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PMP BUSINESS PERCEPTION SURVEY

REPORT

FINAL

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USAID ECONOMIC PROSPERITY INITIATIVE (EPI)

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ABSTRACT

The given document is a final report of the Household and Business Competitiveness Perception Surveys conducted in late July, early August 2011. The given report is prepared for the Economic Prosperity Initiative (EPI) project, by Ltd "ACT Research."

At the end of 2010, The United States Agency for International Development launched the EPI project. The project aims to support businesses operating in different economic spheres of Georgia, together with promoting increased overall economic competitiveness for the country's sustainable development. The survey research aims to examine the knowledge, attitudes, and experience of medium and large Georgian businesses and a nationally representative sample of the general public regarding select topics directly related to the EPI project. For businesses, the survey also contained questions specific to certain value chains to provide information for program targeting and gain insight into business perceptions. The business survey also included a replica of the 15 EPI-selected WEF indicator questions, which were handed to respondents for self-completion and were formatted as close as possible to the online Executive Opinion Survey. These perception surveys will be conducted annually to track changes in perceptions of select EPI project indicators.

The research was composed of two surveys:

- EPI Competitiveness Perception Survey – Household Survey
- EPI Competitiveness Perception Survey – Business/Enterprise Survey

This document provides a detailed description of methodology and results for both surveys.

ABBREVIATIONS

EPI	Economic Prosperity Initiative
USAID	United States Agency for International Development
ACT	ACT Research (market research and consulting company)
GEOSTAT	National Statistics office of Georgia
FTF	Face-to-face interviewing techniques

CONTENTS

I. EXECUTIVE SUMMARY

At the end of 2010, USAID launched the EPI project. The project aims to support businesses operating in different economic spheres of Georgia, together with promoting increased overall economic competitiveness for the country's sustainable development. The survey research aims to examine the knowledge, attitudes, and experience of medium and large Georgian businesses and a nationally representative sample of the general public regarding select topics directly related to the EPI project. For businesses, the survey also contained questions specific to certain value chains to provide information for program targeting and gain insight into business perceptions. The business survey also included a replica of the 15 EPI-selected WEF indicator questions, which were handed to respondents for self-completion and were formatted as close as possible to the online Executive Opinion Survey. These perception surveys will be conducted annually to track changes in perceptions of select EPI project indicators.

The Georgia EPI will improve enterprise, industry, and country-level competitiveness through the following three components (1) expand and deepen Georgia's economic governance capacity and country-level competitiveness; (2) improve private sector competitiveness in (a) the agricultural sector and (b) nonagricultural industries; and (3) crosscutting activities.

The research is composed of two different surveys:

- EPI Competitiveness Perception Survey – Household Survey
- EPI Competitiveness Perception Survey – Business/Enterprise Survey

A brief description of the main results of both surveys is summarized in the executive summary with more detail provided in the appendices. The EPI project was provided with complete data sets from the surveys for further analysis and reference.

Household survey

The nationally representative household survey included 1,200 respondents disaggregated by urban and rural populations. According to the survey results, 68 percent of households have heard of economic reforms during the period 2010-2011 in Georgia. The most common reform mentioned by name was pension reform (91 percent). The households' attitude toward pension reform is positive (3.6 points from 5-point score scale where 3 is neutral).

Only 9 percent of the Georgian population uses the Internet to file tax/property declaration, file a patent license request form, or ask the government of Georgia questions. Among those using the Internet for these transactions, they report the process is easier, faster, and more reliable than other methods.

The main source of news and information on current events in Georgia is television (86 percent) and the most watched channel is Rustavi 2 (59 percent). The majority of households in Georgia own their house and/or plot (91 percent and 95 percent, respectively). The owners of the property mostly have certificates from the public register.

Households believe that the top three countries investing in Georgia are Turkey (63 percent), USA (52 percent), and Kazakhstan (26 percent). They also believe that foreign tourists to Georgia are mainly from Armenia (63 percent), Ukraine (37 percent), and Azerbaijan (37 percent). The most exported products in Georgia named by respondents were wine (74 percent) and mineral water (69 percent).

Businesses/enterprises survey

The business/enterprise survey reached 1,002 medium- and large-companies/respondents and is nationally representative of medium and large companies in Georgia. Employees at the managerial level and above or owners/directors were chosen as respondents due to their ability to speak about their company's practices. According to the survey, most managers of business organizations have heard about economic reforms in Georgia during 2010-2011 (94 percent). The most common reform named was taxation audit reform (81 percent). The overall assessment of the reform was positive, with approximately 3.9 points on average on a 5-point score scale, with 3 being neutral.

Approximately, half (49 percent) of the businesses own their building/office and around 39 percent own the plot/land their building/office is located on. The average number of buildings owned by business organizations is three, and the average number of plots owned is two. Most frequently, businesses have a certificate from the public register for their owned property, specifically 97.6 percent for buildings and 98.3 percent for plots/lands.

About 69 percent of business managers in Georgia use the Internet for paying bills, making money transfers, and other monetary operations.

Approximately, 39 percent of enterprise managers find privatization to be relatively fair. About 27 percent think that the privatization process is more or less/totally unfair.

The most popular information source for business managers in Georgia is television (62 percent) with Internet being the second (32 percent). The most watched channel is Rustavi 2 (75 percent) and the most visited website is Ambebi.ge (7 percent).

According to large and medium business managers, the top four countries investing in Georgia are Turkey (68percent), USA (42 percent), and Kazakhstan and Azerbaijan (36 percent each).

Around 60 percent of businesses have used the credit of a bank or microfinance organization.

The majority of businesses are satisfied with the following issues: professionalism of the labor force available for their businesses in Georgia, knowledge and experience of their employees, productivity of their employees

and quality of work, and the availability of trainings for employees outside their company in Georgia.

Fifty percent of businessmen think that import rules and regulations are applied equally to all businesses while 13 percent think they are not applied equally.

Forty nine percent of businesses who import or export goods believe that the information provided about customs regulations is sufficient for avoiding violation of the law.

Sixty one percent of Georgian businesses have increased the use of information and communication technologies over the last six months.

The majority of businesses (around 90 percent) reported not using locally produced packaging at all when asked if their consumption of locally produced packaging has increased or decreased over the last six months.

The majority of businesses in Georgia are entirely owned by the domestic private sector (86.3 percent), 3.9 percent is fully state owned and 4.6 percent is fully foreign owned. Seventy percent of businesses report that they compete only nationally with other domestic companies. Seventy seven percent of Georgian companies do not export goods/service at all.

The largest group of businesses in the survey reported being wholesale and retail trade companies (39.7 percent) when choosing their company's main activity from the international classification list of industries.

II. APPENDICES

A. BACKGROUND

B. METHODOLOGY

C. SURVEY RESULTS

A. BACKGROUND

The Georgia EPI project will improve enterprise, industry, and country-level competitiveness through the following three components (1) expand and deepen Georgia's economic governance capacity and country-level competitiveness; (2) improve private sector competitiveness in (a) the agricultural sector and (b) nonagricultural industries; and (3) crosscutting activities. Assistance will be divided between economic governance, agricultural sector competitiveness, and private sector competitiveness. Crosscutting themes of promoting entrepreneurship, enabling accesses to information, use of modern technology to improve productivity and delivery of services, forging of long-term international partnerships, and workforce development will be utilized in each of these components. In other words, assistance in economic governance is supported under the business enabling environment component and by crosscutting activities in the crosscutting component. Private sector competitiveness and agricultural sector competitiveness are supported under the agricultural and manufacturing and services components and by the crosscutting component as well. To leverage links between sectors, many activities should coordinate across more than one of these areas. For example, development of information technology industries or innovations centers may be linked to improved intellectual property rights protection.

Expand and Deepen Georgia's Economic Governance Capacity and Country-Level Competitiveness

Building on the government's success in improving Georgia's economic environment as measured by the World Bank's Ease of Doing Business index and the USAID Business Climate Reform project, this component will focus on assisting the government of Georgia to continue to design and implement policies and actions that can improve overall country competitiveness as measured by broader indices, such as the World Economic Forum's Global Competitiveness Report or other benchmarks. The pressing need following recent progress is for deeper reform, institutionalizing reforms, and building the capacity to leverage the changes in the economic environment. Assistance under this component will include strengthening property rights, improving the regulatory environment and licensing, improving the efficiency of settling commercial appeals and disputes, enhancing investment promotion activities and the availability of information, improving international trade and customs operations, strengthening tax systems, developing procurement and privatization systems, improving the business climate for small and medium enterprises, and designing and implementing e-governance solutions to improve efficiency of government operations and delivery of services.

To measure and gauge public opinion, the research studies included questions on the following topics: knowledge of Georgian economic reforms, perceptions of the tax and audit process, awareness of intellectual property rights, property registration, experience with e-governance, and opinions of the privatization process. In the business survey, further questions were asked regarding the tax audit process for businesses, perception of customs rules and regulations, state procurement process, and the impact of agricultural policy regulations on agribusiness.

Improve Private Sector Competitiveness

Activities under this component will focus on improving productivity and competitiveness of industries within value chains in agriculture, tourism, information and communication technology (ICT), and other targeted sectors. These components focus primarily on firms and industry-level interventions in agriculture, industry, and service sectors to assist firms to increase revenues, productivity, and employment. However, the entire value chain for selected industries will need to be addressed and linkages forged with government policy and reform objectives.

Within the targeted value chains, EPI will work to promote domestic and international investment, facilitate access to credit, and promote the ability to capture domestic market opportunities in terms of replacing imported goods with locally produced items and promoting the ability to export through increased understanding and utilization of trade preferences and agreements and compliance with international standards. Georgia's domestic market is small. Significant future growth requires expansion into international markets. This component will focus primarily on actions that can be taken by the public sector to ease barriers to international trade, and by private sector businesses to make their products more attractive in the international markets.

To gather information about public and business perceptions and experience as potential end users of EPI targeted value chain products, the following questions were included: business use of and investment in information and communication technologies, packaging, and transport over the last six months. Questions were also asked of businesses and households regarding their opinions of electronic ID cards, foreign investment, foreign tourism, and exports from Georgia. For households, further questions were asked regarding their tourism activities in Georgia and abroad, and the knowledge of energy-saving products for the home.

Crosscutting Activities

This component creates tools and facilitating mechanisms that enhance the ability of EPI to carry out competitiveness initiatives. The crosscutting activities of EPI include developing a sustainable mechanism to assess competitiveness, providing targeted technical assistance through local specialists to support reforms, information and knowledge sharing, human capacity development, establishing university partnerships, gender integration, and utilization of sub awards.

Questions related to crosscutting activities on the surveys include public and business weekly pattern of news and information sources, access to finance and agricultural insurance knowledge and usage, and business patterns of employee training and overall perception of the available labor force and employees.

B. METHODOLOGY

B.1 PREPARATORY WORKS

The preparatory work completed before undertaking the fieldwork for both surveys included:

- The preparation of survey instruments (questionnaires, additional documents needed for fieldwork) and conducting and analyzing the pilot study
- Training and recruitment of field personnel
- Sampling design

B.1.1 SURVEY INSTRUMENT AND PILOT STUDY

Household Survey, Businesses Survey

ACT used face-to-face interviews to administer both surveys to respondents. The interviews lasted approximately 20 minutes for the household survey and 45 minutes for businesses survey.

The questionnaires had a set of core identical questions with supplementary questions particular to households or businesses. Each questionnaire contained an introductory section explaining the purpose of the survey and the EPI project.

After completing the survey instruments, pilot interviews were conducted for each survey. The aim of these interviews was to validate and ensure the reliability of the questionnaire instruments in terms of clarity of questions, completeness of response categories and ordering of questions. For the pilot surveys, there were 26 interviews held in Tbilisi (20 households, six businesses). The feedback from interviewers and respondents alike were taken into consideration and the questionnaires were refined and finalized (the detailed pilot study report was submitted to EPI).

Content of Questionnaires:

- **Questionnaire 1 (household survey):** Covers a variety of issues, including perceptions, awareness, opinions on intellectual property rights protections, tax, customs systems, and awareness of EPI activities.

- **Questionnaire 2 (business/enterprise survey):** Covers firms' perceptions of government policy on various factors affecting their business operations, employment, other basic business factors, ICT access, access to finance/capital, revenue, investments, and awareness of EPI activities.

Interviewers were provided with additional supporting documentation to assist respondents, including an extract from the public register, a cadastral map, a certificate, and letter/statement from USAID, which described the goals and

objectives of the EPI project regarding the economic development of Georgia, as well as the importance of taking part in the study.

B.1.2 THE RECRUITMENT AND TRAINING OF FIELD PERSONNEL

Household Survey, Businesses Survey

The interviewer training was held by the ACT project manager on June 20 and June 21, 2011 and was attended by representatives from EPI.

The field manager and eight regional coordinators recruited field personnel from their respective areas for the research (52 for household, 57 for business/enterprise surveys). Every interviewer had prior experience conducting surveys, which was an important factor for recruitment.

The training was conducted in two stages: The first stage included training activities for regional coordinators, whereas the second stage was to train the interviewers.

The training focused on the following key issues:

- The function and responsibilities of field personnel
- The goals and objectives of the project
- Rules on how to fill out the questionnaire
- Additional supporting documents for the questionnaire
- The logistical progress of fieldwork

The practical part of the training concentrated on conducting simulated interviews and later holding an additional discussion of each component of the questionnaire.

Specialists of quality, logical control, and coding also underwent training for the rules on how to fill out the questionnaire.

B.1.3 SAMPLING DESIGN

ACT recommended the sampling design presented below.

Household Survey

Universe – Population of Georgia, 18+

Sample Frame – 2002 population census data

Sample Design – Two-staged clustered sampling with preliminary stratification

Primary Sampling Unit – Census district

Secondary Sampling Unit – Household

Final Sampling Unit – Member of household with age 18+

Stratification Variable – Type of settlement (city/village) and region

Sample Size – 1,200 completed interviews

The household perception survey included 1,200 respondents from all regions of Georgia. The results are nationally representative and can be disaggregated by urban and rural populations. The definition of urban and rural used is determined administratively by the state. The urban area composed of cities and regional centers.

Initial sample size (1,200) according to regions and rural/urban areas were distributed proportional to 18 + population. Primary sampling units were selected proportionally to number of households in the region. In each cluster, 10 households were interviewed. Sampling of these households was done according to random walk principle. The starting point was randomly identified and then the route and steps were determined. Final sampling unit was 18+ member of household which was selected according to last date of birth.

Table B.1.1 Regional and urban/rural breakout of respondents

Code Region	Code Urban/ Rural	Region	Urban /Rural	Total	Sample size	Number of clusters
0	1	Kakheti	Urban	64,216	20	2
1	1	Tbilisi	Urban	819,291	300	30
2	1	Shida Kartli	Urban	82,976	30	3
3	1	Kvemo Kartli	Urban	133,120	50	5
5	1	Samtskhe-Javakheti	Urban	47,670	20	2
7	1	Adjara	Urban	120,604	40	4
8	1	Guria	Urban	27,961	10	1
9	1	Samegrelo-Zemo Svaneti	Urban	137,958	50	5
10	1	Imereti, Racha-Lechkhumi and Kvemo Svaneti	Urban	249,104	90	9
11	1	Mtskheta-Mtianeti	Urban	23,428	10	1
0	2	Kakheti	Rural	238,277	90	9
2	2	Shida Kartli	Rural	146,897	60	6
3	2	Kvemo Kartli	Rural	214,441	80	8
5	2	Samtskhe-Javakheti	Rural	99,037	40	4
7	2	Adjara	Rural	143,499	50	5
8	2	Guria	Rural	80,349	30	3
9	2	Samegrelo-Zemo Svaneti	Rural	212,588	80	8
10	2	Imereti, Racha-Lechkhumi and Kvemo Svaneti	Rural	319,783	120	12
11	2	Mtskheta-Mtianeti	Rural	69,852	30	3
				3,231,051	**1,200**	**120**

Data weighting – For generalization of data, the 2002 census data were used. For post-stratification parameter, the following strata were used:

1. Type of settlement: Tbilisi, urban, rural
2. Sex: Male, female
3. Age category: 18-24, 25-34, 35-54, 55-64, 65+

Businesses/Enterprises Survey

Sampling method – Stratified random sampling

Sample frame – The sampling frame of companies obtained from National Statistics office of Georgia (GEOSTAT), business register)

Target segment – The target segment of the survey composed of medium and large businesses/enterprises with annual turnover exceeding 500,000 Georgia Lari (GEL). The total number of this kind of company in the GEOSTAT sampling frame is 4,082.

Sample size – 1,002 completed interviews

Stratification variable – The type of economic activity (13 substrata according to NACE classification) and size of enterprise (2 substrata)

The strata according to size of enterprise:

1. Medium – 500,000 to 1,500,000 GEL annual turnover or 20 to 100 employees
2. Large – 1,500,001 and more GEL annual turnover or 101 and more employees

The 13 strata according to type of activity are presented in the following table:

Table B.1.2 Classes of economic activities

A_B	Agriculture, hunting, forestry, and fishing
C	Mining and quarrying
D	Manufacturing
E	Electricity, gas, and water supply
F	Construction
G	Wholesale and retail trade; repair of motor vehicles, motorcycles, and personal and household goods
H	Hotels and restaurants
I	Transport, storage, and communication
K	Real estate, renting, and business activities
M	Education
N	Health and social work
O	Other community, social and personal service activities
P	Unknown activities.

During fieldwork due to the high level of nonresponses and imperfection of the GEOSTAT business sampling frame, each respondent was contacted. ACT attempted to contact all 4,082 medium and large companies in the GEOSTAT sampling frame in order to reach 1,002 respondents.

Data weighting – For generalization of data, weighted coefficients were used. The weights were calculated according to types of activity and size substrata.

Table B.1.3 Breakout of respondents by size and type of activity

	Population		Sample	
Sector - NACE	Medium	Large	Medium	Large
A_B	13	19	**4**	**7**
C	28	8	**7**	**1**
D	245	262	**85**	**72**
E	7	38	**4**	**11**
F	256	163	**63**	**50**
G	1,123	676	**251**	**162**
H	35	28	**7**	**4**
I	156	163	**42**	**47**
K	181	98	**41**	**21**
M	23	25	**9**	**8**
N	36	146	**13**	**66**
O	55	27	**7**	**6**
R	268	3	**14**	**0**
Total	2,426	1,656	**547**	**455**

B.2 FIELDWORK

B.2.1 PROGRESS OF FIELDWORK

Household Survey

After interviewer training, questionnaires and lists of cities/villages were distributed to the regional coordinators to plan and track fieldwork. Based on the lists, they devised a logistical plan taking into account interviewer routes and transport facilities. Once all assigned interviews had been completed, the interviewers brought their completed questionnaires to the ACT office.

The household survey interviews started on July 21, 2011, and ended on July 26, 2011.

Businesses/Enterprises Survey

After interviewer training, questionnaires and lists of cities/villages were distributed to the regional coordinators to plan and track fieldwork. Based on the lists, they devised a logistical plan taking into account interviewer routes and transport facilities.

Using the GEOSTAT business/enterprise sampling frame, phone calls were made to the sample respondents from the ACT head office. During the telephone

conversations, interviewers introduced themselves to respondents by explaining the goals and objectives of the survey, as well as the importance of their participation in the survey. Respondents were then asked to participate in the survey and interviews were scheduled with those who agreed to participate. Interviewers then visited the companies according to prescheduled appointments and conducted the interviews. After these interviews, interviewers brought their completed questionnaire back to the head office of ACT.

Businesses survey interviews started on July 21, 2011, and ended on August 24, 2011.

B.2.2 FIELDWORK RESULTS

Household Survey, Businesses Survey

A total of 1,200 household and 1,002 business interviews were conducted. The table below presents the results of each attempted contact by survey. Note that in the case of the business survey, the poor quality of the sampling frame is evident in the number of cases that could not be reached and through errors of duplication and misclassification. These types of errors indicate an older sampling frame that does not faithfully represent the businesses of Georgia. Given the small size of the country and especially the relatively small number of medium and large enterprises, it is believed that ACT's verification of the complete sampling frame has resulted in a nationally representative sample. Note that there is no other available enterprise sampling frame available in Georgia.

Table B.2.2 Fieldwork Results

Status	Component	
	Businesses	Household
Completed interviews	1,002	1,200
Refusal	878	---
Could not be found (no/incorrect contact information)	1,211	---
Abolished/temporarily does not function	239	---
Other (duplication, foreign respondents, not in Georgia, etc.)	746	---
Total	**4,082**	**1,200**

B.2.3 FIELDWORK QUALITY CONTROL

Household Survey, Businesses Survey

Monitoring of fieldwork was conducted by ACT's regional control group staff. Quality assurance was enforced through (1) the checking of completed questionnaires by field coordinators and revision specialist (100 percent) (both surveys), (2) the checking of randomly selected completed questionnaires by calling respondents on the phone and asking selected control questions to verify that interviewers faithfully captured respondents' answers (70 percent household), and (3) the checking of logicality of specific answers by phone after the completion of interviews (15 percent businesses).

The quality control group checked the interviews on the following aspects:

- Authenticity of conducting interviews and asking all questions
- Relevancy criterion of respondents
- Logicality of answers to some specific questions in the questionnaire (number of houses possessed and number of plots possessed, etc.)

After the fieldwork quality control, the questionnaires were sent to the head office to the fieldwork manager who would register them before turning them over to the quality and logical control specialist. The questionnaires which needed additional information and clarification were sent back to the interviewer. These questionnaires were corrected by the interviewers by contacting the respondents by phone. In some cases, there were general problems with some interviewers' questionnaires, the logical control manager as well as the fieldwork manager would meet with the interviewers and provide them with additional recommendations concerning the rules on filling out the questionnaire.

B.2.4 DATA PROCESSING

After the fieldwork (including quality control and questionnaire editing components), the questionnaire coding process was organized by the field manager and the open-ended questions were coded by coding specialists. The code book frame for the project was developed during the pilot study.

Data Entry Procedure - For data entry and archiving of the corresponding documentation, the following procedures were performed:

1. Receiving of revised and coded (open-ended questions) questionnaires from the field department.
2. Distribution of questionnaires to the data entry operators
3. Collecting the entered questionnaire.

The data were entered in Statistical Packages for the Social Sciences (SPSS) 15.0 by four data entry operators. SPSS software has effective tools to identify errors. Database specialists apply template SPSS procedures and macros designed by the ACT Database Department. Macros are designed in SPSS syntax language and are applied to filter the data.

The final survey databases were converted to Excel format and presented along with the SPSS data files to the EPI project team.

B.2.5 FACED CHALLENGES AND MITIGATION MEASURES

Household Survey

During the household survey fieldwork, no major errors occurred.

Businesses/Enterprises Survey

The main problems that were identified from the study of enterprises are the following:

- **Enterprise sampling frame errors –** ACT gained this data from GEOSTAT and considered it carefully. There were a number of companies from the sampling frame, which were abolished or temporarily did not function. This problem was solved by contacting the respondent. If the company appeared to be abolished, the next respondent was contacted.
- **Ineffective period of the research –** Because of the holiday season, a large part of THE respondents were not at their indicated/actual addresses. A certain part of these respondents were outside the country. Their contact information was searched for according to where they were during the fieldwork. In this case, the regional personnel were a huge help to the survey, interviewing respondents from Tbilisi who were in the regions at the time of the survey.

In case of other difficulties that arose from the fieldwork, the fieldwork manager was always timely informed or instructions were provided accordingly. If necessary, consultations were held by the project manager.

C. SURVEY RESULTS

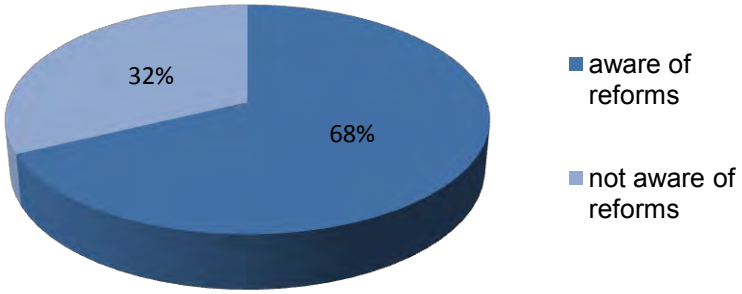
The results of the household and businesses surveys are represented below. These include perceptions, awareness, opinions on intellectual property rights protections, tax, customs system, awareness of EPI activities, employment, ICT access, and access to finance/capital among others. Descriptive analyses of all main sections and interesting parameters are shown below.

C.1 HOUSEHOLD SURVEY

C.1.1 AWARENESS AND ASSESSMENT OF REFORMS

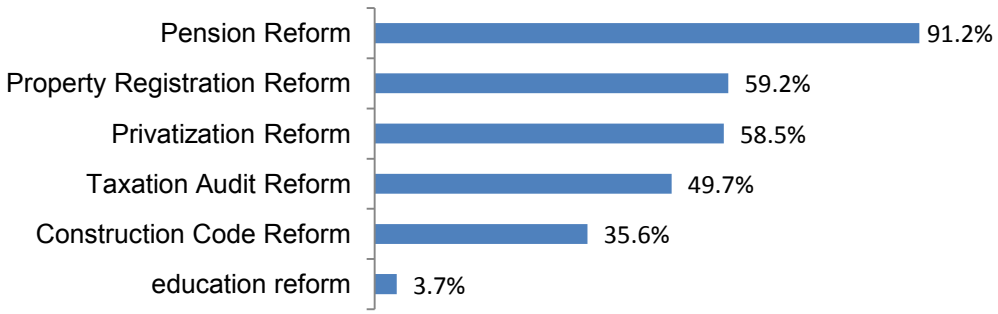
Survey results show that 68 percent of Georgian households are aware of economic reforms in years 2010 and 2011 in Georgia. (See diagram C.1.A1)

Diagram C.1. A1: Percentage distribution of awareness of reforms



These 68 percent of households have heard about different kinds of reforms. The picture of awareness of different types of reforms is nonhomogeneous according to survey results. The most common reform in Georgia is pension reform, about 91.2 percent of respondents have heard of it. (See diagram C.1.A2, A2.1)

Diagram C.1. A2, A2.1: Percentage distribution of different types of reforms



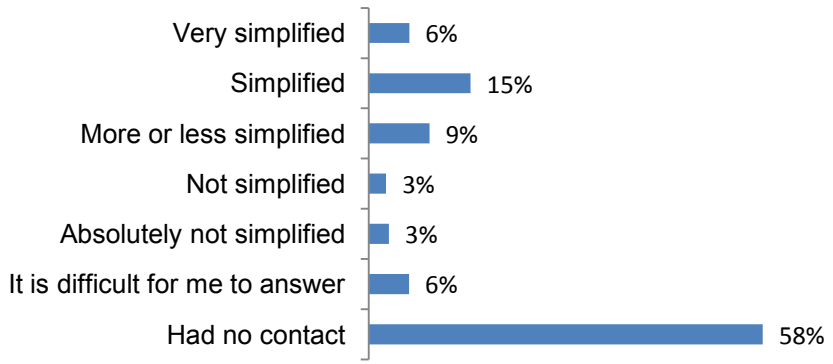
The respondents' attitude (positive/negative) towards the reforms named is more or less the same. The assessment of the reforms was based on a 5 point scale, where 1 means "very negative" and 5 means "very positive." The general attitude is bent to more positive than to negative, approximately 3.5 points on average. (See table C.1.A3)

Table C.1.1 A3: Assessment of reforms

Type of Reform	Average Points
Pension Reform	3.4
Construction Code Reform	3.7
Taxation Audit Reform	3.4
Privatization Reform	3.5
Property Registration Reform	3.7
Renting Reform / Leasing	3.6

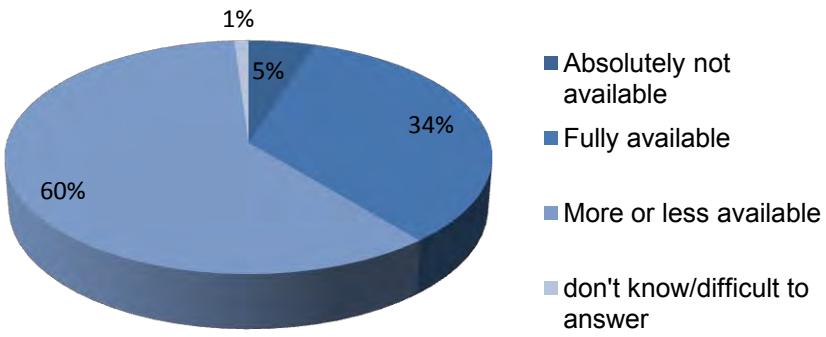
Another 5 point scale was used by respondents to estimate the simplicity of the property declaration submitting process. More than half of the respondents (58 percent) have no experience submitting tax declarations. Among those who assessed the process the majority (15 percent) consider it to be simplified. (See diagram C.1.A4)

Diagram C.1. A4: Percentage distribution of assessment of tax declaration submitting process



The survey also asked about the availability of information about ongoing economic reforms in Georgia for households. The biggest share of interviewed households (55 percent) state that the information is more or less available. (See diagram C.1.A5)

Diagram C.1. A5: Percentage distribution of availability of information about economic reforms in Georgia



The survey results revealed that households' opinions regarding intellectual property rights is varied depending on the situation:

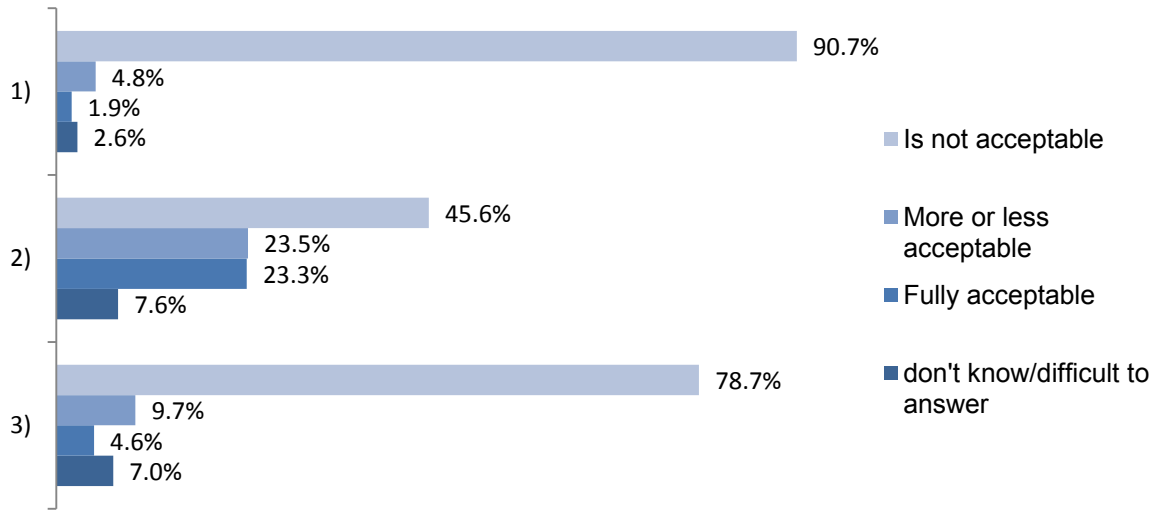
(1) Buying products/goods of those manufacturers who violate author's rights;

(2) Downloading pirated music, movies, software from Internet for private usage,

(3) Downloading pirated music, movies, software from Internet for further realization/subsequent sales.

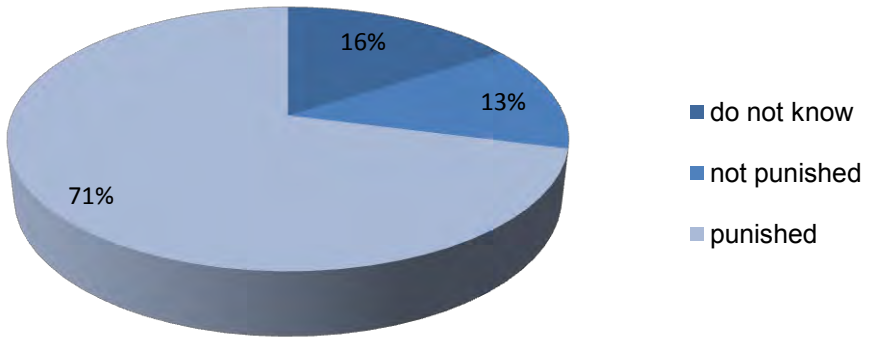
The biggest portion of households find activities (1) and (3) not acceptable (90.7 and 78.7 percent respectively). However, approximately half of the respondents (46.8 percent) consider downloading the pirated products for private usage (statement (2)) as acceptable. (See diagram C.1.A8, A10, A11)

Diagram C.1. A8, A10, A11: Opinions regarding Intellectual Property Rights



From survey results it is easy to see that 71 percent of households think that trade with commodities that violate author's rights is punished by law. (See diagram C.1.A9)

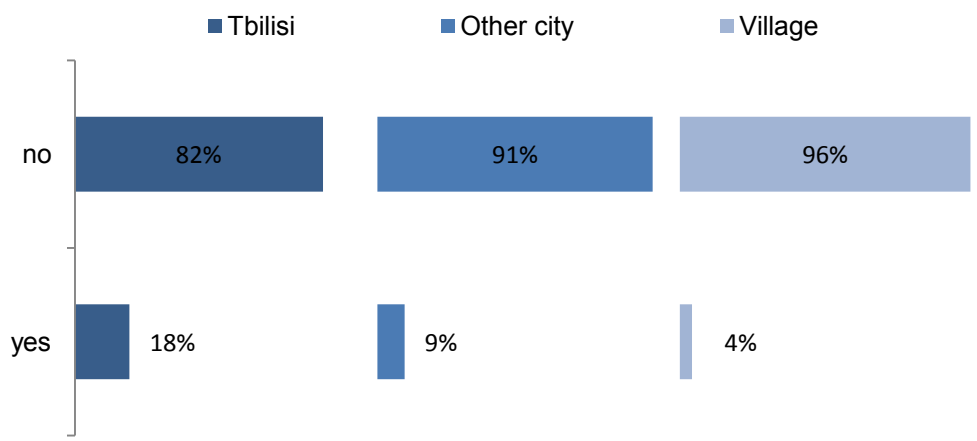
Diagram C.1. A9: assessment of law response on violation authors rights



C.1.2 ELECTRONIC MANAGEMENT

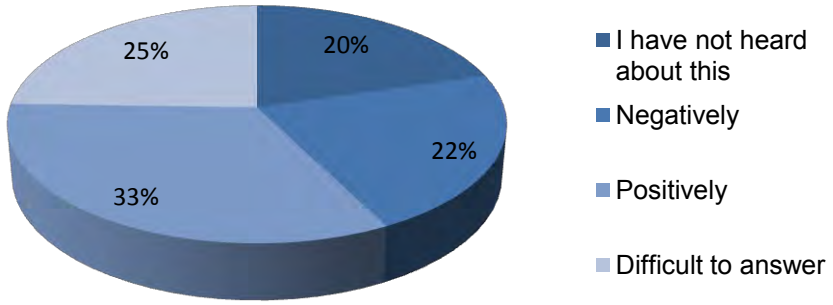
Respondents were asked if they have used the Internet to complete certain financial activities such as paying bills, making money transfers, etc. According to the results, there are statistically significant differences across the types of settlements. The level of Internet usage gradually decreases when moving from urban to rural areas. 18 percent of households do operations electronically in Tbilisi, 9 percent in other cities, and only 4 percent in villages. (See diagram C.1.C1)

Diagram C.1. C1: Percentage distribution of usage of electronic methods for financial activities across types of settlements



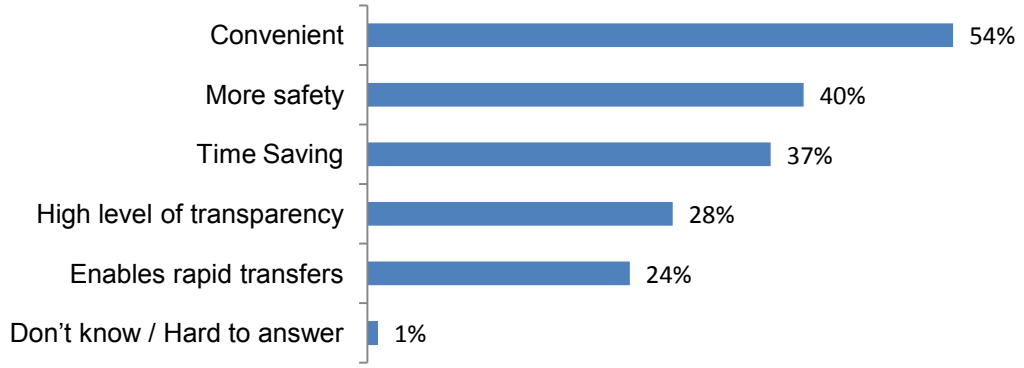
From the survey results, households' attitude towards the idea of implementation of electronic ID cards is more or less uniform. Thirty three percent of the population appraises it positively whereas 22 percent appraise it negatively. (See diagram C.1.C2)

Diagram C.1. C2: Percentage distribution of households' attitude towards electronic ID cards



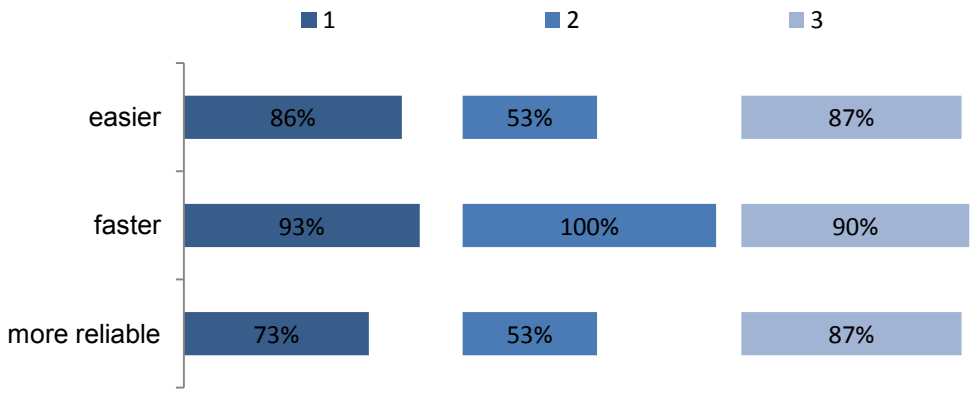
Those who responded positively regarding electronic ID cards were asked to provide reasons for their positive response. The most prevalent reason is convenience, named by 54 percent of the respondents who support the idea. (See diagram C.1.C3)

Diagram C.1. C3: Percentage distribution of reasons for supporting the idea of implementation electronic ID cards



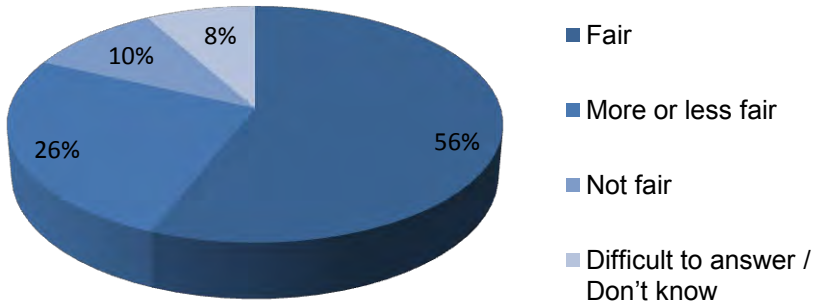
The survey results show that a very small percentage of the Georgian population use the Internet for (1) filling their tax/property declaration, (2) filling the patent license request form, and (3) asking questions to the government of Georgia (4.6 percent, 0.1 percent and 1.9 percent respectively). Respondents who reported using the Internet for these specific transactions were then asked why they used the Internet. The most common reason is that Internet makes the processes faster. Particularly, 93 percent think that the Internet makes the process of filling of tax/property declaration faster, 100 percent believe that it makes the process of filling the patent license request form faster, and 90 percent think that it makes the process of asking questions to the government of Georgia faster. Besides, the significant part of the population believes that Internet makes the various processes easier and more reliable. (See diagram C.1.C5, C6, C7)

Diagram C.1. C6, C7, C8: Percentage distribution of reasons for using Internet for various activities



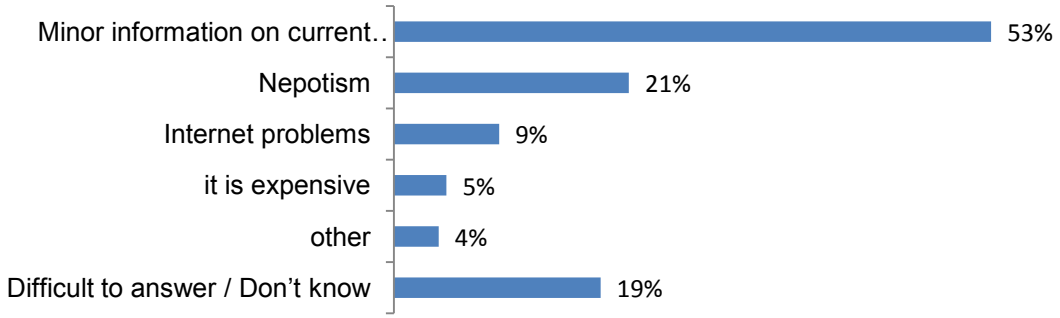
During the survey, the respondents assessed the fairness of the privatization process. More than half (56 percent) of population considers the privatization process to be fair and only 10 percent believe that the process is not fair. (See diagram C.1.C9)

Diagram C.1. C9: Assessment of fairness of privatization process



The main reasons cited for believing the privatization process to be unfair are as follows: Minor information on current processes (53 percent). (See diagram c.1.C10)

Diagram C.1 C10: Percentage distribution of reasons for considering the privatization process as unfair



C.1.3 RELATIONS WITH MEDIA

The survey results revealed that the population of Georgia uses various sources of news and information concerning current events. The picture is as follows:

Diagram C.1. F1: Percentage distribution of main information sources

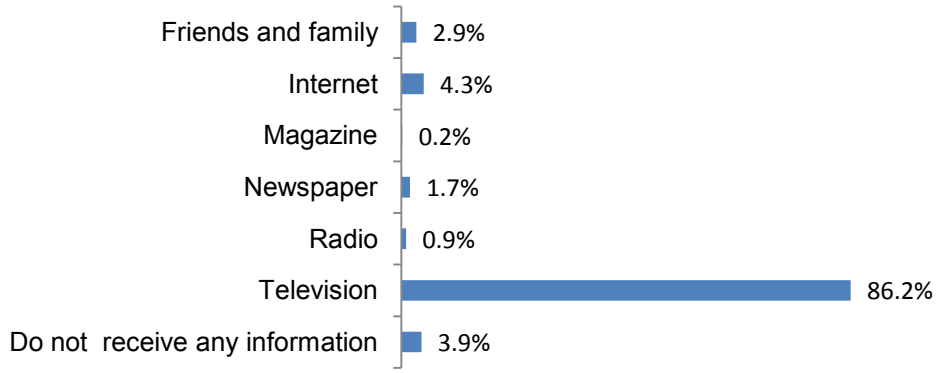


Table C.1 F2-F12 (a) gives the information about following issues: Level of frequency (Average number of days during one week) of receiving information about Georgian business and economics from different sources and the most frequently used type of source for each category. For example, during four days (on average), the respondents received business information from television and the most watched channel was Rustavi 2 (59 percent). (See table C.1.F2-F12)

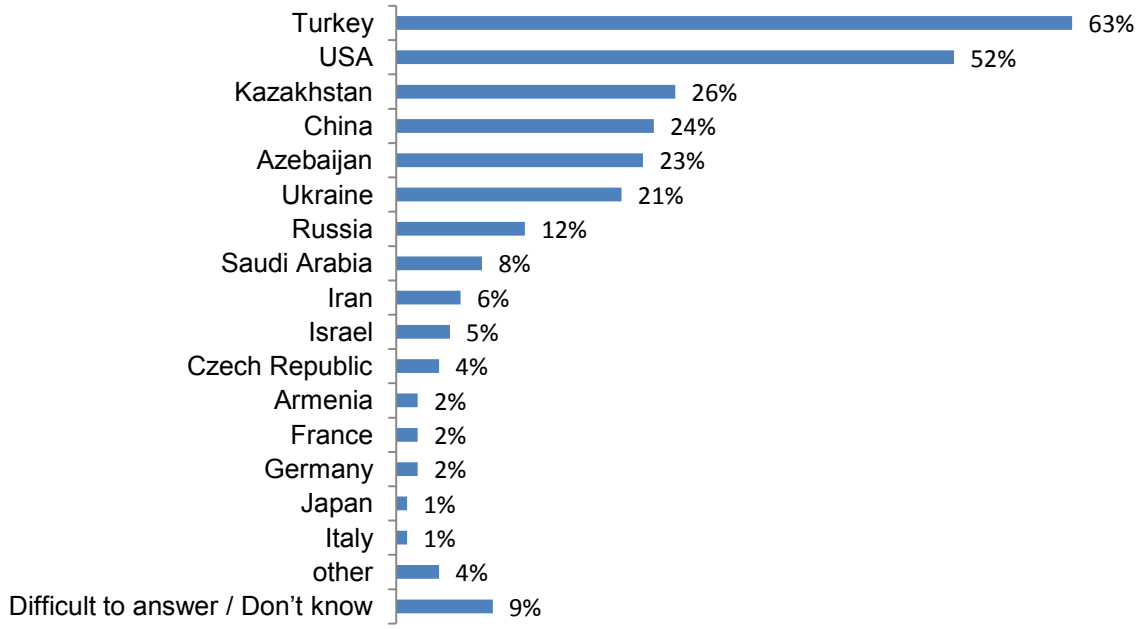
Table C.1. F2-F12

The source of information	Average number of days	The most prevalent specific source of information
Television	4	Rustavi 2 (59percent)
Radio	3	Imedi (28percent)
Newspaper	2	Kviris Palitra (59percent)
Magazine	2	Sarke (51percent)
Internet	4	Google.ge (14percent)
Friends and family	3	-------

C.1.4 GENERAL ATTITUDES

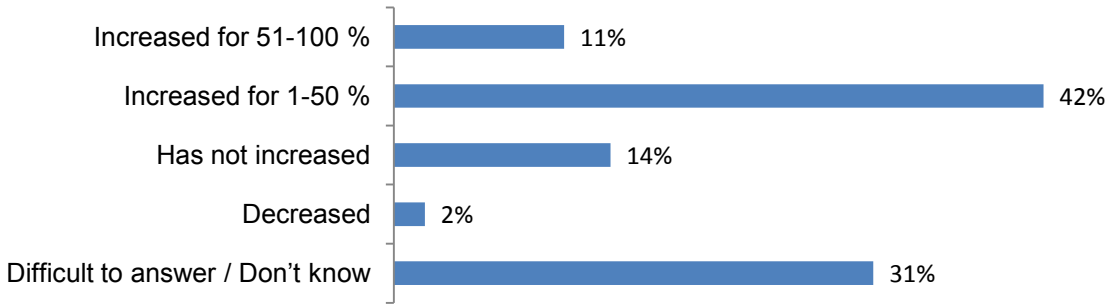
During the interviews, respondents were asked to name the top three countries they believe are investing in Georgia. After the survey, the following picture appeared: most people believe the greatest investors in Georgia are Turkey, United States of America, and Kazakhstan (63 percent, 52 percent and 26 percent respectively). (See Diagram C.1.R1)

Diagram C.1. R1: Percentage distribution of countries believed to be the biggest investors in Georgia by households



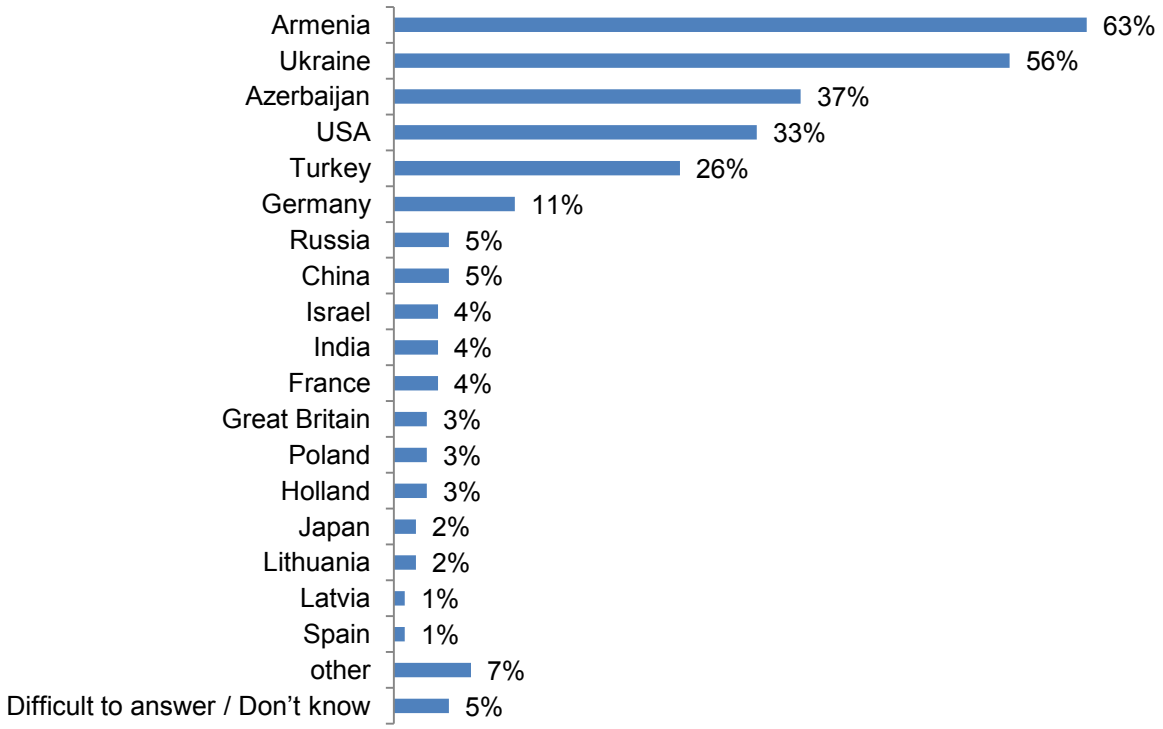
We should mention that more than half the population (53 percent) thinks that investment increased in Georgia last year. The minority (2 percent) think that the investment has decreased last year. (See diagram C.1.R4)

Diagram C.1. R4: Percentage distribution of investment trends in Georgia



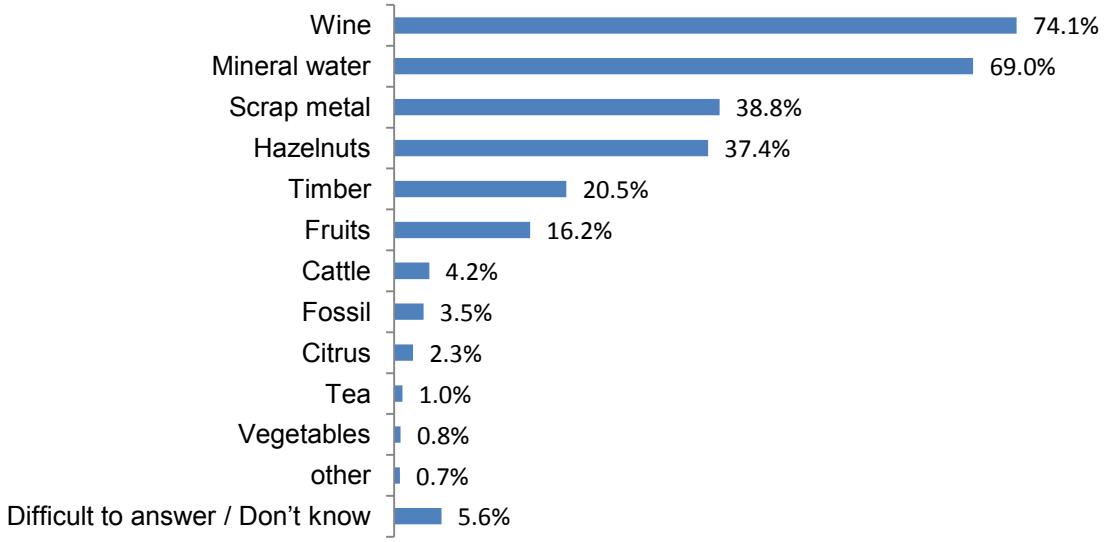
The survey results show that according to respondents' perception, foreign tourists come to Georgia mainly from Armenia (63percent), Azerbaijan (37 percent), (Both are neighbors of Georgia) and from the Ukraine (56 percent). (See diagram C.1.R2)

Diagram C.1. R2: Percentage distribution of countries mostly from which the tourists come to Georgia



Household respondents believe the most exported product from Georgia is wine (74.1 percent). (See diagram C.1.R3)

Diagram C.1. R3: Percentage distribution of products believed to be exported by Georgia

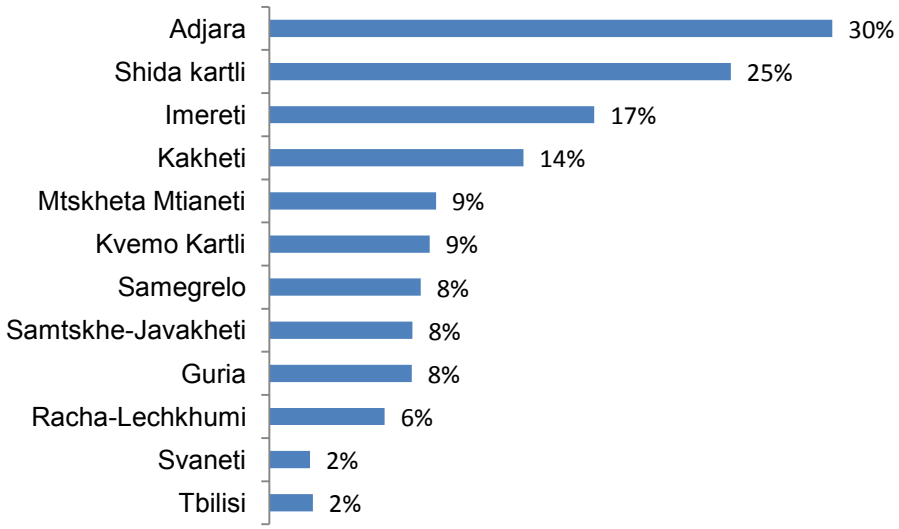


Tourism Trips by Georgian Households

From the survey results, the average number of domestic leisure trips taken last year by Georgian household respondents is six; out of this four were overnight trips. The average number of trips abroad is two.

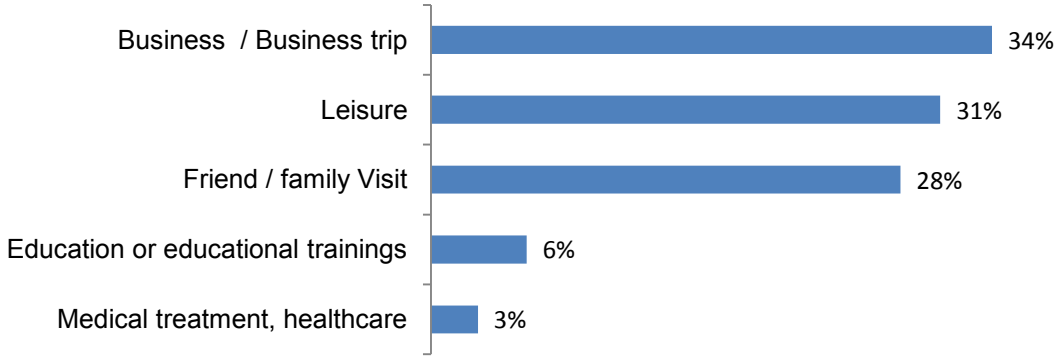
The distribution of domestic trips by regions of Georgia visited is quite diverse. The most frequently visited region is Adjara (30 percent) and the second most visited region is Shida kartli (25percent). The least visited regions are Svaneti and Tbilisi (2 percent for each). (See diagram C.1.R7)

Diagram C.1. R7: Percentage distribution of regions of Georgia visited by domestic tourists



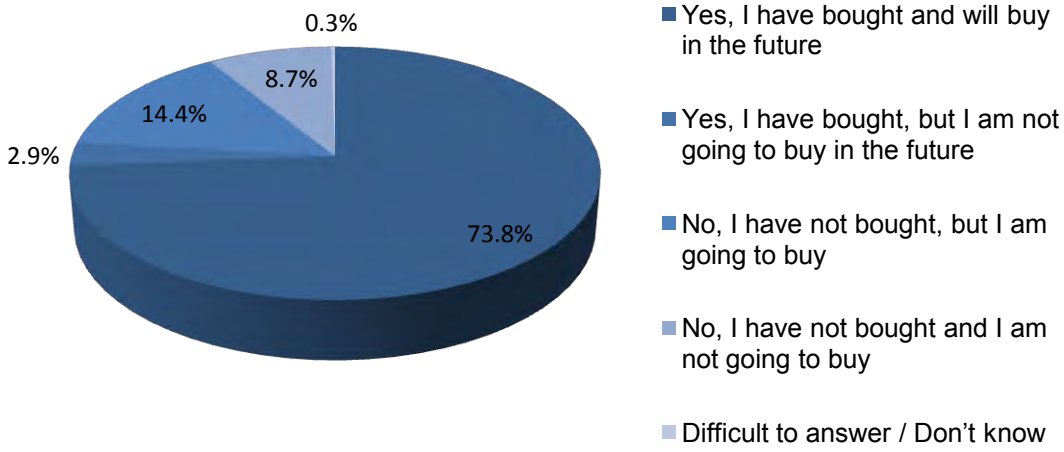
The purposes of the reported trips abroad vary. Survey results revealed that the trips Georgians most frequently make is business trips (34 percent). The most infrequent trip purpose is medical treatment (3 percent). (See diagram C.1.R10)

Diagram C.1. R10: Percentage distribution of trips according to their purposes



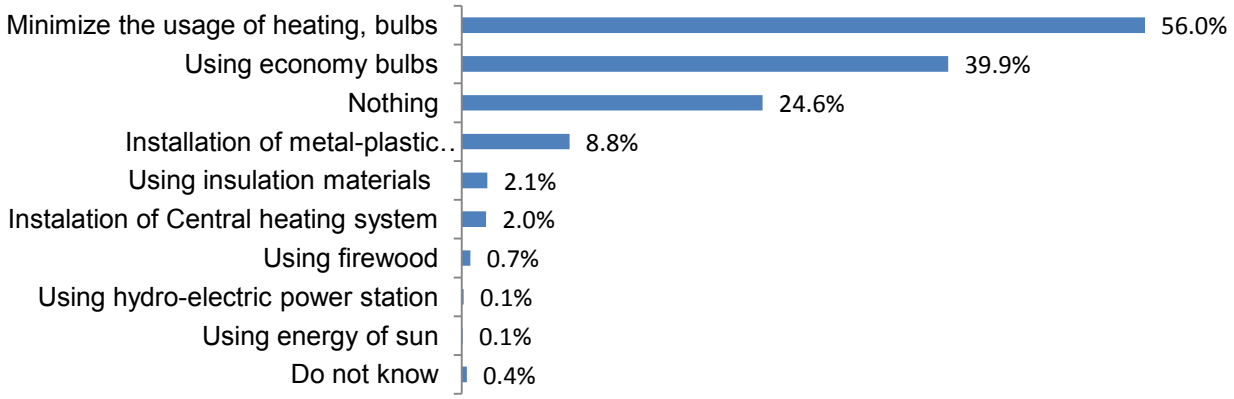
According to survey results, there is a high demand for domestically produced footwear and apparel. About 74 percent of Georgians have bought Georgian footwear and apparel and will buy Georgian products in the future. Only a small share of respondents (8.7 percent) says that they have not nor will they ever buy Georgian apparel. (See diagram C.1. R11)

Diagram C.1. R11: Percentage distribution of population attitude towards Georgian production of footwear and apparel



Approximately one-fourth (24.6 percent) of Georgian households would not do anything in order to save on energy costs. The majority of households (56 percent) just minimize the consumption of energy, i.e., usage of heating, bulbs. etc. (See diagram C.1.R12)

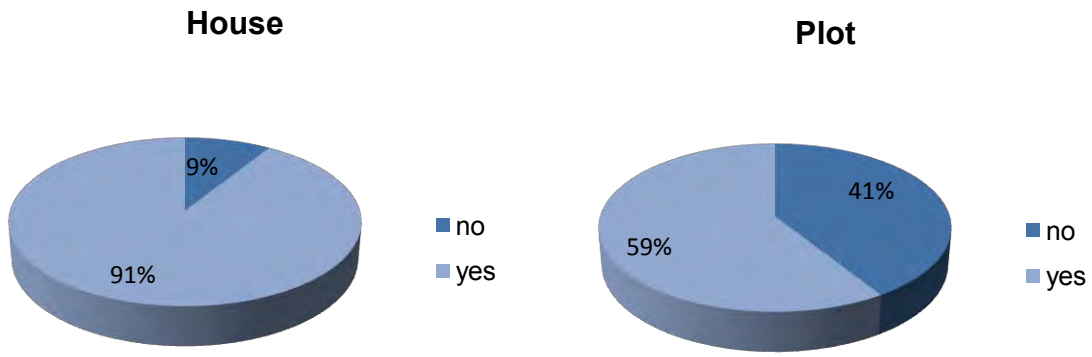
Diagram C.1. R12: Percentage distribution of activities in order to save on energy costs



C.1.5 HOUSEHOLD PROPERTY

Ownership of households and property (house/building and plot) was analyzed during the survey. The results revealed that 91 percent of families own house(s) and 59 percent possess plot(s). (See diagram C.1.B1)

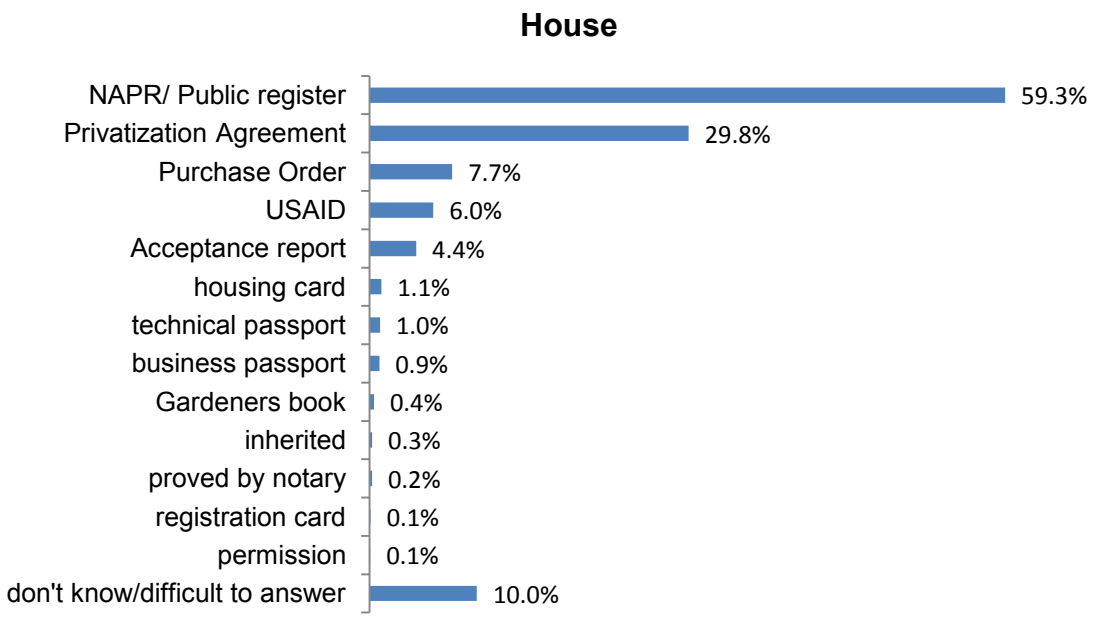
Diagram C.1. B1: Percentage distribution of household property

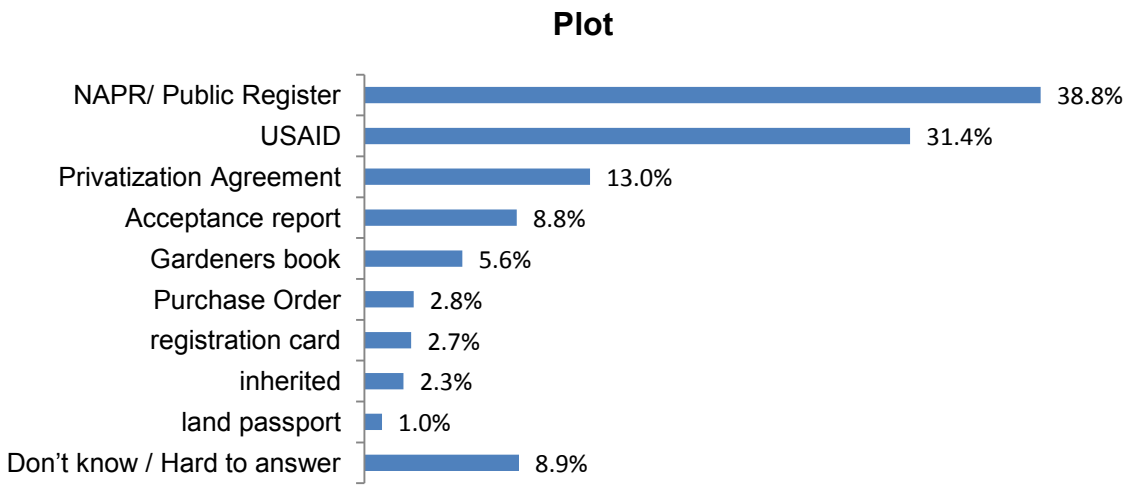


The average number of houses owned by a household is one, and average number of plots is one point five.

Out of the houses and plots owned by the households, approximately 75 per cent of respondents have certificates that prove the ownership of the property. These certificates are different types: USAID certificate, privatization agreement, acts of acceptance, purchase order, etc. The survey results showed that most frequently the owners of property have a certificate from the public register, specifically 59 percent for houses and 38.8 percent for plots/lands. (See diagram C.1.B3, B8)

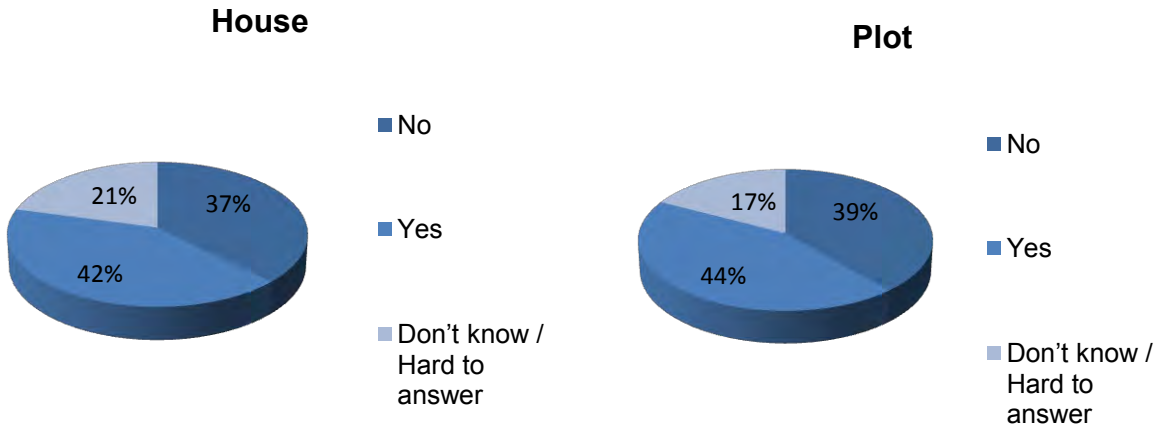
Diagram C.1. B3, B8: Percentage distribution of certificates that prove the ownership of houses and plots





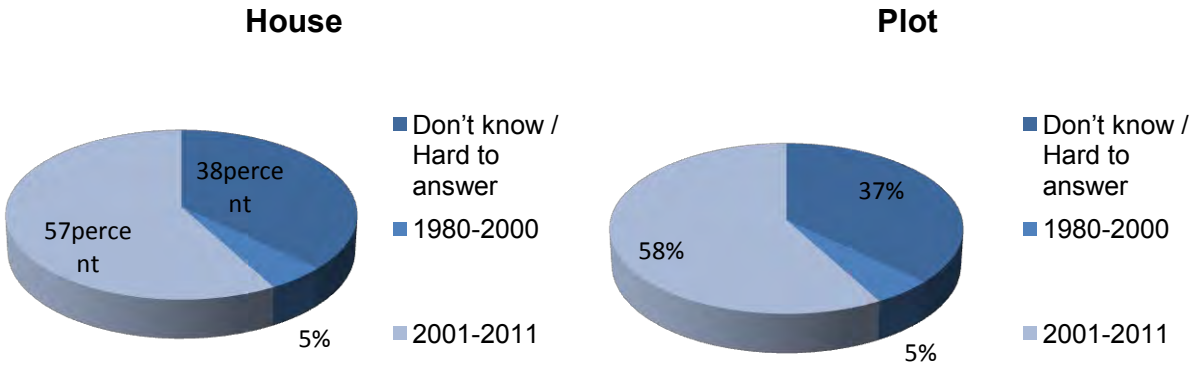
Apart from the above-mentioned certificates, the households were asked whether they had a cadastral map for each house or plot. Interviewers showed respondents an example of a cadastral map as an example and to ensure accurate reporting. The results are shown in Diagram C.1 B5, B10.

Diagram C.1. B5, B10: Percentage distribution of possession of cadastral map



The owners of the property have reregistered the house or plot in different years. The survey results confirm the diversity of registration years, but across types of estate (house, plot) the situation is almost identical. More than half of the owners have reregistered the property in the public register during recent years 2001-2011 (56-57percent). (See diagram C.1.B6, B11)

Diagram C.1. B6, B11: Percentage distribution of registration date (years) in the public register

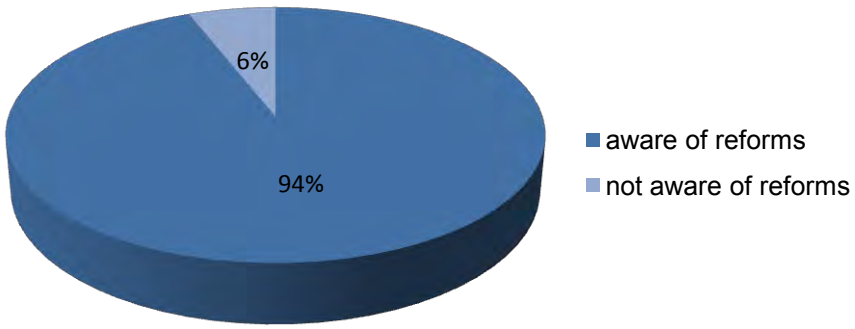


C.2 BUSINESS/ENTERPRISE SURVEY

C.2.1 AWARENESS AND ASSESSMENT OF REFORMS

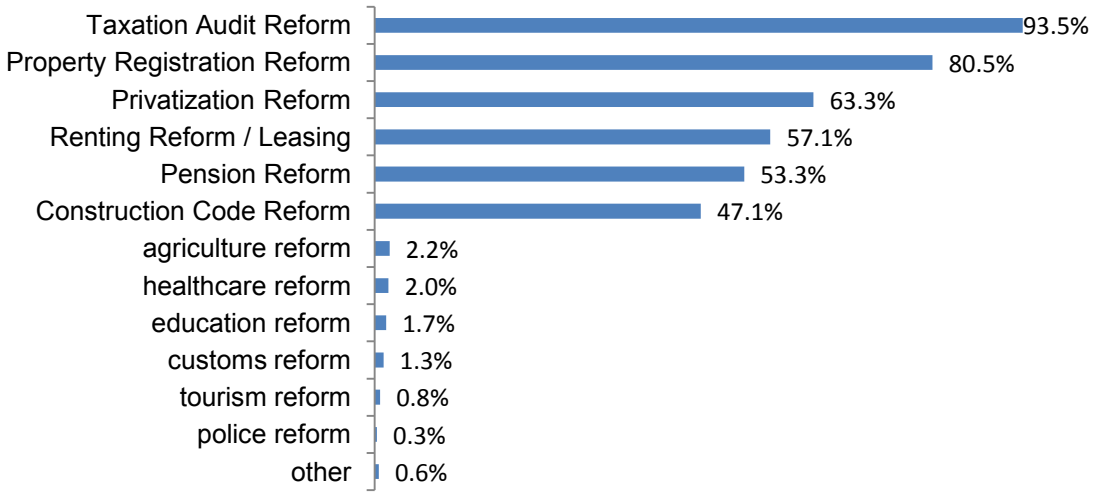
The biggest part of managers of business organizations has heard about the economic reforms in Georgia (94 percent). (See diagram C.2.A1)

Diagram C.2. A1: Percentage distribution of awareness of reforms



The distribution of different kind of reforms is nonhomogeneous. It is not surprising that business managers mostly have heard about the taxation audit reform (93.5 percent). The second biggest share comes for property registration reform (80.5 percent). (See diagram C.2.A2, A2.1)

Diagram C.2. A2, A2.1: Percentage distribution of different types of reforms



The respondents used a 5-score scale to estimate the performance of the reforms, where 1 means “very negative” and 5 means “very positive.” The overall assessment is positive, approximately 3.9 points on average. (See table C.2.A3)

Table C.2. A3: Assessment of reforms

Type of Reform	Average Points
Pension Reform	3.8
Construction Code Reform	3.9
Taxation Audit Reform	3.9
Privatization Reform	3.9
Property Registration Reform	4.1
Renting Reform / Leasing	4.0

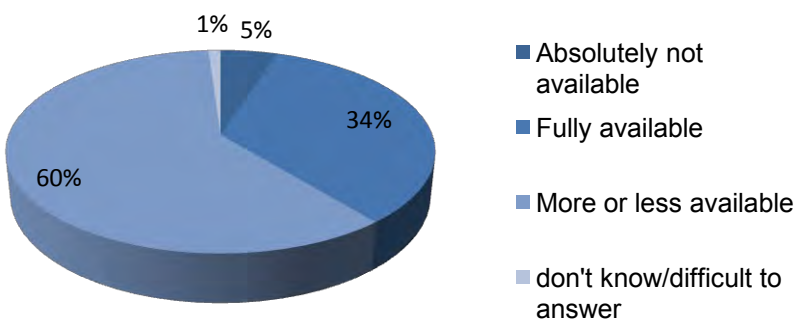
The 5-score scale was used to estimate the level of simplicity of submitting tax/property declaration, obtaining the tax refunds, and the tax audit process. Number 1 means "absolutely not simple" and number 5 means "very simple." The survey results presented the following picture:

Table C.2. A4, A5, A6: Assessment of different activities

Type of Activity	Average Points
The process of submitting tax/property declaration	4.2
The process of obtaining tax refunds	4.1
The process of tax audit	3.5

The businessmen also evaluated the availability of information about the ongoing economic reforms in Georgia. According to survey results, more than half (60 percent) of the managers believe that information is more or less available. Only for the small part (5 percent) of them is the information not available. (See diagram C.2.A7)

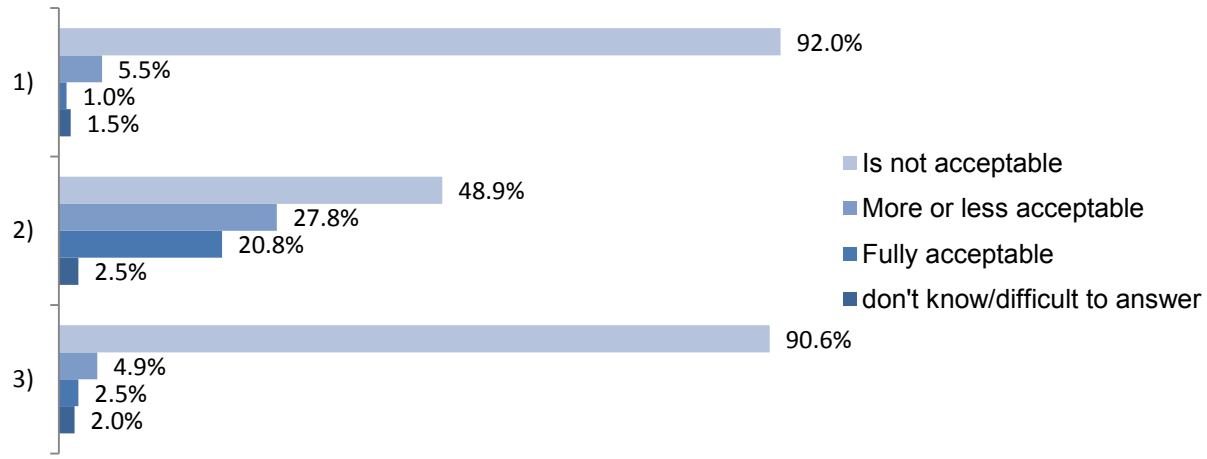
Diagram C.2. A7: Percentage distribution of availability of information about economic reforms in Georgia



The survey results revealed that the enterprise managers' attitude towards intellectual property rights varies according to the situation: (1) buying the

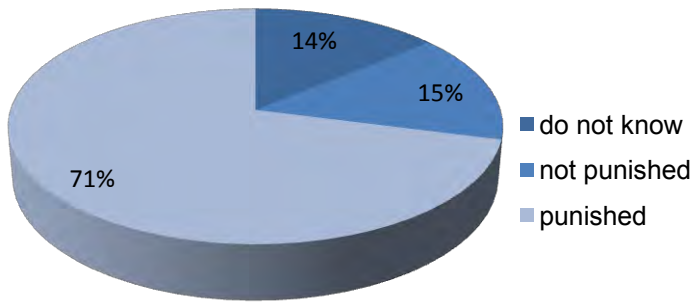
products/goods of those manufacturers who violate author's rights; (2) downloading the pirated music, movies, software from Internet for private usage, and (3) downloading the pirated music, movies, software from Internet for further realization/subsequent sales. The biggest proportion of households finds activities (1) and (3) not acceptable (92 percent and 90.6 percent respectively). However, approximately half of the respondents (47.6 percent) consider downloading the pirated products for private usage (statement (2)) as acceptable. (See diagram c.2.A10, A12, A13)

Diagram C.2. A10, A12, A13: assessment of different issues



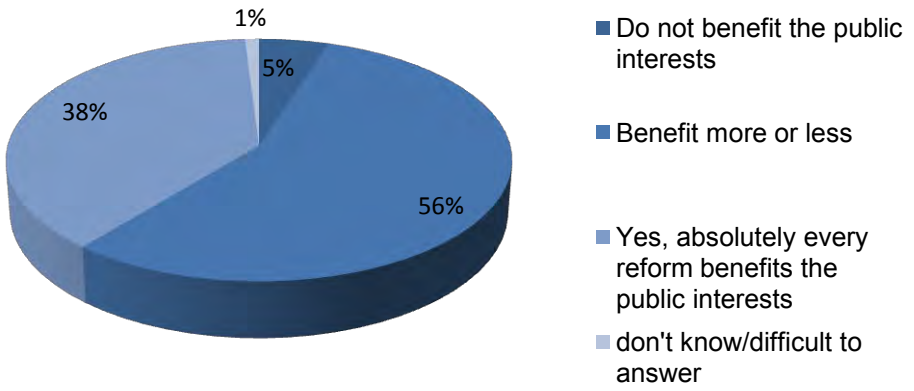
Similar to household responses, 71 percent of businessmen believe that the trade with commodities that violate author's rights is punishable by law. (See C.2.A11)

Diagram C.2. A11: assessment of law response on violation authors rights



As for the general assessment of economic reforms in Georgia, the majority (94 percent) of businessmen think that the economic reforms benefit the public interests. (See C.2.A9)

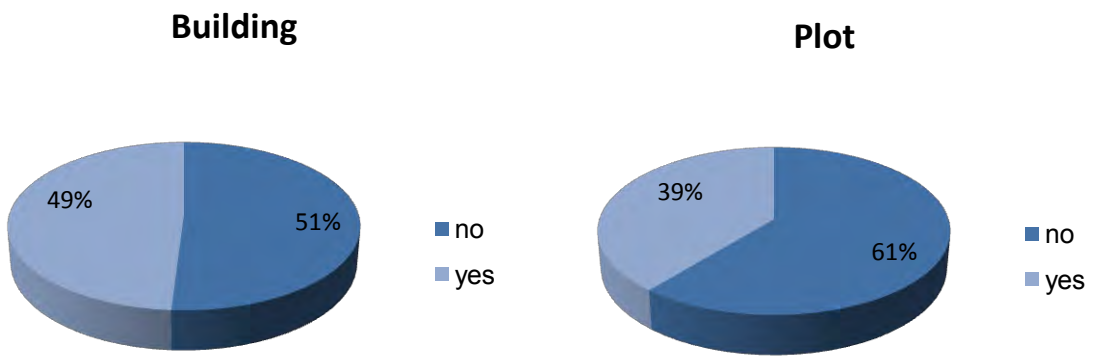
Diagram C.2. A9: assessment of benefits of economic reforms



C.2.2 BUSINESS PROPERTY

During the survey, the respondents (business managers) were asked about the property owned by their company. The property includes house/office/building and plot/land. The research results revealed that approximately half (49 percent) of the businesses own building/office and around 39 percent own plot/land. (See diagram C.2.B1)

Diagram C.2. B1: Percentage distribution of business property

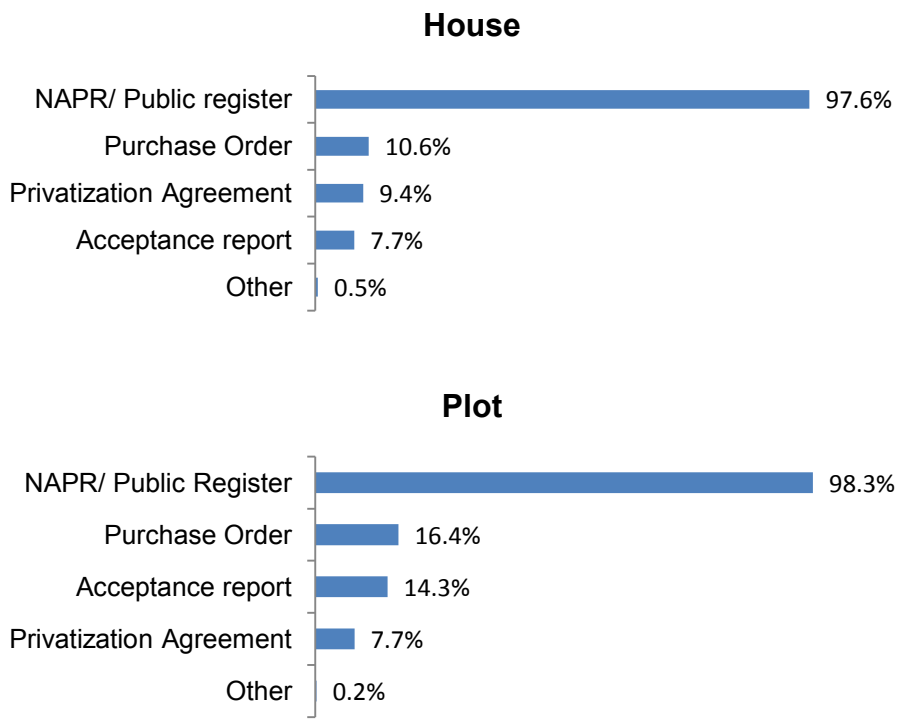


The average number of buildings owned by business organizations is three, and the average number of plots is two.

Out of the houses/buildings and plots owned by the businesses, approximately 99 per cent have the certificates that prove the ownership of the property. These certificates are different types: USAID certificate, privatization agreement, acts of acceptance, purchase order, etc. The survey results showed that most frequently

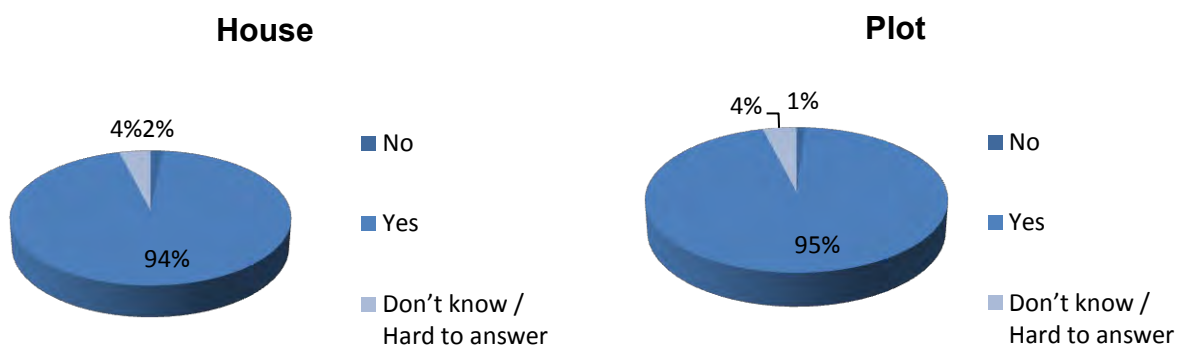
businesses managers have certificates from the public register, specifically 97.6 percent for houses/buildings and 98.3 percent for plots/lands. (See diagram C.2.B3, B8)

Diagram C.2. B3, B8: Percentage distribution of certificates that prove the ownership of houses and plots



Apart from the above-mentioned certificates, the business managers were asked whether they had a cadastral map for each house/building or plot (with interviewers showing example cadastral maps for clarity). The following picture appeared:

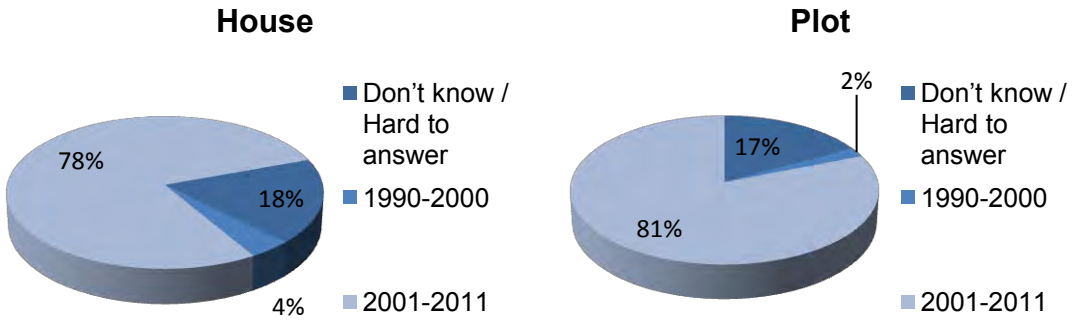
Diagram C.2. B5, B10: Percentage distribution of possession of cadastral map



The owners of the property have registered the house/building or plot in different years. The survey results confirm the diversity of registration years. The majority

of businesses (78 percent) have registered the house/building between the years 2001 to 2011, and about one fifth (18 percent) have registered between the years 1990 to 2000. More or less the same results are shown for the registration of plots. (See diagram C.2 B6, B11)

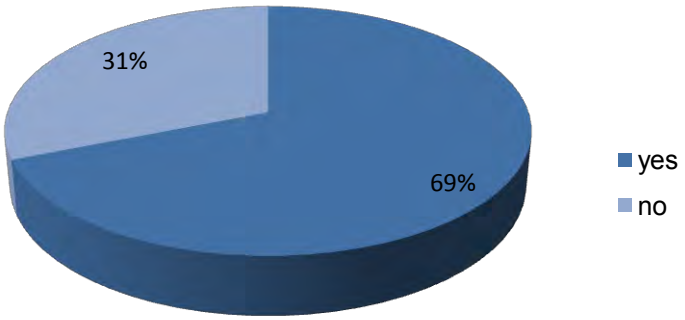
Diagram C.2. B6, B11: Percentage distribution of registration date (years) in the public register



C.2.3 ELECTRONIC MANAGEMENT

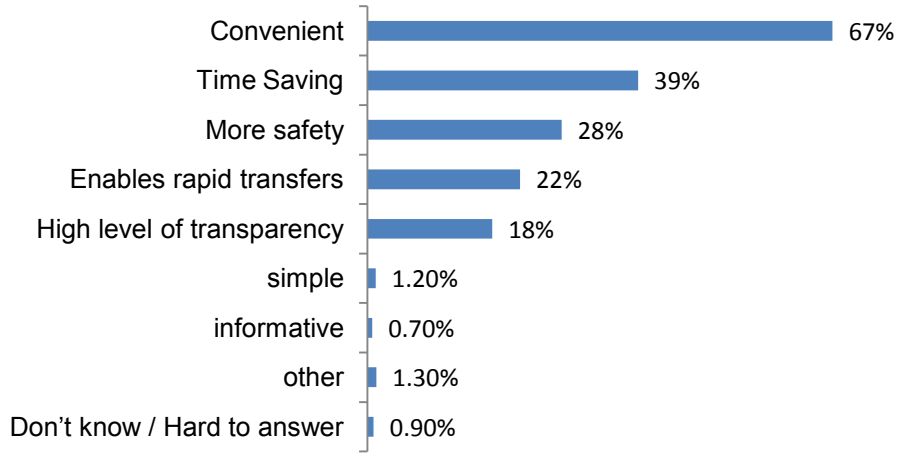
Business respondents were asked about the use of the Internet for conducting financial transactions. About 69 percent of businesses in Georgia use the Internet for paying bills, making money transfers, and other monetary operations. (See diagram C.2.C1)

Diagram C.2. C1: Percentage distribution of usage of electronic methods for different activities



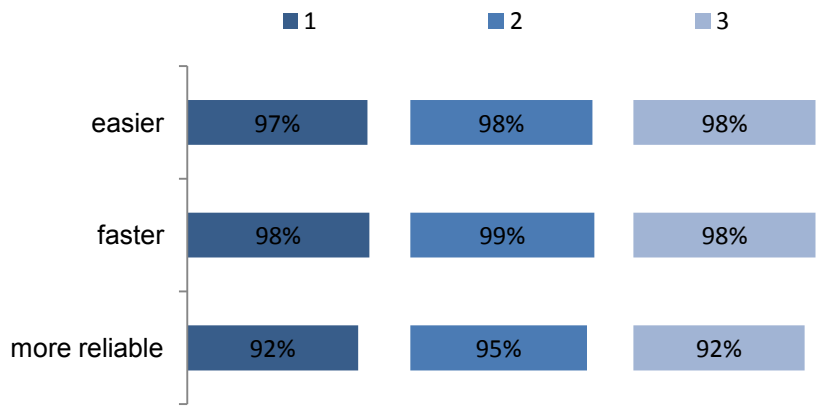
Approximately 69 percent of businesses positively assess the idea of implementation of electronic ID cards, while 13 percent do not support it. The supporters of this idea list various reasons. The prevalent reason is convenience (67 percent). (See diagram C.2. C3)

Diagram C.2. C3: Percentage distribution of reasons for supporting the idea of implementation electronic ID cards



The survey results show that unlike households, the majority of Georgian businesses use the Internet for (1) filling of tax/property declaration (91 percent), however, only 8 percent use the Internet for (2) filling the patent license request form, and just 15 percent use the Internet for (3) asking questions to the government of Georgia. This portion of businesses state different reasons for using the Internet for these specific purposes. The absolute majority (98 percent) of businessmen state that the processes using the electronic method is easier and faster, and about 93 percent think that the electronic method is more reliable. (See diagram C.2. C5-C7)

Diagram C.2. C5-C7: Percentage distribution of reasons for using Internet for various activities



According to survey results, approximately 39 percent of enterprise managers believe privatization to be relatively fair. About 27 percent think that the privatization process is more or less/totally unfair. The distribution of reasons for unfairness of the process is not uniform. The most frequent reason was that

there is minor information on current processes. (See the diagram C.2.C9 and diagram C.2.C10)

Diagram C.2. C9: Assessment of fairness of privatization process

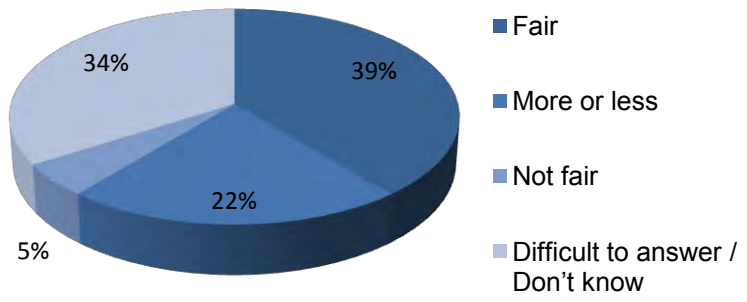
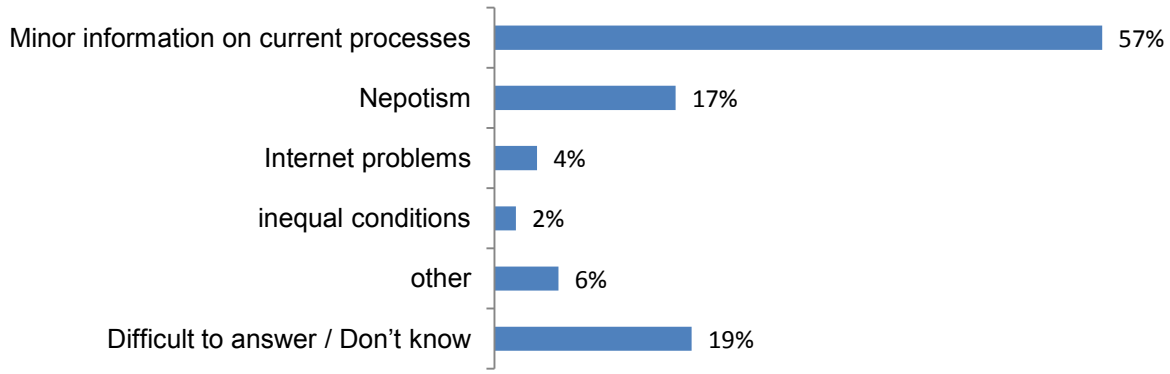


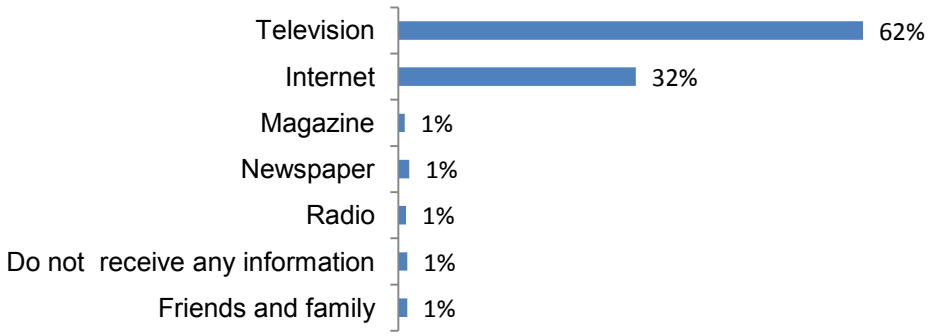
Diagram C.2. C10: Percentage distribution of reasons for considering the privatization process as unfair



C.2.4 MEDIA SOURCE FOR NEWS AND INFORMATION

The survey results revealed that business managers operating in Georgia use various sources of news and information concerning current events. The picture is as follows: The dominant source is television (62 percent) and on second place goes Internet (32 percent). (See diagram C.2.Q1)

Diagram C.2.Q1: Percentage distribution of information sources



The table C.2.Q2-Q12) gives the information about following issues: Level of frequency (average number of days during one week) of receiving information about Georgian business and economics from different sources; Most frequently used type of source for each category. For example, during an average of five days, the respondents received business information from Internet and the most visited website was Ambebi.ge (7 percent). (See table C.2.Q2-Q12)

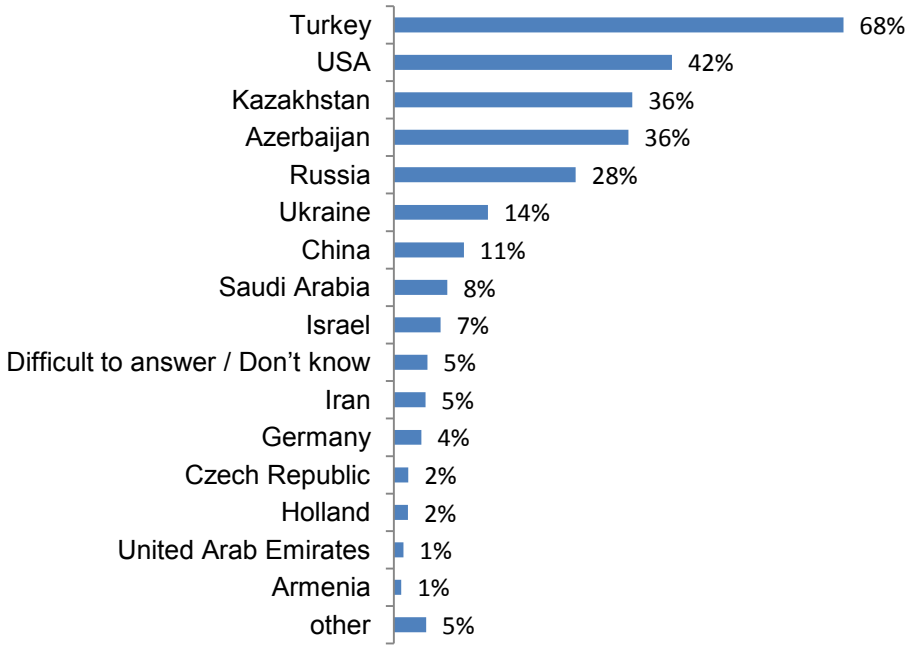
Table C.2. Q2-Q12

The source of information	Average number of days	The most prevalent specific source of information
Television	4	Rustavi 2 (75percent)
Radio	4	Imedi (37percent)
Newspaper	2	Kviris Palitra (53percent)
Magazine	2	Tbiliselebi (13percent)
Internet	5	Ambebi.ge (7percent)
Friends and family	3	-------

C.2.5 GENERAL ATTITUDES

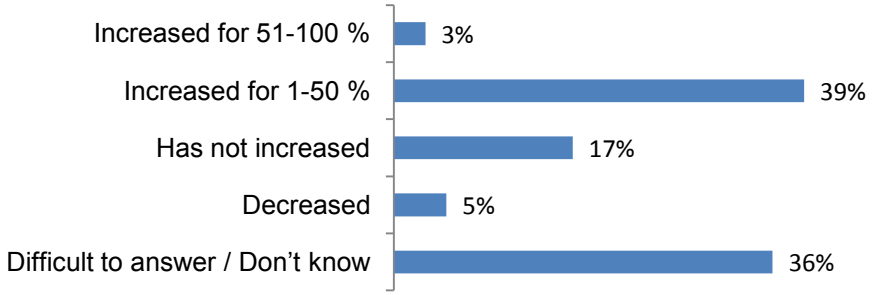
One of the important topics to be analyzed within the research was the investment in Georgia. According to large and medium business managers, the top four countries they believe to be investing in Georgia are: Turkey (68 percent), USA (42 percent), and Kazakhstan and Azerbaijan (36 percent each). (See diagram C.2.R1)

Diagram C.2. R1: Percentage distribution of countries believed to be the biggest investors in Georgia by businesses



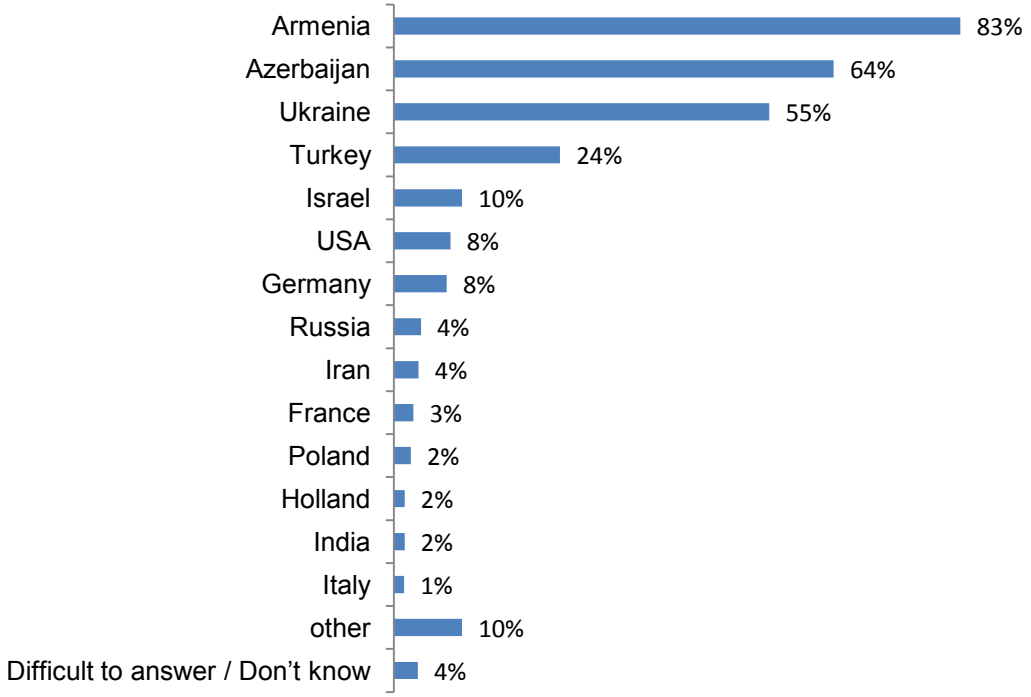
Respondents were also asked to estimate the magnitude of change in investments relative to last year. Thirty-nine percent of businessmen think that investment has not increased considerably in Georgia (by 1 to 50 percent). (See diagram C.2.R4)

Diagram C.2. R4: Percentage distribution of investment trends in Georgia



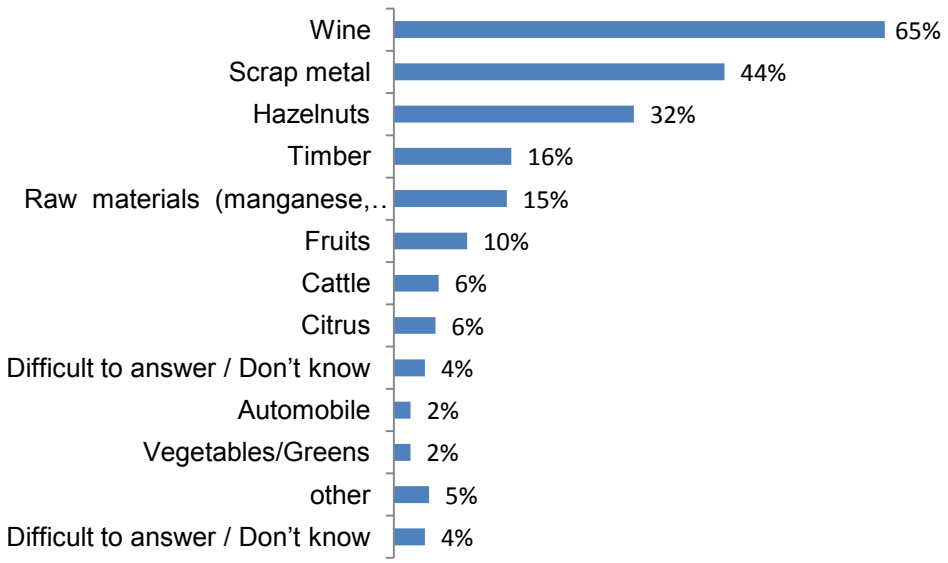
The survey results showed that business respondents believe most of the tourists come to Georgia from Armenia and Azerbaijan (83 percent and 64 percent, respectively). The general picture about the countries from which tourists come to Georgia is presented in diagram C.2.R2.

Diagram C.2. R2: Percentage distribution of countries mostly from which the tourists come to Georgia



According to survey results, the distribution of goods exported from Georgia is nonhomogeneous. The enterprise managers believe that Georgia's highest exported product is wine (65 percent). (See diagram C.2.R3)

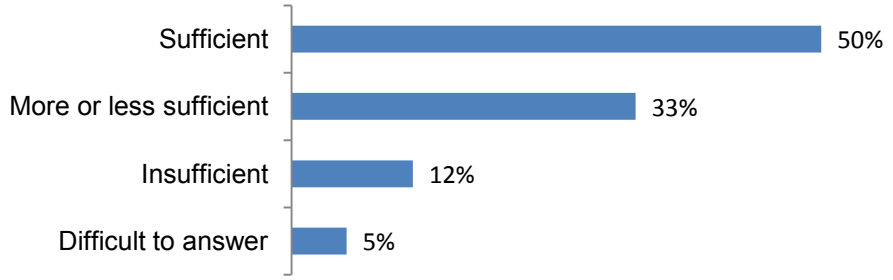
Diagram C.2. R3: Percentage distribution of products believed to be exported by Georgia



C.2.6 AVAILABILITY OF SERVICES

The survey results demonstrated that the availability of various services differs from each other. One of the topics analyzed in frame of the research was the level of sufficiency of public information about the privatization process in order to participate in auctions and direct sales. The results are illustrated in diagram C2.W1. The information is sufficient for the majority of businesses (50 percent).

Diagram C.2. W1: Percentage distribution of information sufficiency for participating in auctions and direct sales



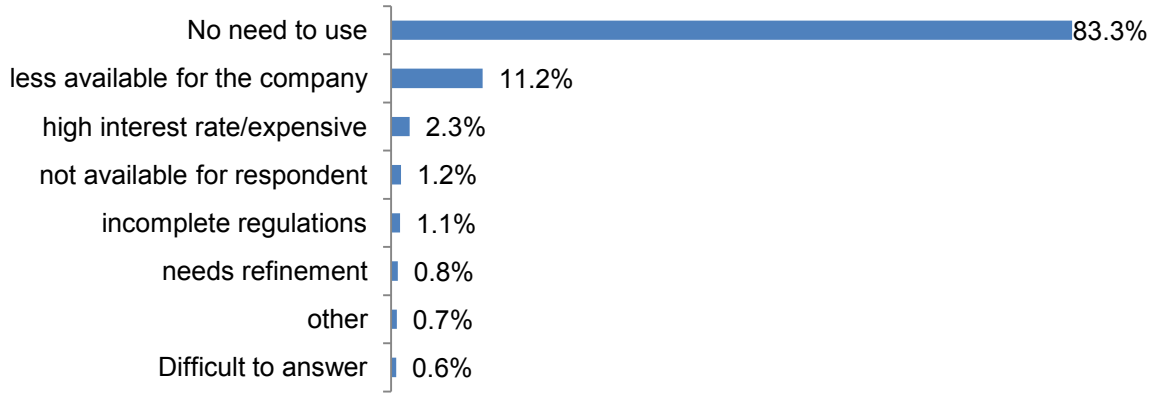
The table C.2 W2, W3, W4, and W9 contains the following information: The name of the statement and the percentage distribution of possible answers according to the survey results. For instance, approximately 60 percent of businesses have used the credit of bank or micro financial organization.

Table C.2. W2, W3, W4, W9

The Statement	Yes (percent)	No (per cent)	Don't know /difficult to answer (percent)	Total (percent)
The company/manager has participated in privatization process over the last year	10.6	88.6	0.8	100
The manager has heard of leasing	78.3	21.7	0	100
The company has used leasing services	10	67.8	0.5	78.3
The company has used the credit of the bank or micro financial organization	59.9	39	1.1	100

The businesses named the different reasons for not using the leasing service. The most common reason is that there is no need of this service at all (83 percent). Another significant reason is that this kind of service is not available for the companies. (See diagram C.2.W5)

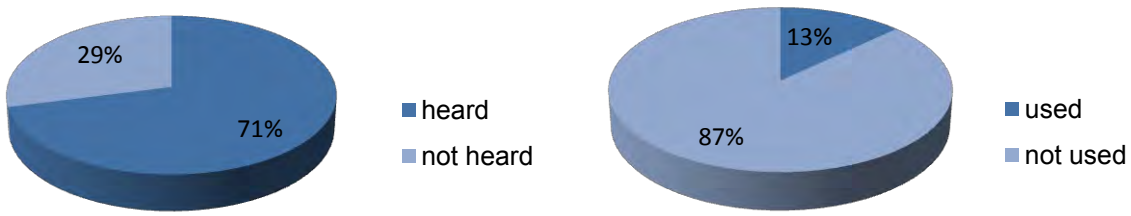
Diagram C.2. W5: Percentage distribution of reasons for not using the leasing service



The reasons for businesses not using the credit are nearly identical to the reasons presented for not using leasing services.

The subject of harvest insurance service was discussed only with the farmers/businesses operating in the agricultural sector. Seventy-one percent of the farmers have heard about the harvest insurance service and out of this, only a small part of the farmers have used it (13 percent). (See C.2.W7)

Diagram C.2. W7: Percentage distribution of usage of harvest insurance service



C.2.7 EMPLOYEES – LEVEL OF EMPLOYMENT, AVAILABILITY OF TRAININGS, QUALIFIED LABOR FORCE, MANAGEMENT CONCEPTION IN REGARD TO EMPLOYEE'S PRODUCTIVITY

A 5-score scale was used to assess employment-related topics by business organizations, where "1" means "very unsatisfied" and "5" means "very satisfied." The survey results are shown in table C.2.F1, F5, F6, F10.

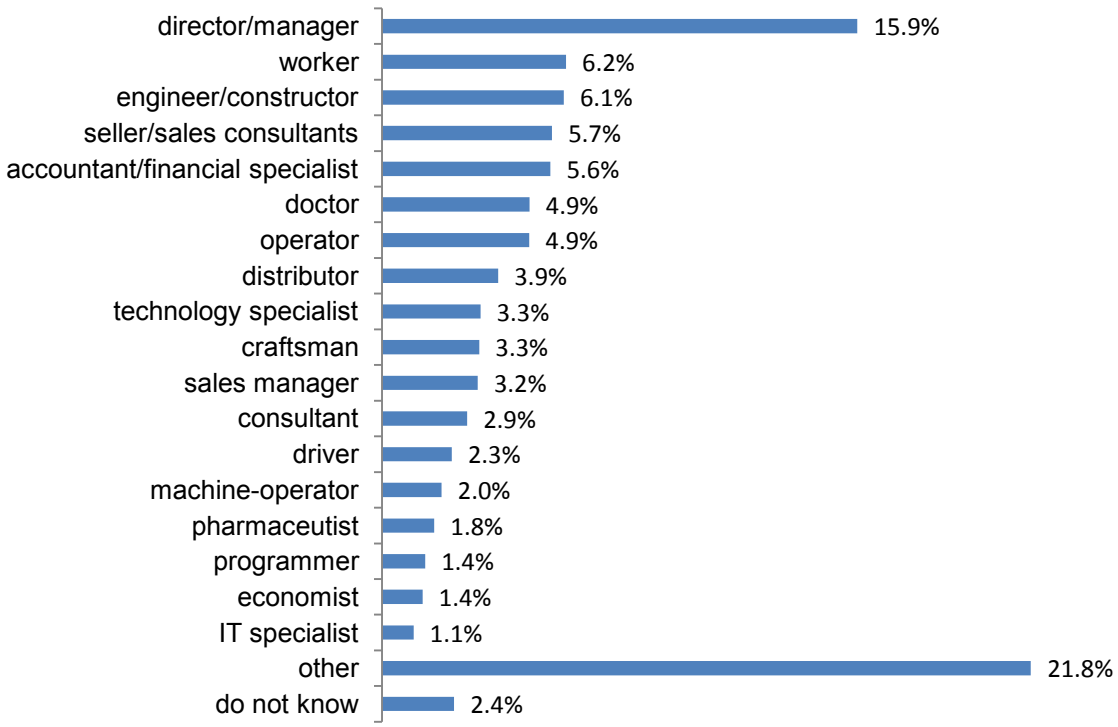
Table C.2. F1, F5, F6, F10: Assessment of employment related topics

Topic	Average score
Professionalism of labor force available for the business in Georgia	3.5
Knowledge and experience of the employees	4.0
Productivity of the employees and quality of work.	4.0
Availability of trainings outside the company in Georgia	3.6

The average point for estimating the difficulty of finding the qualified and experienced staff in a specific field in Georgia is 3, where "1" means "very difficult" and "5" means "very simple."

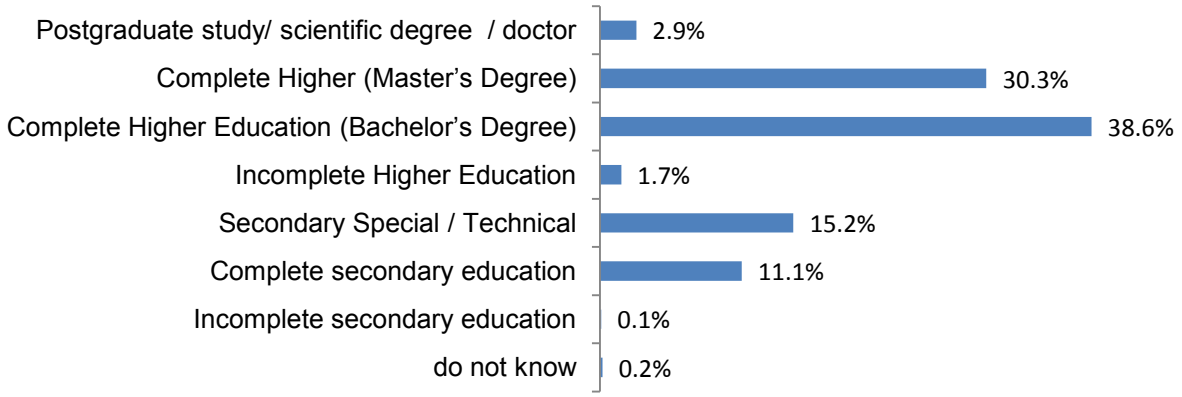
The survey results confirmed that in different business organizations, employees with distinct position and occupation play major roles, i.e., contribute mostly to production. Approximately 16 percent of business managers believe that the dominant position in the company is the position of director. The second and third biggest portion comes on worker and engineer/constructor (6.2 percent and 6.1 percent respectively). (See diagram C.2.F3)

Table C.2. F3: Percentage distribution of dominant position/profession in the company



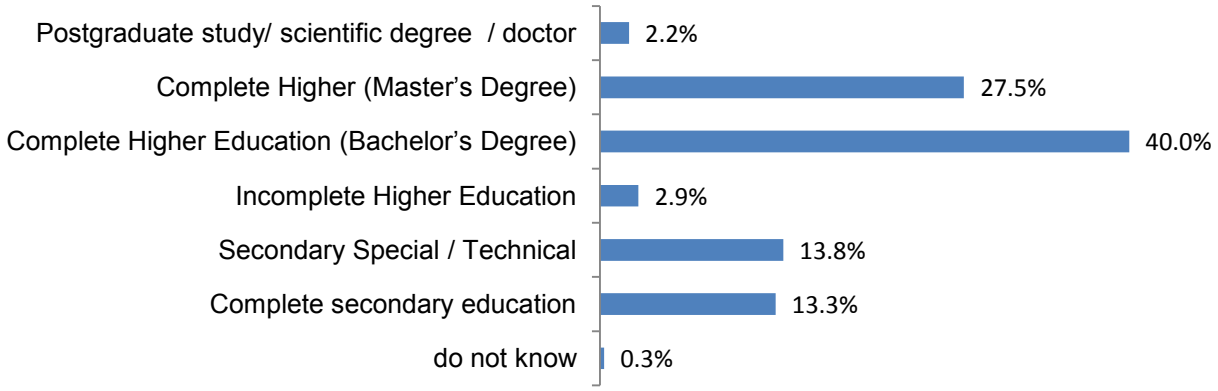
The average salary of the employee holding the dominant position is **812** GEL and the education level of that employee, in 38.6 percent cases, is a bachelor's degree. The distribution of the level of education is quite diverse. (See diagram C.2. F7)

Table C.2. F7: Percentage distribution of education level of dominant position/profession employee in the company



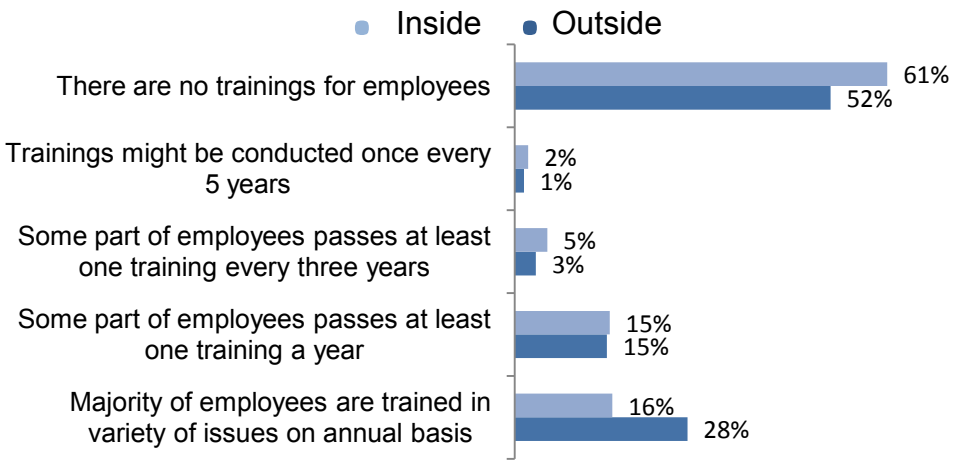
The corresponding picture of the level of education of other (not dominant) employees has a similar shape. The prevalent category is again the complete higher education with bachelor's degree (40 percent). (See diagram C.2.F7)

Table C.2. F7: Percentage distribution of education level of other (not dominant position/profession) employee in the company



The research results revealed that in more than half of the enterprises in Georgia there are no trainings for employees neither inside nor outside the company (61 percent and 52 percent respectively). (See diagram C.2. F8)

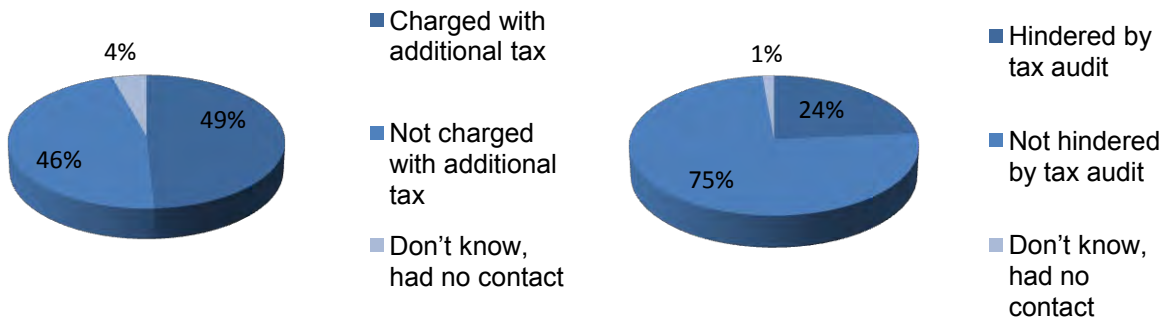
Table C.2. F8: Percentage distribution of availability of trainings inside and outside the company



C.2.8 AUDIT

According to survey results, in 71 percent of the businesses the tax audit has not been conducted by the revenue service over the last year. The tax audit was conducted once in about one fourth of companies (24 percent). The average duration of the tax audit process in the company was 49 days. As a result of the audit, 49 percent of the businesses were charged with additional taxes and approximately in 24 percent of businesses, the production/operating process was hindered by the tax audit. (See diagram C.2.G3)

Table C.2. G3: Percentage distribution of consequences of tax audit in the business companies



C.2.9 CUSTOMS PERCEPTIONS

The table C.2 T1, T2, T3, T4, and T5 contains the information about the business managers' perceptions concerning the customs-related issues. For example, 50 percent of businessmen think that import rules and regulations are applied equally to all businesses and 13 percent thinks the opposite.

Table C.2. T1, T2, T3, T4, T5: Assessment of customs related topics

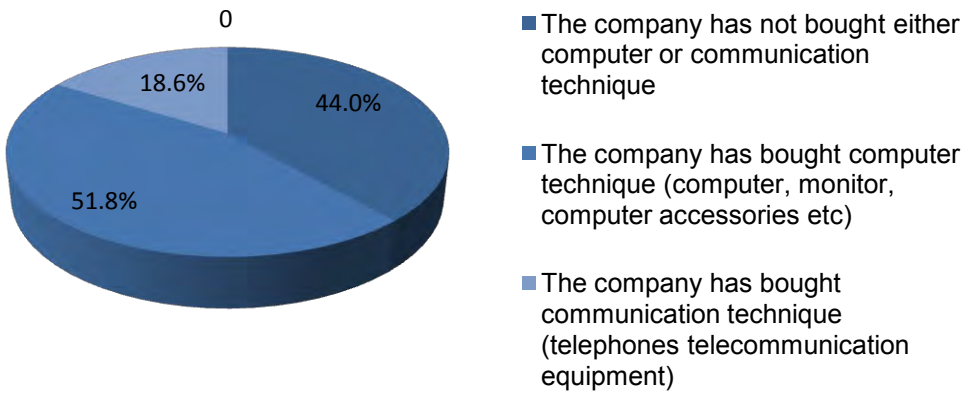
The Topic	Yes (percent)	No (per cent)	Don't know /had no contact (percent)	Total (percent)
Import rules and regulations are applied equally to all businesses	50	13	37	100
When import violations occur, all the accused of wrongdoing are treated the same way.	49	8	43	100
The company has imported or exported goods in the last year	49	51	0	100
The available information about the customs regulations in sufficient to avoid the violation of the law	43	4	2	49
The changes made to customs regulations are discussed with businesses/companies	26	1	2	49

C.2.10 INFORMATION AND COMMUNICATION TECHNOLOGIES

The survey also asked businesses about their usage of information and communication technologies (computer and communication technique, telephones, etc.). Particularly, 61 percent of Georgian businesses have increased the use of information and communication technologies over the last six months.

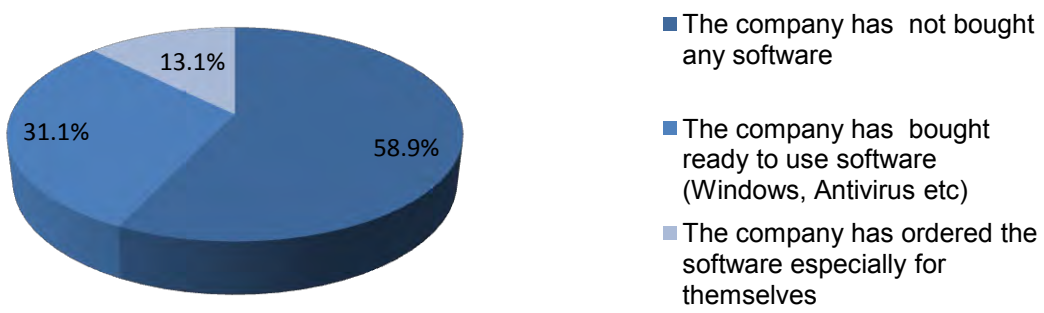
The survey results showed that slightly more than half of the businesses have invested in computer technique (51.8 percent). (See diagram C.2.E2)

Diagram C.2. E2: Percentage distribution of investment in information and communication technologies



Moreover, approximately one third of businesses (31 percent) have invested in ready to use computer software (Windows, antivirus, etc.) over the last six months. (See diagram C.2.E3)

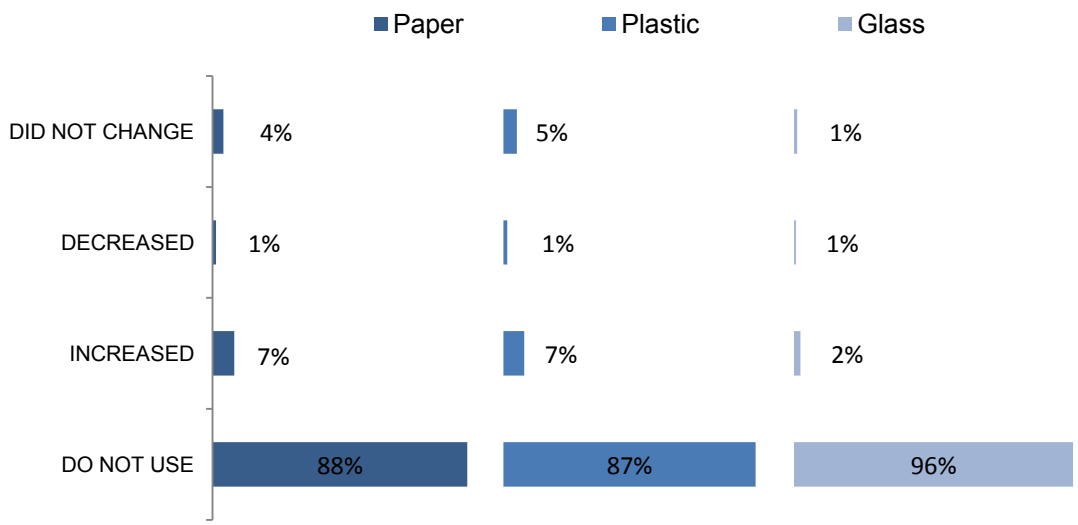
Diagram C.2. E3: Percentage distribution of investment in software/computer programs



C.2.11 PACKAGING

After analyzing the survey results, it appeared that the majority of business organizations do not use locally produced packing. Seven percent of companies increased the consumption of paper and plastic packing and only 2 percent – glass packing. (See diagram C.2.J1)

Diagram C.2. J1: Percentage distribution of usage of locally produces packing by businesses

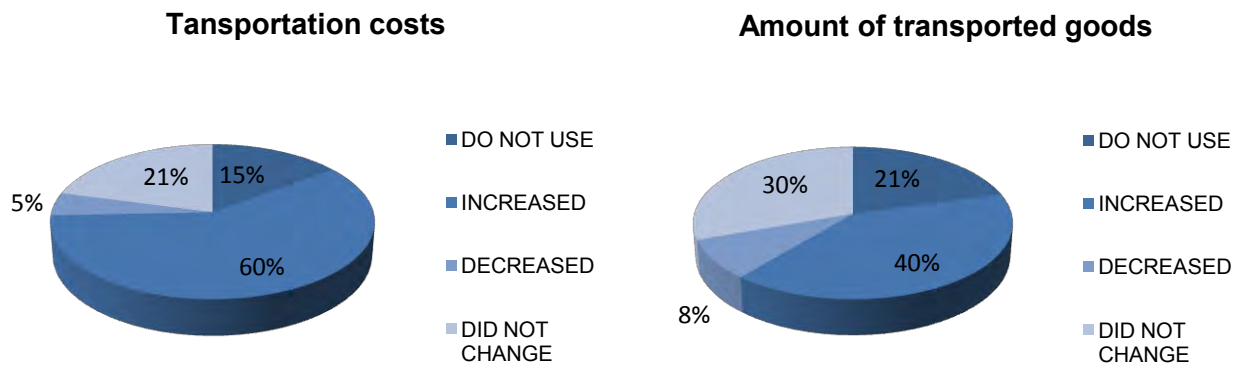


C.2.12 TRANSPORT

According the survey results 60 percent of business organizations report that during the last six months the transportation costs have increased. A significant number of companies also reported an increase in the amount of transported

goods (40 percent), which could be a contributing factor to increased transportation costs. (See diagram C.2. I1)

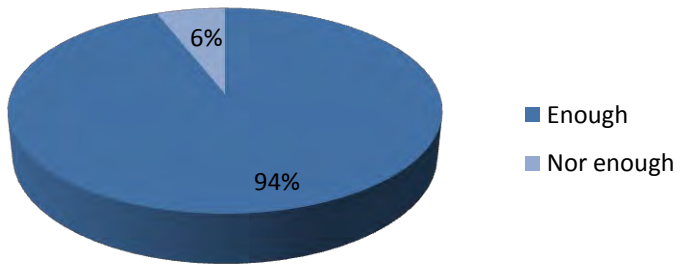
Diagram C.2. I1: Percentage distribution of changes in transportation costs and the amount of transported goods



C.2.13 PURCHASES

Less than one third of the companies surveyed, (29 percent) have participated in the state purchasing/tender over the last year. Out of this number, the majority (94 percent) believe that the tender/bidding documentation is sufficient to allow participation. (See diagram C.2.V2)

Diagram C.2. V2: Percentage distribution of sufficiency of tender/bidding documentation



The greatest part of the enterprises believes that electronic state purchasing process faster (93 percent) and easier (92 percent).

C.1.14 AGRICULTURE POLICY PERCEPTION

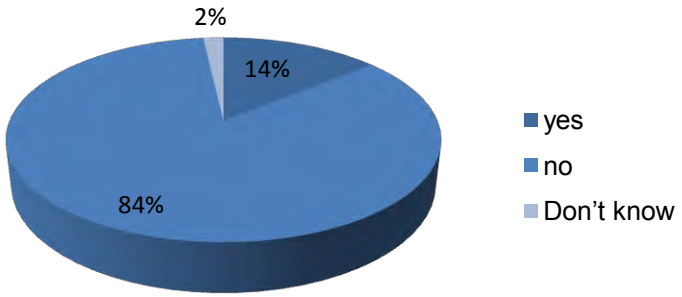
A 5-score scale was used during the survey in order to estimate the adverse effects of agriculture policy to businesses operating in the agricultural sector in terms of cost increase. The average estimating point was 3 according to results, where “1” means “affect the expenses negatively/increase costs” and “5” means “does not affect the expenses negatively at all.”

Most frequently, business managers/farmers name the **custom tax** regulation to cause the most expenses for them.

C.1.15 WEF QUESTIONNAIRE

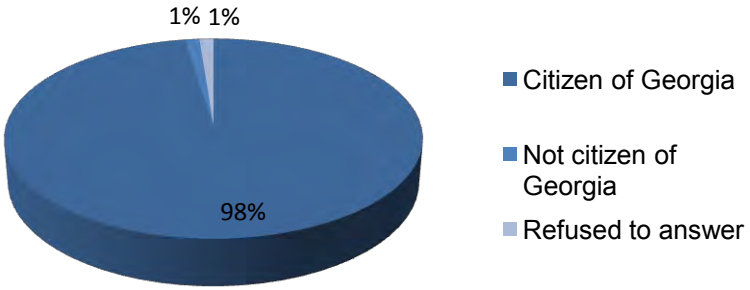
During the survey, the respondents were asked whether they had participated in the Executive Opinion Survey last year or not. The majority replied that they had not (84 percent). (See diagram C.2.S1)

Diagram C.2. S1: Percentage distribution of respondents' participation in EOS 2009



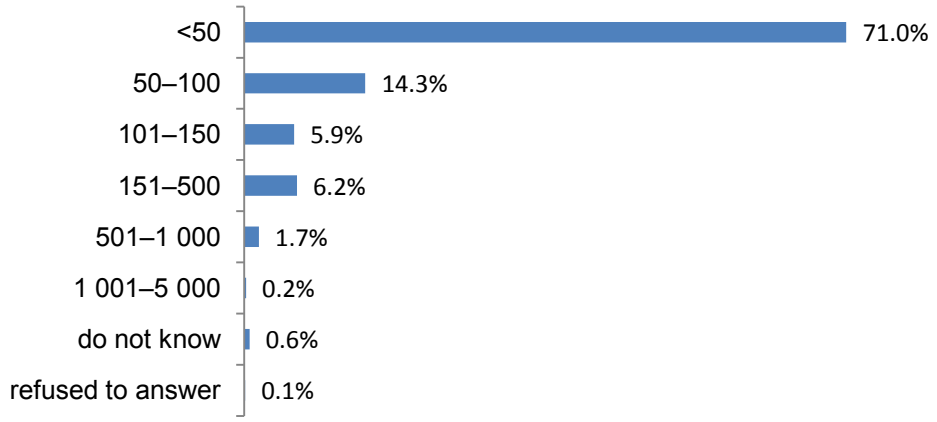
According to survey results, 98 percent of business managers are citizens of Georgia. (See diagram C.2.S2)

Diagram C.2. S2: Percentage distribution of business managers in terms of their citizenship



The distribution of enterprises in term of number of employees is heterogeneous. Most have 50 employees or less (71 percent). Noticeable is the trend that as the number of employees increases the number of companies decreases. (See diagram C.2.S3)

Diagram C.2. S3: Percentage distribution of businesses in terms of number of employees



The survey results made it possible to analyze the enterprises in terms of percentage shares owned by different parties. It is seen that most of the businesses in Georgia are entirely owned by the domestic private sector (86.3 percent), 3.9 percent is fully state-owned, and 4.6 percent is fully foreign-owned. More details are presented in the diagrams below:

Diagram C.2. S4: Percentage distribution of shares owned by domestic private sector

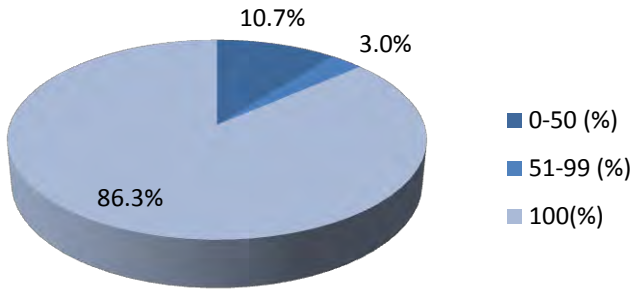


Diagram C.2. S4: Percentage distribution of shares owned by the state

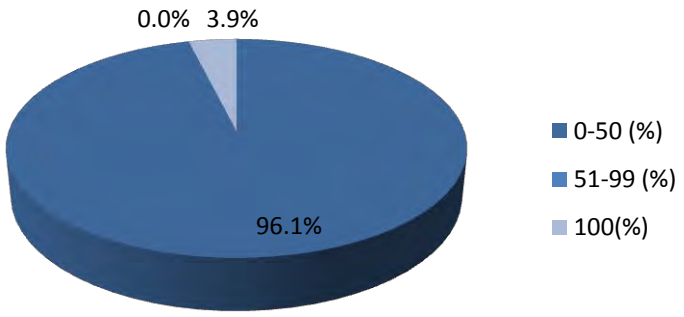
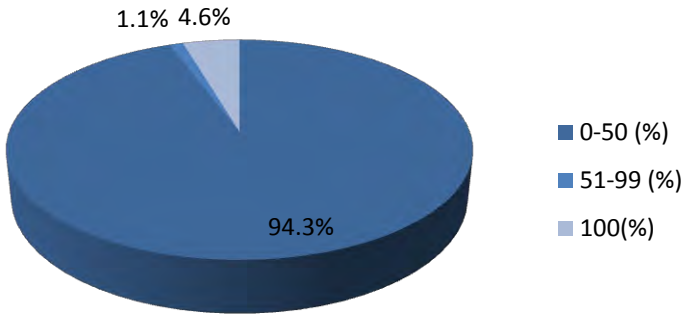
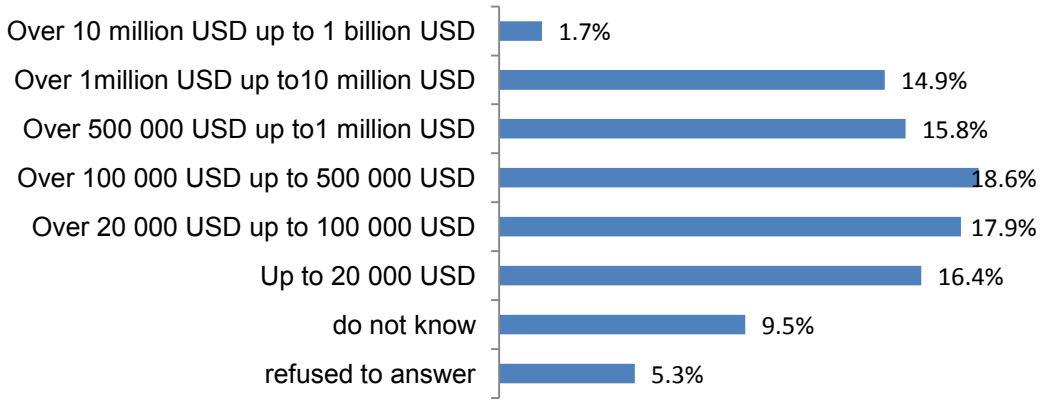


Diagram C.2. S4: Percentage distribution of shares owned by foreign parties



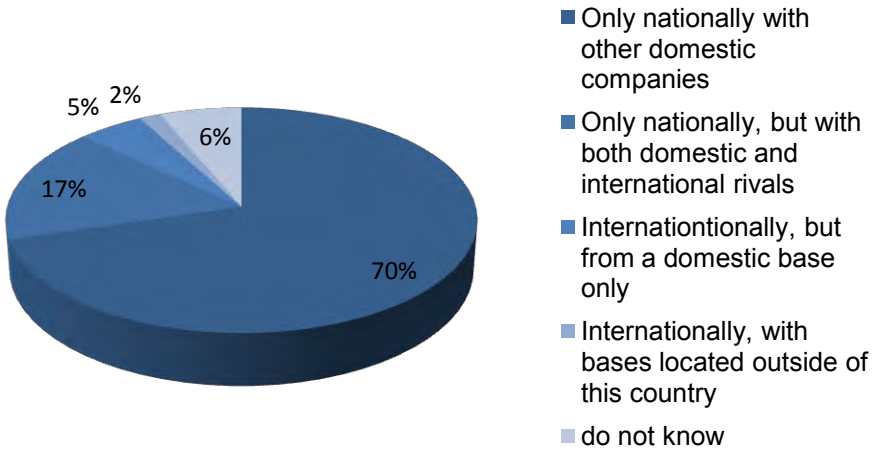
According to last year's reported annual revenues, the companies almost follow a normal distribution, with the majority of companies in the middle range of revenues, and only 1.7 percent over $10 million USD. (See diagram C.2.S5)

Diagram C.2. S5: Percentage distribution of businesses in terms of annual revenue



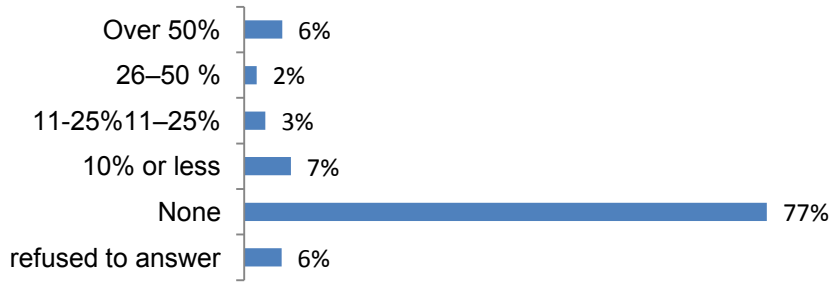
The picture that describes the companies' exposure to international competition is as follows:

Diagram C.2. S7 (h): Percentage distribution of businesses in terms of annual revenue



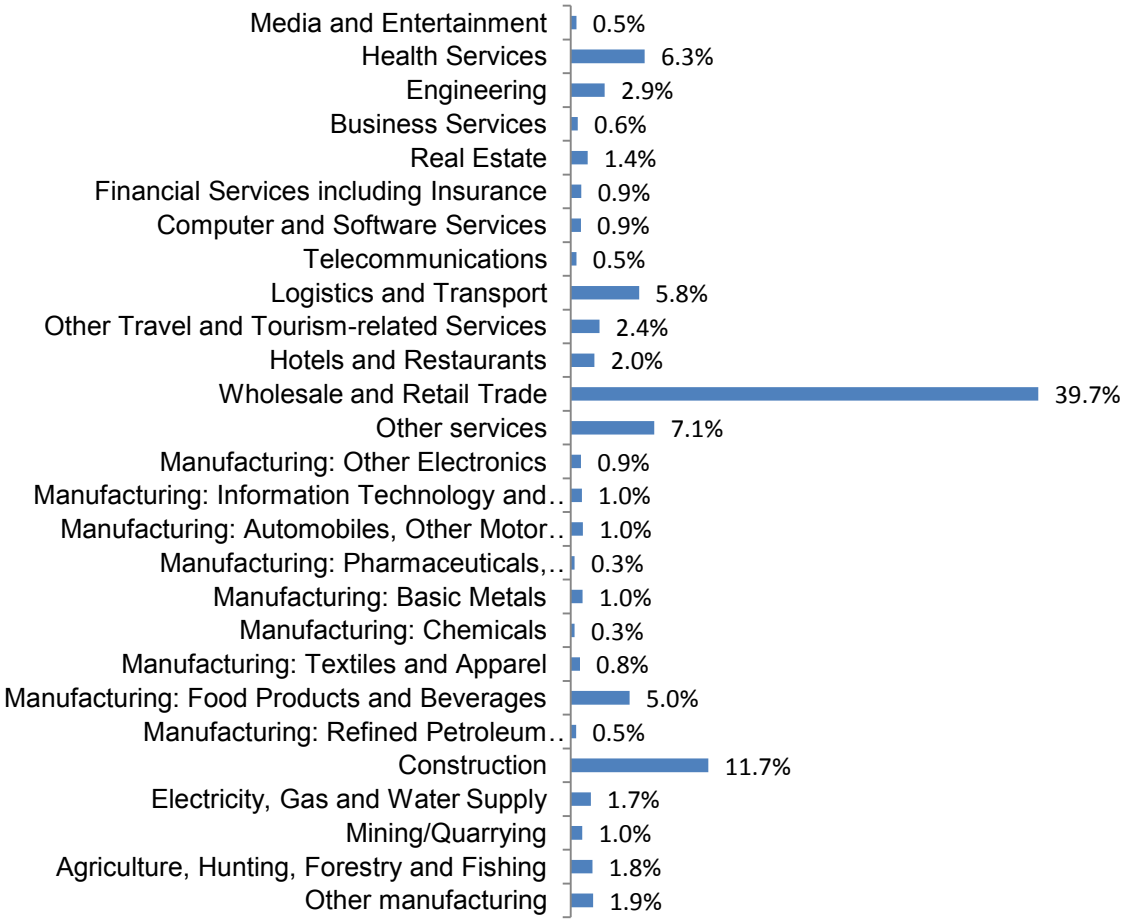
The survey results revealed that 77 percent of Georgian companies do not export goods/services at all. The rest of the companies have different amount of exports. (See diagram C2.S8)

Diagram C.2. S8: Percentage distribution of shares of companies' revenue generated by exports



The distribution of survey respondent companies in terms of their industrial activities is the following: The biggest share comes for wholesale and retail trade companies (39.7 percent) (See diagram C.2.S9)

C.2. S9: Percentage distribution of companies in terms of their specification/activities



At the end of the interview, the respondents were asked to assess different topics and statements using the 7-score scale from the WEF Executive Opinion Survey:

The average score for intellectual property protection, including anti-counterfeiting measures in the country is **4.2** (1 = very weak; 7 = very strong).

The average score for availability of high-quality, specialized training services is **4.4** (1 = not available; 7 = widely available).

The average score for the question, how well do companies in the country treat customers, is **4.9** (1 = generally treat their customers badly; 7 = are highly responsive to customers and customer retention).

The average score for the question, who holds the senior management positions in the country, is **5.2.** (1 = usually relatives or friends without regard to merit; 7 = mostly professional managers chosen based on merit and qualifications).

The average score for the question, does the financial sector in the country provide a wide variety of financial products and services to businesses, is **4.7** (1 = not at all; 7 = provides a wide variety).

The average score for the question, to what extent does competition among providers of financial services in the country ensure the provision of financial services at affordable prices, is **4.5** (1 = not at all; 7 = extremely well).

The average score for the question, how easy is it to obtain a bank loan in the country with only a good business plan and without mortgaging, is **3.7** (1 = very difficult; 7 = very easy)

The average score for the availability of the latest technologies in Georgia, is **5.0** (1 = not available; 7 = widely available).

The average score for the question, to what extent do businesses in the country absorb new technology, is **4.9** (1 = not at all; 7 = aggressively absorb).

The average score for the question, how numerous are local suppliers in the country, is **4.4** (1 = largely nonexistent; 7 = very numerous).

The average score for the assessment of the quality of local suppliers Georgia, is **4.5** (1 = very poor; 7 = very good).

The average score for the question, how prevalent are well-developed and deep clusters in Georgia's economy, is **3.4** (1 = nonexistent; 7 = widespread in many fields).

The average score for the question, do exporting companies have a narrow or broad presence in the value chain, is **3.9** (1 = narrow, primarily involved in individual steps of the value chain (e.g., resource extraction or production); 7 = broad, present across the entire value chain (i.e., do not only produce, but also perform product design, marketing sales, logistics, and after-sales services)).

The average score for the question, how do companies obtain technology, is **3.5** (1 = exclusively from licensing or imitating foreign companies; 7 = by conducting formal research and pioneering their own new products and processes).

The average score for the question, to what extent do business and universities collaborate on research and development (R and D) in the country, is **3.4** (1 = do not collaborate at all; 7 = collaborate extensively).

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