

Saakashvili Faces Second Court Trial on Embezzlement of State Funds



► Saakashvili's lawyers demanded the removal of two prosecutors, Giorgi Mujiri and Archil Tkeshelashvili, from the case 'for making politically biased statements', however, the judge did not fulfil the demand.

BY KHATIA BZHALAVA

Georgia's former president Mikheil Saakashvili faced a trial hearing yesterday which concerned the embezzlement of state funds. As US Ambassador to Georgia Kelly Degnan announced yesterday "it is positive that Mr. Saakashvili was able to attend his court hearing in person the second time." According to her, there is an effort being made to try and ensure that his right to a fair trial is being observed.

Saakashvili is accused of mispending GEL 8,837,461 (about USD 2.9 million with current exchange rate) for personal purposes, including staying in luxury hotels, spa resorts, visiting aesthetic clinics and receiving botox injections, purchasing expensive clothing and funding education for his son.

Prosecutor's Office said that Saakashvili and the former Head of the Special State Protection Service (SSPS), Temur Janashia, face the charges under Article 182 of the criminal code, envisaging mispending/embezzlement of a substantial amount of funds, considering imprisonment from 7 to 11 years as punishment.



► Saakashvili is accused of mispending GEL 9 million for personal purposes.

Saakashvili argued at the trial that accusations about botox injections were a lie and noted that he had to receive skin treatments for a disease he suffered from following the 2008 Russo-Georgian war. As for the luxury trips, he argued that the visits served the state interests

by hosting foreign leaders. According to him, he hosted the President of Azerbaijan Ilham Aliyev in 2008, and as a result, the supply of oil and gasoline to Georgia or supplies to the National Bank "did not stop for a second". He also remarked that some of the expen-

ditures he is being probed for concern public funds spent on hosting leaders of countries that Russia was trying to persuade into recognizing Abkhazia and Tskhinvali Region.

Saakashvili also announced that no law prohibits funding the president's son, stressing that 'Eduard [Saakashvili's son] is a particularly talented man'. He remarked that his son was "the best graduate of all time at the American Academy", and noted that during his government top 50 best Georgian students used to receive state funding to study abroad.

"I transferred more than 5 million from the President's Reserve Fund to send Georgian students abroad. How much did you transfer?" he argued. Saakashvili believes that the case is 'particularly shameful', noting that all seven charges against him are 'politically motivated'. Ruling party MP Gia Volski has stated that embezzlement of state funds is a crime and everyone must be equal before the law, recalling the case of a former French president who was convicted for spending 300,000 euros from the state budget.

EXCHANGE RATES: US DOLLAR - 3.1179 | EURO - 3.5451 | GBP - 4.1636 | 100 RUSSIAN RUBLE - 4.1660 | SWISS FRANC - 3.3990 |

Georgia Obligated to Pay Over \$80.5 to Russian Energy Company

BY NATALIA KOCHIASHVILI

Georgia has lost an arbitration dispute with Russian energy giant Inter RAO. On 23rd of November, the Stockholm Arbitration Tribunal ordered Georgia to pay \$80.5 million in favor of Inter RAO as compensation for damage caused by the lari depreciation. The arbitration dispute has been going on since 2017. The Ministry of Justice announced yesterday that this decision will be appealed in the Stockholm court.

"The Stockholm Arbitration Court ruled on April 19, 2021, that Inter RAO was entitled to certain compensation. The state still believes that the tariffs were set correctly in 2014 and therefore the arbitral award has been appealed in the Stockholm court as unsubstantiated," said the MoJ.

MoJ has also informed that the company demanded \$200 million for compensation. Arbitration, however, did not satisfy the request "on the basis of the arguments and evidence submitted by the Government of Georgia.

"The legal dispute over the issue continues and regardless of its outcome, it is clear that this will not affect the tariffs of the population," the statement of the ministry reads.

Georgia's former Energy Minister and Tbilisi Mayor Kakha Kalazde commented on the issue and stated that the agreement with Inter RAO was signed under the previous United National Movement (UNM) government, underlying that he refused to pay \$200 million back when he held the position of minister.

Rusudan Chkuaseli, a lawyer for BLC, spoke about this issue and explained that if there was no procedural violation of the arbitral tribunal, then the relevant decision can not be reversed. As for the change or modification of the decision, this will not be possible due to the terms of the arbitral tribunal, as the new hearing will not address the substantive part of the dispute and it will only



► Inter RAO argued the government breached its obligations under the 2013 Memorandum by not allowing tariff adjustments after Georgia's national currency drastically depreciated against the U.S. dollar in 2013-2016.

assess the review process in a procedural manner.

According to Chkuaseli, there are 2 procedures of the International Arbitration Court against the decision, the cancellation of the procedure when the losing party can oppose the decision or the recognition and enforcement of the act against the recognition and enforcement, when this decision will arrive in Georgia.

As the statement shows, most likely, the state has made a request of cancellation; however, the decision can be revoked only on procedural grounds, as the court can not enter into the material part of the dispute and can not re-evaluate the reasoning of the decision.

Inter RAO owns 75% of the shares of Telasi, the company responsible for Tbilisi's energy supply. In addition, the Russian energy giant, through the Dutch-based company Gardabani Holdings BV, owns 2 hydropower plants in Georgia, "Khrameshi 1" and "Khrameshi 2".

There is a bilateral investment protection agreement between Georgia and the Kingdom of the Netherlands, which protects the interests of foreign investors in Georgia. Gardabani Holdings BV and another



► Economy Minister Turmava said that the decision of the Georgian government not to increase tariffs for consumers despite the Arbitration Court's ruling 'was the right decision.'

Dutch firm owned by Inter RAO, Silk Road Holdings BV, sought compliance with the terms of the agreement in order to protect their investment rights in the arbitration process. In addition, the records on the protection of investor rights are covered by the agreement that Georgia signed with the Dutch subsidiaries of Inter RAO, back

in 2008 during the transfer of ownership of the Khrameshi to them.

The content of the dispute is related to the damage caused by the exchange rate difference. The company argued that the electricity tariff generated by its hydropower plants in Georgia should also reflect the losses caused by currency depre-

ciation. However, the Georgian tariff methodology does not provide for such a record, due to which the relevant request was not met.

However, the company argued that under the asset purchase agreement, Georgia should have reimbursed the company's expected costs, taken into account the need to finance the investment program, and compensate for exchange rate losses. Georgia's national currency has lost more than 80% of its value against the US dollar since 2014. Already in 2016, Inter RAO's Dutch subsidiaries indicated that not reflecting the rate of depreciation on the exchange rate was detrimental to their investments in Georgia, and that this contradicted the 2003 purchase agreement and the 2013 memorandum.

Based on these documents, the international arbitration shared the positions of Inter RAO and ordered Georgia to pay more than \$80 million in favor of the Russian energy giant. Georgia was represented in the dispute by the MoJ and the law firm White & Case, while the Freshfields Bruckhaus Deringer and Dentons represented the Russian energy company.

FRIDAY DECEMBER 3

Day  Sunshine
High: 8°C

Night  Clear
Low: 0°C

SATURDAY DECEMBER 4

Day  Sunshine
High: 12°C

Night  Partly cloudy
Low: 2°C

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Signing Ceremony of the three Projects Within the GGP Grassroots Human Security Grant Program Of the Embassy of Japan in Georgia

On December 2, the Signing Ceremony was held for three projects, funded by the Government of Japan, based on the goodwill of the Japanese people. The Signing Ceremony was attended by the Ambassador of Japan, H.E. Mr. **Imamura Akira**; Deputy Minister of Regional Development and Infrastructure of Georgia, Mr. **Koba Gabunia**; Governor of Mtskheta-Mtianeti Region, Mr. **Davit Nozadze**; Director of the Internally Displaced Persons, Ecomigrants and

Livelihood Agency, Mr. **Besarion Simonishvili**; Mayor of Kutaisi Municipality – Mr. **Ioseb Khakhaleishvili**; Mayor of Khelvachauri Municipality, Mr. **Zaza Diasamidze**; Gamgebeli of Akhlagori Municipality, Mr. **Nugzari Tinikashvili**; Also, Secretary General of NGO “RICDOG”, Ms. **Lana Totadze**.

The projects are funded within the GGP Grassroots Human Security Grant Program of the Embassy of Japan and aim to provide heavy equipment for di-

saster response and risk reduction, and infrastructural activities in **Kutaisi, Khelvachauri and Akhlagori Municipalities** (Prezeti, Tsilkani and Tserovani IDP settlements). Grant amount for three projects: 221,626 USD.

With the help of the heavy equipment, preparedness for natural disaster and coping capabilities of local governments will be strengthened. Also, local communities will receive better infrastructural services, such as roads, sewage, drink-

ing and drainage water systems.

Since the independence of Georgia, Japan has provided 200 grants within the GGP Grassroots Human Security Program, totaling over 20 million USD, in addition to other grant schemes. The GGP program aims to support human security in Georgia in the following priority fields: environment protection, agriculture, infrastructure, healthcare and education.



H.E. Ambassador of Japan in Georgia – Mr. Imamura Akira



Mr. Davit Nozadze - Governor of Mtskheta-Mtianeti Region



Mr. Besarion Simonishvili - Director of the Internally Displaced Persons, Ecomigrants and Livelihood Agency



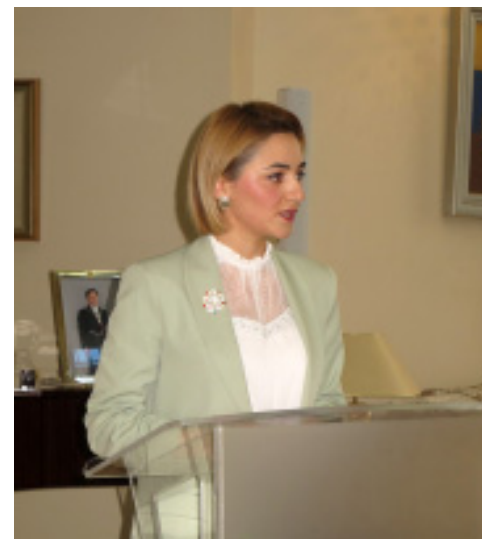
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Mr. Ioseb Khakhaleishvili – Mayor of Kutaisi



Ms. Lana Totadze – Head of NGO “RICDOG”

