction of the overall market. “People bought into the building based on the brand being synonymous with luxury,” says Cyndy Salgado, a real estate broker who once worked for the Trump Organization, selling con-

PLEASURE, NO BUSINESS

TRUMP HAS SPENT 156 DAYS AT HIS GOLF PROPERTIES SINCE TAKING OFFICE, ACCORDING TO NBC NEWS. IF HIS GOAL IS TO BOOST BUSINESS, IT DOESN'T APPEAR TO BE WORKING.

TRUMP INTERNATIONAL GOLF CLUB WEST PALM BEACH:

Presidential days at club: **42**

Revenues vs. 2015: **-6%**

TRUMP NATIONAL GOLF CLUB WASHINGTON, D.C.:

Days: **40**

Revenues vs. 2015: **-6%**

TRUMP NATIONAL GOLF CLUB BEDMINSTER:

Days: **69**

Revenues vs. 2015: **-5%**

dos in the Chicago tower. “Now many people feel that the brand represents divisiveness, embarrassment and questionable morals.” All told, the shift in perception has erased an estimated \$50 million from the value of his residential units in Chicago and New York.

On the Caribbean island of St. Martin, Mario Molinari, a real estate agent, recalls trying to show a Chinese billionaire a villa a few months ago. The seller, he says, was Donald Trump, who was offering 11 bedrooms, an outdoor bar and a private tennis court for \$16.9 million. But when they got to the gate, the president’s property manager told

them they needed background checks to go inside, which typically take a couple of days to process. “It’s too small for me,” the billionaire responded, miffed. More than a year after the place went on the market, Trump still hasn’t sold it.

Such weakness seems to have infected the Trump brand across the board. After multiple bankruptcies, Trump adroitly turned his business toward real estate management and licensing, slapping his name on other people’s buildings, ties, steaks and even a

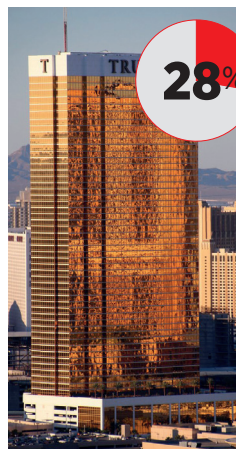
WHAT TRUMP REALLY OWNS



TRUMP TOWER, NYC
Retail and office space, Trump’s personal penthouse



TRUMP INTERNATIONAL HOTEL & TOWER CHICAGO
Vacant retail space, 122 hotel-condo units, 81st-floor condo, 34th-floor condo, parking spaces



TRUMP INTERNATIONAL HOTEL, LAS VEGAS
318 hotel-condos

¹FORBES ESTIMATE.



CARLOS BARRIA / REUTERS

TRUMP'S EMPIRE

THE PRESIDENT IS DOWN BIG FROM \$4.5 BILLION IN 2015. BUT OVER THE LAST YEAR, DESPITE UPS AND DOWNS AT INDIVIDUAL PROPERTIES, HIS FORTUNE HELD STEADY AT \$3.1 BILLION.

1290 AVENUE OF THE AMERICAS
NYC

NET VALUE:
\$449 MIL

CHANGE VS. 2017:
▲\$102 MIL

555 CALIFORNIA ST.
SAN FRANCISCO

\$402 MIL

▲\$69 MIL

40 WALL ST.
NYC

\$341 MIL

▼\$52 MIL

TRUMP TOWER
NYC

\$223 MIL

▼\$30 MIL

TEN GOLF COURSES IN SIX U.S. STATES PLUS WASHINGTON, D.C.

\$192 MIL

◀▶NO CHANGE

6 EAST 57TH ST. (FORMERLY NIKETOWN)
NYC

\$207 MIL

▼\$46 MIL

Brick-and-mortar retail is struggling, and Donald Trump's most important retail property is vacant. Nike, its lone tenant, left this year.

HOTEL MANAGEMENT & LICENSING

\$170 MIL

▼\$20 MIL

TRUMP PARK AVENUE
NYC

\$160 MIL

▼\$6 MIL

MAR-A-LAGO
PALM BEACH, FLA.

\$160 MIL

◀▶NO CHANGE

CASH/LIQUID ASSETS

\$150 MIL

▲\$20 MIL

TRUMP NATIONAL DORAL MIAMI

\$123 MIL

▼\$17 MIL

Since Trump ventured into politics, revenues have fallen an estimated 26% at his most important golf property. The mega-resort is shedding left-leaning customers, and companies like Nascar and the PGA Tour pulled events in the wake of controversial Trump remarks.

ONE IRISH AND TWO SCOTTISH GOLF CLUBS

\$78 MIL

▲15 MIL

TRUMP TOWER PENTHOUSE
NYC

\$57 MIL

▼\$7 MIL

TRUMP INTERNATIONAL HOTEL LAS VEGAS

\$54 MIL

▼\$25 MIL

TRUMP INTERNATIONAL HOTEL WASHINGTON, D.C.

\$53 MIL

▲1 MIL

TRUMP PARC/TRUMP PARC EAST
NYC

\$45 MIL

▼\$2 MIL

TRUMP WINERY
CHARLOTTESVILLE, VA.

\$34 MIL

▲\$4 MIL

TWO AIRPLANES, THREE HELICOPTERS

\$32 MIL

▲\$2 MIL

Air Force One isn't the only aircraft with presidential provenance. Trump's custom 757 has gone up in value just because Trump blazed the election trail aboard it, a rare example where going into politics actually helped the president's net worth.

TRUMP PLAZA
NYC

\$26 MIL

▼\$5 MIL

TRUMP WORLD TOWER
NYC

\$25 MIL

▲\$2 MIL

HOMES IN PALM BEACH, FLA.

\$25 MIL

▲\$10 MIL

SEVEN SPRINGS PRIVATE ESTATE
BEDFORD, N.Y.

\$24 MIL

▲\$500,000

UNDEVELOPED LOTS IN CALIFORNIA¹

\$18 MIL

▲\$6 MIL

TRUMP INTERNATIONAL HOTEL & TOWER, CENTRAL PARK WEST
NYC

\$17 MIL

▼\$15 MIL

HOME IN ST. MARTIN, WEST INDIES

\$15 MIL

HOME IN BEVERLY HILLS

\$13 MIL

▲\$2 MIL

CONSUMER PRODUCTS LICENSING

\$3 MIL

▼\$3 MIL

Having the most polarizing brand in America is not good for business. The value of Trump's product-licensing operation is approaching zero as many of its customers—including Macy's and Serta—have fled.

TRUMP INTERNATIONAL HOTEL & TOWER CHICAGO

-\$3 MIL

▼\$9 MIL

urine test—allowing him to make money while others take all the financial risk. But partners at three Trump-branded hotels (Toronto, Panama, New York City's SoHo) have taken the president's name off their projects, which helps explain why politics has dragged that segment of the Trump hotel empire down about \$30 million, by *Forbes'* estimates. Meanwhile, many of his licensing customers, including Macy's and the mattress-maker Serta, fled in the early days of his abrasive campaign—and the president's company doesn't seem to have landed a single new deal since. In 2015, *Forbes* valued Trump's product-licensing operation at \$23 million. It's now down to a mere \$3 million. "He's so polarizing that people are afraid to do business with him," says Jeff Lotman, who runs the licensing company Global Icons. "He has significantly tarnished the brand."

Headaches in the luxury market could, in theory, be offset by Trump's newfound popularity with the larger, less affluent MAGA set. Four months after their father took office, Eric and Donald Trump Jr. announced a new business venture to bring lower-priced Trump brands to hotels in Middle America. Filings released months later indicate that the majority owner of this venture is none other than the president himself, with a 77% stake, positioning Trump to profit from his political stardom.

But not much has come of it. The Trumps signed deals to brand four hotels in Mississippi, but those agreements generated only \$27,000 last year. They told reporters there were as many as 35 other deals in the works—none of them have panned out so far.

TRUMP'S BUSINESS HAS SOME BRIGHT SPOTS. A few blocks from the White House, at the Trump International Hotel, Trump fans hobnob with cable news stars and Cabinet secretaries. The place turned a \$2 million profit in the first four months of 2017, far exceeding the Trump Organization's expectations. A chunk of that money comes from various GOP organizations, which have pumped more than \$1.3 million into the hotel since it opened in fall 2016, according to Federal Election Commission data. Despite what seems a violation of the Constitution's emoluments clause, designed to keep presidents free from foreign financial interest, the governments of other nations are welcome too. Everyone from Kuwaiti officials to the prime minister of Malaysia has reportedly spent money there. And lobbyists working for Saudi Arabia disclosed that they ran up a \$270,000 tab in just six

months.

In terms of condo sales, Trump sold one in New York to a woman named Angela Chen, just a month after he took office. Chen paid \$15.9 million, \$1.8 million more than her downstairs neighbor shelled out for a similar apartment a year earlier. The deal sparked conflict-of-interest concerns because Chen is apparently the head of a business called Global Alliance Associates, which claims to use its network with the “highest levels of government officials” to help companies expand into China.

Presidential provenance is also proving lucrative. After Trump made Mar-a-Lago world famous, the club is said to have doubled its initiation fee to \$200,000. Fallout from the president’s response to the deadly white-supremacist rally in Charlottesville reportedly prompted roughly 20 organizations to yank events from the club, likely costing Trump over \$1 million in revenue. Nevertheless, *Forbes* estimates, Mar-a-Lago is now worth \$160 million—\$10 million more than it was before it became the winter White House.

The same goes for the president’s penthouse in Trump Tower. Although declining prices in the building have likely hurt its value, the 11,000-square-foot apartment became a historic landmark the moment Trump won the presidency. *Forbes* figures the election could have added \$10 million to any potential deal.

This phenomenon also extends to the value of Trump’s Boeing 757, which became a backdrop for his campaign rallies. Some plane brokers think it could be worth double the roughly \$20 million it would fetch if anyone else owned it (*Forbes* estimates a more conservative \$6 million presidential premium). Eric Roth, who customized the interior of the plane for Trump, says, “What’s a baseball worth? About \$3. What about if Babe Ruth signed it? It’s not \$3 anymore.”

Some of the presidential profiteering appears more direct: On the day he assumed office, Trump took the unusual step of immediately launching his reelection campaign. Donor money kept flowing, and Trump’s companies have kept charging rent to the campaign. The result: America’s first billionaire president has turned more than \$900,000 of donations into revenue for himself, without putting up a dime.

As long as he’s president—and refuses to divest his business holdings—Donald Trump will be able to boost his fortune in ways no other businessman can. Three days before

Christmas last year, Trump sat in the Oval Office to sign the most significant tax reform legislation in decades. “This is something I’m very proud of,” he said, clutching a black marker. “Great for our country, great for the American people.”

Great as well for Donald Trump. The president famously refused to release his tax returns, but the new bill clearly benefits him. A *Forbes* analysis shows that Trump could save about 10% on business income. Based on Trump’s 2005 tax return, which leaked shortly after the real estate mogul took office, that could mean as much as \$11 million annually.

Other policies, which went into effect with far less fanfare, may also bolster his fortune. Take tariffs. Higher steel and aluminum prices make it more expensive for developers to build. For someone like Trump, who owns buildings but hasn’t done much construction recently, that raises the barrier to entry for competitors. His immigration policies, which appear to be raising the cost of construction labor, could have a similar effect. Those two factors are “very favorable to a guy who owns hard assets,” says Dave Rodgers, a real estate analyst at financial firm Baird.

And while Trump promised not to do any new foreign deals while in office, cutting off a source of growth, opportunities will be waiting once his presidency ends. In the former Soviet republics of Georgia and Kazakhstan, Trump’s ex-business partners felt empowered to move ahead with potential projects, making it clear they are prepared to pay him down the road. “The tower will be ready for the Trump mark,” the president’s former partner in Georgia told *Forbes* last year, “if the Trump mark is ready to come back to the tower.” And Trump has not forgotten about his business: He asked about the Georgia project in a meeting with the country’s prime minister last year, according to the partners.

For now, though, Trump’s presidency remains a net loser for him, which seems ironic. In not divesting, he set himself up so that his actions, and those of people who engage with his businesses, present perpetual conflicts of interest—or the appearance of them. Meanwhile, if he’d liquidated, paid capital gains tax on his entire fortune and created a blind trust to invest it all in the booming stock market, Trump would be \$500 million richer than he is today—without the headaches.

NEW TRICKS FOR AN OLD UNICORN

A decade ago Airbnb reinvented hospitality, making accommodations less expensive and more appealing. Now it needs to quickly expand to support its \$31 billion valuation before an expected IPO—all while being run by a CEO who isn't sure he should put investors first.

BY BIZ CARSON





or a full 32 seconds, the notoriously fidgety Brian Chesky sits still. Planted under a fake tree in a bespoke conference room at Airbnb's headquarters in San Francisco, the 37-year-old CEO is intently focused on the iPhone in his hands. It's playing a marketing video showing goats mingling with guests during an Airbnb Experience at a Northern California animal sanctuary, offered as part of the company's two-year old tour guide business.

A sheltie named Osso (short for Ossobuco) sits under the conference table licking the billionaire's black sneakers. As the sound of the last bleat fades, Chesky seems moved. "Wow," he says to the eight employees closely watching his reaction. He releases a deep breath. "I feel something."

Maybe this is progress, a return to the magical feeling Chesky wants Airbnb guests to feel. Airbnb became great by offering unique, affordable accommodations in a cookie-cutter world. And in the decade since its founding, it has ridden a generational change in social attitudes—with digital natives suddenly becoming comfortable accepting rides from strangers, swiping right for hookups and sleeping in spare bedrooms—to a \$31 billion valuation, raising over \$3 billion in outside money. Along the way Brian Chesky and his two cofounders, Joe Gebbia and Nathan Blecharczyk, have each accumulated a \$3.7 billion fortune from their Airbnb shares, and the startup they built has joined the rarefied group of companies—Google, Xerox, Uber—whose names have become verbs.

But with all that money comes a unique challenge. Call it the curse of the unicorn: How can Airbnb justify a valuation that is higher than Expedia, Hilton or American Airlines? Although Airbnb has a \$3 billion war chest, it earned just \$100 million last year on a cash flow basis from \$2.6 billion in revenues, or about 4%. (Its larger, publicly traded competitors have margins of about 27%). How can Airbnb keep growing—amid sharpening competition and increasing regulatory scrutiny—and deliver the 10x return their venture capitalists demand? Making it all the more pressing is the prospect of an IPO, said to be on track for as ear-

ly as mid-2019.

It's particularly difficult for Airbnb, because unlike, say Google, which has revolutionized everything from search to phones to cars, up to now Airbnb has largely been a one-trick pony. It connects people who have vacant homes and apartments with people wanting to rent them. That's it. Hence Airbnb's newfound interest in selling guided tours with Experiences or helping with restaurant reservations through its partnership with Resy.

Compounding matters is a weak executive team that lacks a chief financial officer and a chief marketing officer less than a year from its goal of being IPO-ready. Then there's Chesky, a CEO who—despite accepting billions from investors—is not putting their interests at the front of the line.

"The scorecard for companies has changed," Chesky says. "Before, it was really about financial metrics, and I think now companies are realizing we have a greater responsibility to society to make sure life is great."

The plan, such as it is: Drawing loosely on Amazon for inspi-

AIRBNB HAS JOINED THE RAREFIED GROUP OF COMPANIES—GOOGLE, XEROX, UBER—WHOSE NAMES HAVE BECOME VERBS.

ration, Chesky wants Airbnb to be an everything store, but for travelers. Chesky hopes a billion people a year will use Airbnb by 2028, a giant leap up from the total of 400 million who have used the service during its first ten years (roughly 100 million people have stayed in an Airbnb so far this year). Following the Bezos blueprint, he's rewiring Airbnb's technology so that it can quickly scale up hundreds of businesses and categories faster than ever before.

"At some point, the law of large numbers means that you just need to plant more seeds," Chesky says.

But Chesky also worries that runaway growth could imperil Airbnb's uniqueness. As a result, he is trying to position Airbnb as what he likes to call a "21st Century Company," one that's be-

holden not only to financial results but also to other stakeholders like guests, hosts, employees and cities. Chesky views this not as touchy-feely corporate-culture stuff but as survival: Decision-making must be driven by what's best for everyone in Airbnb's community. Only then will his investors thrive. "The public is not going to put up with companies in the next 50 years that are only kind of myopically, narrowly focusing on the very short term or just a few parties," Chesky says.

The result is tension between Airbnb's need to scale rapidly and Chesky's desire to take it slow and build something that's responsible and sustainable. "The reality is that you're not going to be around long-term unless you're able to grow and generate attractive economics," says Kenneth Chenault, the former American Express CEO and an Airbnb board member. "You're also not going to be around long-term if your brand is not meaningful in people's lives."

KNOCK TWICE ON THE BOOKCASE and a hologram of Joe Geb-

“WHEN SOMETHING COMES EASY, YOU DON'T HAVE TO BUILD THE MUSCLE. AND WHAT CAME EASY WAS A LOT OF LISTINGS.”

bia appears. It's a parlor trick of the real Gebbia, the 37-year-old Airbnb cofounder, as he settles into a conference room that is a mock-up of his old apartment, half a mile northwest of the company's San Francisco headquarters. Behind him, the ghost version of Gebbia drones on: "You're standing on the exact spot where we put the first three air beds . . ."

It's a founding story that has achieved mythical status in Silicon Valley and remains at the core of Airbnb's identity. Gebbia and Chesky, graduates of the Rhode Island School of Design, were short on rent, so they charged people visiting San Francisco for a design conference to sleep on an air mattress on their floor in 2007. They tapped a third friend, Nathan Blecharzyck, to help them build a website.

Originally called Air Bed and Breakfast, the startup wasn't an overnight success. After 12 months it was doing only 10 or 20 reservations a day. But the trio were already looking for outside money: In June 2018 they sought introductions to seven angel investors and were rewarded with five rejections and two ignored emails. The ask? \$150,000 for 10% of the company, a position that, undiluted, would be worth over \$3 billion today. Broke, the founders collected credit cards like baseball cards, organizing the maxed-out plastic in binders. The biggest problem: Lack of trust.

People weren't comfortable inviting strangers they met on the internet to stay in their homes.

"It was a real battle to figure out how can you cross this bias that was working against us, that strangers equal danger," Gebbia says. "It's something that we've all been taught since we were kids."

The founders couldn't fix the problem from their desks in San Francisco. They began staying with Airbnb hosts to learn what needed to be done. They built out a peer review system so people could rate each other, added around-the-clock customer service and worked on the quality of the photos. The financial meltdown of 2008 also pushed travelers to tighten budgets, and cash-strapped hosts were more willing to brave "stranger danger" in order to earn a little extra income.

Early on, Airbnb dropped the requirement that guests had to sleep on air mattresses and be served breakfast, and everything from backyard treehouses to single bedrooms in a shared apartment was soon listed on its website. By 2013, Airbnb had 500,000 listings. Now it counts over 5 million.

Those folks typically learned about Airbnb by word of mouth—even today, the company spends more than 90% of its advertising budget on attracting the guests, not the hosts. That strategy has worked so far. In 2008, roughly 100 people stayed with Airbnb on its peak night. In August 2018, nearly 10 years later, 3.5 million people stayed with Airbnb on its best night. (The average is around 2 million.)

After so many years of effortlessly signing up hosts, Airbnb is facing an unexpected supply problem. The reason is twofold. First, its success has attracted deep pocketed competitors. Booking Holdings—the \$12.6 billion (2017 revenue) owner of properties like Priceline and OpenTable—and Expedia (2017 revenue: \$10 billion) have started emphasizing apartments and vacations rentals on their sites. This spring, Booking Holdings split "alternative accommodations" into their own category, reporting for the first time that it has 5 million listings, the same number Airbnb has.

Secondly, local authorities are starting to crack down. The beefs range from charges that property owners are using Airbnb to create unregulated hotels to accusations that the company is exacerbating housing shortages. Cities like Berlin, Santa Monica and San Francisco all saw monthly listings drop—in some cases by more than 30%—after strict regulations were passed, according to the Denver-based data analysis firm AirDNA. New York City and Paris have also targeted the company. In Japan a change in the law in June forced Airbnb to cancel thousands of bookings and establish a fund of \$10 million for inconvenienced customers.

"When something comes easy, you don't have to build the muscle," Chesky says. "And what came easy was a lot of listings."

So in February Airbnb expanded its focus to be more welcoming to established operators, from bed-and-breakfasts to vacation rentals and even boutique hotels, giving each a category on its website. It's an obvious way to grow, even if it tends to undermine what purportedly makes Airbnb unique.

IN MANY WAYS THE AMAZON COMPARISON IS A STRETCH. RETAIL IS A \$5.8 TRILLION MARKET IN THE U.S., MUCH LARGER THAN TRAVEL, EVEN IN ITS BROADEST SENSE.

One advantage: Airbnb takes a smaller cut from hosts, only 3% compared with the traditional 15% an online travel agency like Booking might charge. "I wouldn't say they're a better version. They're a cheaper version," says Alec Shtromandel, who manages rooms for the Gowanus Inn boutique hotel in Brook-

lyn on Airbnb.

Airbnb may be cheaper than its competitors, but it can't yet offer their breadth. Booking Holdings' growth has been marked by lots of strategic acquisitions, and it already owns a lot of the pieces that Airbnb is just now starting to build. Booking has Kayak for flights, OpenTable for reservations, Rentalcars.Com for transportation, Agoda for travel in Asia and Priceline for discounted bundles.

Glenn Fogel, the CEO of Booking Holdings, says his goal for the next ten years is to tie all the parts together to make it seamless to book a trip from start to finish. "Yes, this is going to be a hard thing to do, but the people who have the highest chance of achieving it are the people who have the scale and the experience and have a lot of the foundational blocks already," Fogel says. "That would be us."

Chesky shares that vision of a seamless trip and sees the obvious acquisitions—big chain hotels, mainstream tour operators, even transportation companies—but he's not interested in buying his way to growth. Instead, he refuses to compromise on what he insists is Airbnb's point of differentiation: the feeling of belonging.

UNICORNS AND THEIR ANCESTORS

EXCLUDING AIRBNB'S THREE COFOUNDERS, THERE ARE 14 FORBES 400 MEMBERS WHOSE FORTUNES DERIVE FROM PRIVATELY HELD TECH COMPANIES. SOME FIRMS ARE UNICORNS, BUT MOST ARE MUCH OLDER. —ALEX KONRAD



JAMES GOODNIGHT \$8.9B
SAS INSTITUTE (FOUNDED 1976)
 ANALYTICS SOFTWARE



TRAVIS KALANICK \$5.9B
UBER (2009)
 RIDE HAILING; FOOD DELIVERY; FREIGHT



DAVID SUN \$5.4B
KINGSTON TECHNOLOGY (1987)
 MEMORY CARDS AND FLASH DRIVES



JOHN TU \$5.4B
KINGSTON TECHNOLOGY (1987)
 MEMORY CARDS AND FLASH DRIVES



JOHN SALL \$4.4B
SAS INSTITUTE (1976)
 ANALYTICS SOFTWARE



JACK DANGERMOND \$4.1B
ESRI (1969)
 MAPPING SOFTWARE



JUDY FAULKNER \$3.5B
EPIC (1979)
 MEDICAL-RECORDS SOFTWARE



DAVID STEWARD \$3.4B
WORLD WIDE TECHNOLOGY (1990)
 IT SERVICES AND SOLUTIONS



JOSEPH LIEMANDT \$3B
TRILOGY SOFTWARE (1989)
 SOFTWARE SERVICES



THOMAS SIEBEL \$2.9B
C3 IOT (2009)
 AI AND INTERNET OF THINGS SOFTWARE



THAI LEE \$2.3B
SHI INTERNATIONAL (1989)
 IT SERVICES AND SOLUTIONS



BEN CHESTNUT \$2.1B
MAILCHIMP (2001)
 SMALL BUSINESS EMAIL AND MARKETING SOFTWARE



DAN KURZIUS \$2.1B
MAILCHIMP (2001)
 SMALL BUSINESS EMAIL AND MARKETING SOFTWARE



PHILLIP RAGON \$2.1B
INTERSYSTEMS (1978)
 BIG DATA AND HEALTHCARE SOFTWARE

"I think the center of gravity for Airbnb should continue to be offering unique experiences that do not exist anywhere else on the internet," Chesky says.

IF THE DREAM IS THE "AMAZONIFICATION" of Airbnb, Chesky is aware that he has a long way to go. He's poached one of Bezos' top lieutenants, the former head of Prime, to try to turn the Amazon analogy into a reality. Greg Greeley spent 18 years at Amazon before joining Airbnb in March to run its Homes division, which oversees its core rental business. When he joined Amazon, people wondered if it could sell anything more than books. Now Greeley is at Airbnb when it needs to execute a similar expansion. "The analogy to 20 years ago and another 'A' company is not lost on me," he says. "There's this Amazon-size opportunity of travel out there."

But in many ways the Amazon comparison is a stretch. Retail is a \$5.8 trillion market in the U.S.; much larger than travel, even in its broadest sense. Amazon sells things like books, clothes and garden tools—all mass-produced commodities. Airbnb wants to be the exact opposite. "One of the most popular listings on Airbnb is a mushroom dome," Chesky says, referring to a tiny, geodesic-dome-topped cabin that rents for \$130 a night along the California coast. "And unfortunately, no matter how successful it is, we can't just make a million more of them. So we're the kind of business that has to get into a lot of things, because everything we do can't get so big, just by definition, it's finite."

Airbnb's first big expansion attempt is Experiences, its take on the highly fragmented guided-tour market. Just as Etsy turned crafts into e-commerce and Uber turned anyone with a car into a private driver, Experiences wants to let anyone from a sous chef to a yogi run an online tour business. Still, how big is that market? "The limitation is not in space," says Joe Zadeh, who runs Experiences for Airbnb. "It's time."

Launched in November 2016, Experiences has been a slow burn. The original idea of three-day, fully planned-out itineraries was too expensive and time-consuming for Airbnb's budget-travel audience. It switched to shorter options but quickly ran into a quality problem. While homes aren't vetted before they're listed on Airbnb, that doesn't work for hosted tours. Homes have basic architectural standards, including being livable in the first place. Random tours don't, and Airbnb hosts went wild. One of the first Experiences, rolled out when the product was still in beta, turned out to be a woman who would yell at guests as they picked up trash on a San Francisco beach for an hour. An experience, for sure, but not the kind Airbnb was looking for.

The need to vet tour guides slowed Experiences down, but growth has accelerated in 2018. After launching with 500 Experiences in 12 cities two years ago, there are now 15,000

Experiences in 800 cities around the globe. The company takes 20% of each reservation, which added about \$2 million in revenue last year. That's not nothing, but it's a rounding error for a company the size of Airbnb. According to sources, Airbnb spent more than \$100 million to develop the product. Still, things might be looking up: *Forbes* estimates Experiences could hit \$90 million in sales this year, leaving Airbnb an estimated \$18 million cut. Airbnb disputes both the revenue and the loss figures but won't give specifics.

IN DECEMBER, CHESKY GATHERED HIS cofounders to brainstorm guidelines that he says will help future decision-making as the company seeks to follow metrics beyond financials. "If you have a greater responsibility," Chesky says, "the question is, well, who do have responsibility to?"

For most CEOs, particularly ones looking to go public in the near term, investors would be the obvious choice. But Chesky is not most CEOs. In addition to looking after investors, Airbnb will also measure progress with regard to four additional stakeholders: employees, guests, hosts and cities. Airbnb hopes this will ease acceptance of some unusual corporate initiatives, like asking the SEC to allow Airbnb to grant its hosts stock as if they were employees and to offer them low-cost home improvement loans. But it also reflects a desire to remain true to its communal roots.

"We essentially have the Airbnb community as a virtual seat at the table, channeled through the founders, to say what are the right things to be doing to be growing," says Reid Hoffman, the LinkedIn cofounder and Airbnb investor.

But that sort of inclusion will only become more difficult after an IPO. Airbnb had been searching for a way to remain private forever, but after talking with Morgan Stanley in the fall of 2017, the company realized there isn't a private path forward. Instead, it is eyeing going public in mid-2019 at the earliest. The window will be short: In 2020, a large chunk of employee stock options will expire, vaporizing their equity overnight.

Chesky is visibly squeamish when asked about going public. Too often, he says, companies lose track of the bigger picture and settle into a quarterly cadence. "The problem is some people forget they're climbing the mountain in the first place," he says.

"I've met a lot of CEOs that say, 'I'm very long-term-oriented' or 'I want to be long-term-oriented,' but they just have so many pressures and so many things that are in conflict," Chesky says. "They say, 'I want to serve the public interest,' 'I want to make sure our products are great for the world,' but the only metrics they review at a board meeting are the metrics about the sales of the product essentially"

Unorthodox words from the CEO of a company that might soon go public. Airbnb wants to write the rules to the game, but it will be up to investors to decide whether they are ready to play.



ECONOMICS

DEVELOPING STRATEGY - BESO NAMCHAVADZE

Why is Agriculture Stagnating?



IT WOULD NOT BE DEMEANING TO SAY that agriculture will not make a country rich. After all, the same could be said about any single sector of the economy, unless the sale of large quantities of oil is involved. A country is enriched by the simultaneous growth of several of its sectors, including but not limited to agriculture or any other individual sector alone.

Politicians and others frequently cite agriculture as one of the main sources of achieving economic growth. However, the results show the opposite. In 1998, agriculture accounted for a 28% share in the country's economy. That figure fell to 9.4% by 2008, and to 8% by the middle of 2018.

A decrease in the share of agriculture in a country's economy does not necessarily imply that the situation is bad. The share of agriculture in every developed country's economy fell as they went through certain stages of development. The quicker the pace of development, the quicker the fall in the share of agriculture. Although the agriculture sector was also developing on its own, other areas were simply developing at a much faster pace, leading to the aforementioned decrease.

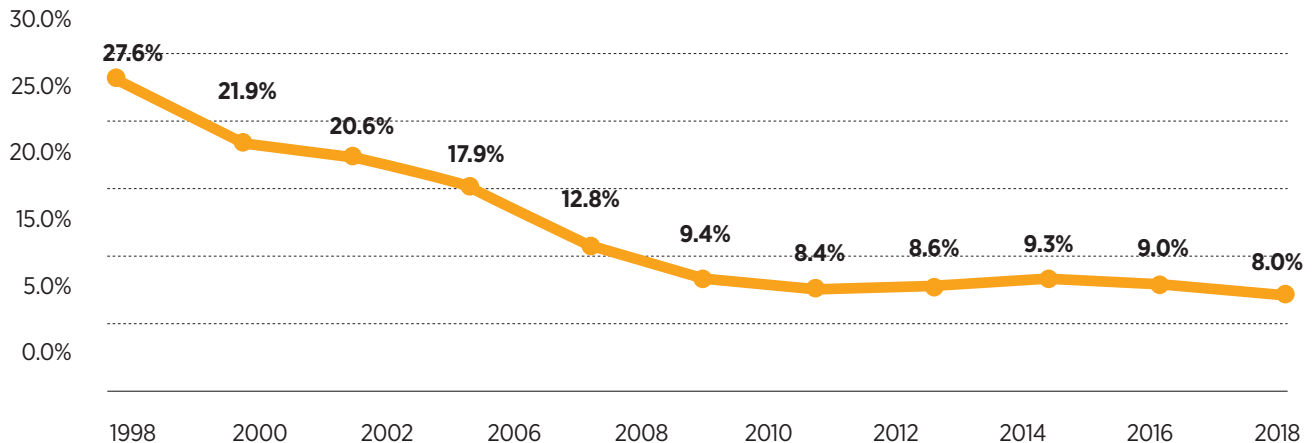
In Georgia, agriculture is not even growing on its own, meaning that year-by-year production in the sector is not increasing. If we look at production in this

sector at constant prices (ensuring that price increases that are caused by inflation are not regarded as an increase in productivity), we see that production in the Georgian agriculture sector was worth €1.9 billion in 2003 and €1.8 billion in 2017.

From 2004 to 2018 (based on data from the first half of 2018), the average growth rate of the agriculture sector was -0.4%. Every government prioritized agriculture and operated a Ministry of Agriculture that spent considerable funds on efforts to develop it. In 2013, funding for agriculture was increased even further. The Free Tillage program proved particularly productive, leading to 11.3% growth in the sector in 2013. However, in 2014-2015, the growth rate fell to 1.5%, while in 2017-2018, the agriculture sector shrank by approximately 3% per year. Post-2016 production fell by €100 million. The total area under crops decreased, as did the livestock numbers.

Overall, the government spent in excess of €1 billion on supporting agriculture between 2013 and 2018. These funds were allocated to projects such as cheap agricultural loans, free tillage, enterprise funding, the Plant the Future project, the Georgian Tea Revival Program, agricultural insurance, subsidising the prices of grapes and citrus fruit, agricultural machinery, as well as scientific research. An additional sum of €300

The share of agriculture in the Georgian economy



Source: GeoStat

million was spent on renovating and building irrigation infrastructure.

In addition to state spending, we have been able to export produce to the European Union and many other countries free from customs duties. In 2013, Russia lifted its embargo on Georgian agricultural produce. Numerous donors have been helping the agricultural sector with grants and expertise. Against this background, we really must ask ourselves how we managed to achieve a decline instead of growth in Georgian agriculture.

The answer lies in the wrong economic policies pursued by the state. We could not decide what we wanted - a rural population with a good income, or a rural population whose primary function is to live in rural areas and receive support from the urban centers?

It is a well-known economic fact that if the state subsidizes a sector, then there is a high possibility of that sector becoming used to being subsidized and finding itself unable to grow. This may be one of the roots of the problem in Georgia. Further-

more, the moratorium on the sale of agricultural land to foreign nationals clearly had a negative effect on the development of agriculture. This is not up for debate. It is simply the case that a section of the country's population prefers Georgian land to be owned by Georgian nationals, rather than for us to have a larger agricultural sector.

The two aforementioned circumstances are economically wrong, but they may be politically justified (with a view to obtaining votes). Therefore, both approaches will be changed quickly when the political background allows us to do so.

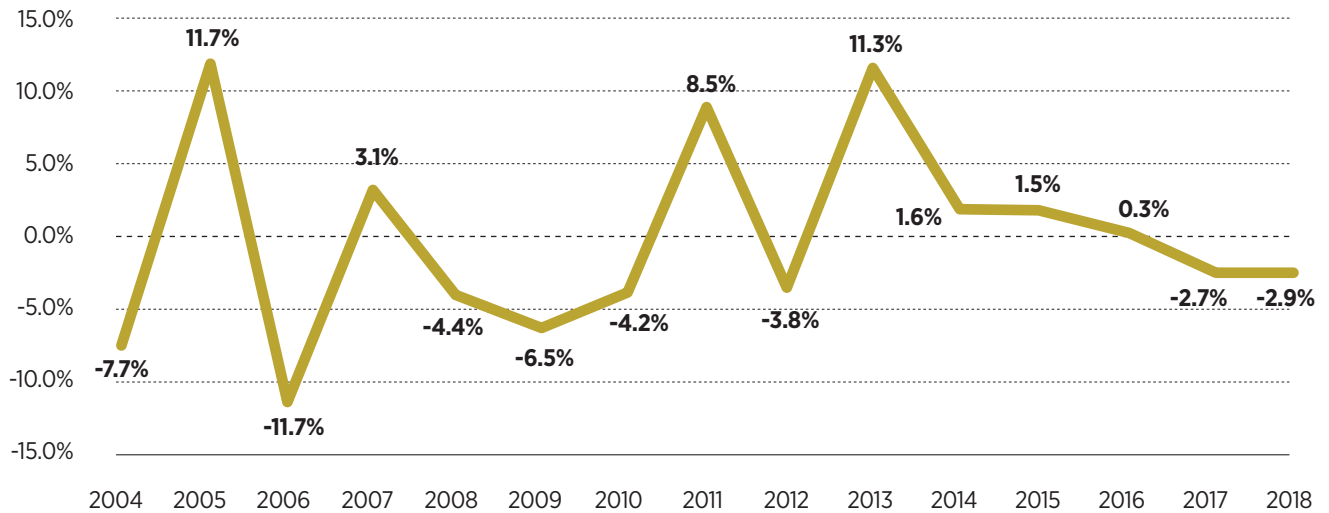
A far bigger problem is presented by the wrong general approach towards developing the sector. Land is scarce in Georgia, with an average of approximately 1 hectare per family in rural areas. This is partly due to low levels of urbanization in the country, with 42% of the population (1.6 million people) living in rural areas. Scarcity of land leads to the ineffective use of the available plots. It is difficult to offset the sale of products at lower prices by the

volume of production (scale effect), or to transform a small family enterprise into a medium-scale or large farming enterprise. Additionally, there is a lack of expertise, which is a problem that is not limited to agriculture.

At this time, the national policy is aimed at trying to increase the rural population for the simple reason that it could at least support itself by working the land. 700,000 people living in rural areas are regarded as self-employed, as they grow their own food and/or keep livestock.

We are therefore facing a certain dilemma: we are trying to end small land ownership, and simultaneously ensure that a lot of people live in rural areas. The golden middle would be for people to reside in rural areas while not working on land, which is not unrealistic. Resolving this dilemma requires the rapid development of other sectors. Thereafter, people will themselves decide where they want to live. Urbanization levels in developed countries currently reach the 70-80% mark, while agriculture accounts for no

Annual growth in agriculture



Source: GeoStat

more than 5% of employment (in Georgia, the figure is approximately 40%). Villages in developed countries are more prosperous and well looked after than ever before.

The problem of a lack of agricultural expertise does not need to be viewed separately, as we are facing similar challenges in every area. Addressing the general problem of education would allow agriculture, along with many other sectors, to reap the benefits.

To summarize, the picture looks as follows:

1. In order to subsidize agriculture (any funds spent in this field, even to build irrigation systems, constitute a subsidy), the government is channelling too much money away from the sectors that are supposed to provide employment for the rural

population.

2. Life in rural areas requires more subsidies than urban life. More urbanization is needed to solve the problem, yet the government is actually spending money on hindering urbanization.

3. The moratorium on the sale of agricultural land to foreign nationals has stopped the flow of investment, new expertise and technologies into the sector.

4. As with the other sectors, agriculture is suffering from a lack of knowledge and expertise. Moreover, obtaining education in the field of agriculture is not considered prestigious, and it is therefore unlikely that even a few individuals out of a thousand will obtain the appropriate expertise, as is the case with lawyers, doctors or economists.

5. Approximately 95% of the global

economy is taken up by manufacturing and services, yet we are still attaching our hopes to agriculture. This is due to the fact that our knowledge and business environment only allows us to compete in areas where our advantages are conditioned by climate, soil and vegetation, rather than by education and effective work.

6. Development policy for agriculture (as well as other sectors) is determined by one factor alone: which approach will bring the governing party the most votes in elections. Agriculture as a sector of the economy is sacrificed in favor of populist and pseudo-nationalist approaches. As a result, both the rural and the urban areas are becoming depopulated, as people leave the country. During the last 20 years, the population of Georgia fell by 1.5 million on account of emigration. ^F

სამაუწყებლო კომპანია ჰერეთი

FM 102.8

RADIO
BEGINS WITH
US

FM
93.5
თბილისი

heretifm.com

tbilisifm.com

relaxwebradio.com



THE MAKING OF GEORGIAN FASHION MOMENT: TBILISI FASHION WEEK



Models present creations by Georgian designer Lasha Jokhadze during the Tbilisi Fashion Week in Tbilisi, Georgia, October 19, 2018.



From those tiny sunglasses seen on just about every celebrity to cover-rocking distressed denim outfits, Georgian designers have been setting major micro-trends lately. How big is Georgian fashion right now? Well, Tbilisi features two fashion weeks to accommodate its growing number of designers wanting to present to the international visiting crowds of press, buyers, and influencers. We start our series on emerging Georgian fashion industry with the 18th edition of Tbilisi Fashion Week.

Dedicated to the beloved 1960's Georgian actress Bela Mirianashvili, the grand opening took place high above the city at the spectacular terraces of the Funicular restaurant. Guests were greeted by models in modest monochrome dresses evoking nostalgia for a bygone era of cinema and a slower pace of pre-digital life. Fashion week founder Tako Chkheidze spoke eloquently about art and fashion not as perpetually transient frenetic trends, but as cultural forces leaving a lasting influence. By choosing to dedicate the events to a style icon from a period of Soviet censorship and scarcity, organizers highlighted the creative spirit that has always prevailed in Georgia! Such an intro was perfect for the week's agenda focused on eco fashion.

The spring-summer 2019 collections were presented at the Ghvinis Ubani, a former Wine Factory turned multifunctional arts space, with several noteworthy locations such as the Museum of Modern Art and Chaikana Bazar serving as additional stages. In place of the conventional catwalk the runway was converted in an attractive pasture of synthetic grass to highlight the theme: "We must take care of nature." Designer Lasha Jokhadze opened the show with an unusual theatrical presentation of his sophisticated all-black evening wear collection. His models were arranged lying down and as the music started, they helped each other rise to their feet and walked around hand-in-hand.

Designer Tatia Korsava was a winner of the Tbilisi Fashion Week talent

PHOTO: DAVID WAZZINASHVILI



Tatia Korsava S/S 2019

competition last season with a menswear debut inspired by medieval arts and neo-expressionist motifs in paintings by Merab Abramishvili. She made a strong highly-anticipated comeback with a post-apocalyptic collection reflecting modern ecological threats. Models wore protective trench coats, rubber suits, military jumpsuits and gas masks. Korsava playfully challenged gender norms, pairing ragged menswear with feminine glossy pleather waist-cinching bodices, bird-print silk blouses, and see-through mesh shirts.

Another gender-bending twist on proportions and silhouette came from the Russian brand 1377. It re-conceptualized menswear staples with inclusion of mixed textures and elements typically

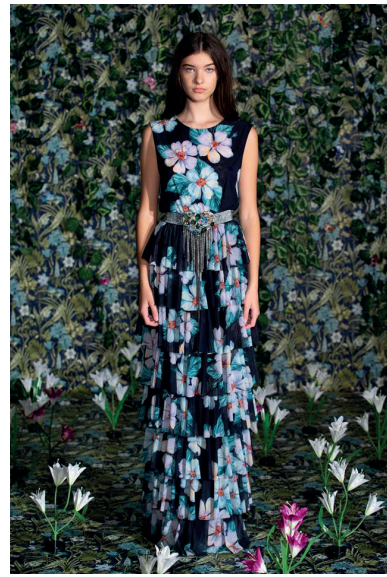
reserved for women or children: flower appliques, flowing capes, and lurex tights. Even the lapti, the quintessential Russian peasant tree bark shoes, felt authentic in this well-thought-out presentation.

Designers Luba Makarenko and Keti Chkhikvadze chose more art-driven, colorful, and playful themes for their collections. Makarenko's label SAYYA was inspired by the work of Henri Matisse and the "bright emotions, beauty, and individuality" of life in the 1980's. She wants the girls of today to shine in her signature dresses topped with romantic gaucho hats.

Keti Chkhikvadze also drew inspiration from the decade of big hair, bigger shoulders and biggest dreams. Models strutted in cork platform shoes,

COURTESY OF TBILISI FASHION WEEK





Keti Chkhikvadze S/S 2019

with impossible-to-miss accessories like belts and bags with sequins, bright gemstones and chains. The collection is playfully graceful with robust fabrics creating bold forms and layers in leather, cotton with eyelets, silk and tulle. These looks are sure to be spotted at Coachella next year!

Designer Lasha Devdariani staged one of the most memorable off-site shows of the week at the Chaikhana Bazar Café. The models, channeling a well-traveled 1920's woman in her boudoir, were seated in elegant poses against the backdrop of traditional rugs and tapestries. The gorgeous, sumptuous collection was inspired by Central Asian, East Asian, and Georgian textiles, giving old Silk Road materials a new life with contemporary

styling. This is characteristic of Devdariani's work that is known for mixing unique and vintage fabrics into one-of-a-kind pieces.

Throughout the entire week, the Ghvinis Ubani art space overflowed with excitement and creative energy. Between shows, guests could visit adjacent showrooms to discover more local fashion startups, initiatives and educational programs. Approaching its 20th anniversary milestone, Tbilisi Fashion Week proves its commitment to helping new talent thrive and innovate domestic textile and apparel industries. With such progressive passion behind it, it won't take long for the world to discover other Georgian style success stories and learn a few Georgian names beyond Demna Gvasalia.

COURTESY OF TBILISI FASHION WEEK



Lasha Devdariani S/S 2019

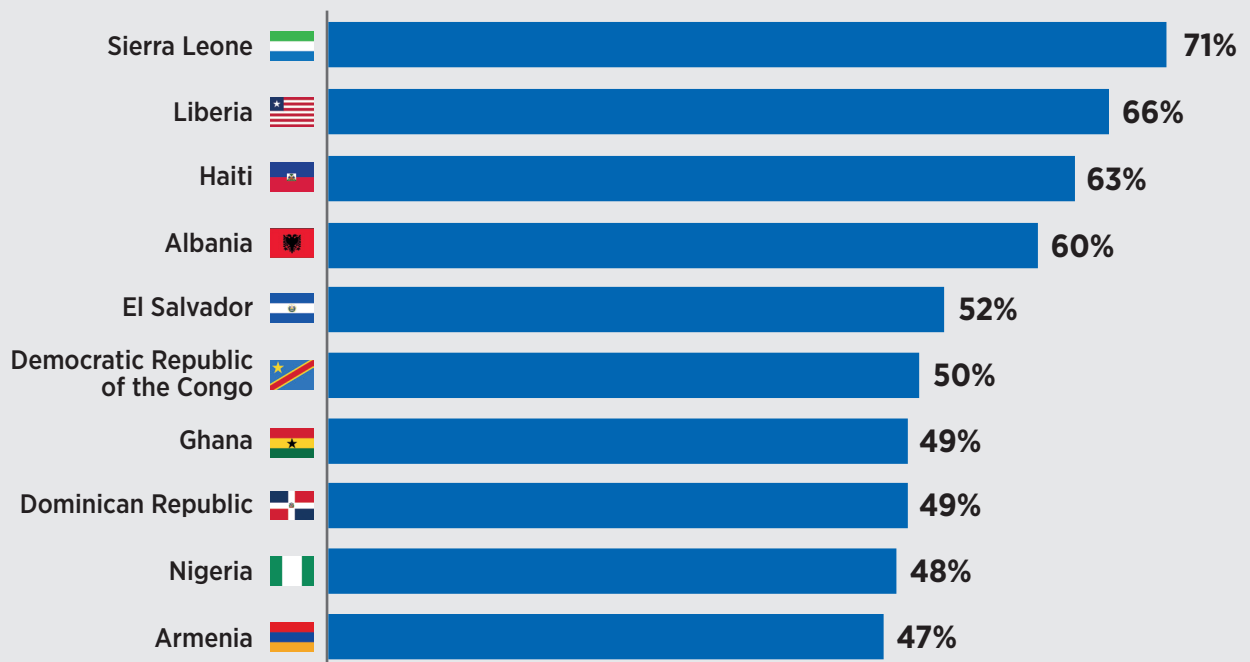
The Countries People Want To Get Away From

by Niall McCarthy

MIGRATION HAS BECOME one of the most important and divisive political issues in both Europe and the U.S. in recent years. Even though numerous parties opposed to migration have taken power in Europe while President Trump has continued his quest to build a wall on the U.S. border with Mexico, global desire to migrate has not been deterred.

Gallup conducted a poll to find out where the desire to migrate is highest as well as the most sought-after destination countries. In Sierra Leone, an extraordinary 71 percent of adults would like to move while the share is also a high 66 percent in neighboring Liberia. The U.S. remains the top desired destination for potential migrants with about 158 million adults worldwide wanting to move there.

Share of adults who have a desire to migrate in 2017



Sources: Gallup, StatistaCharts