

ANNUAL REPORT

2017



ფონდი კრისტალი
CRYSTAL FUND

ACRONYMS

AmCham	American Chamber of Commerce in Georgia
APBC	Association Peaceful and Business Caucasus
BAG	Business Association of Georgia
BEC	Business and Economic Centre
CHCA	Charity Humanitarian Centre Abkhazeti
COBERM	Confidence Building Early Response Mechanism
DRC	Danish Refugee Council
EPDI	Enterprise and Parliamentary Dialogue International
EU	European Union
GGI	Good Governance Initiative
GIZ	German Society for International Cooperation
GOG	Government of Georgia
GSMEA	Georgian Small and Medium Enterprises Association
G4G	Governing for Growth
IDFI	Institute for Development of Freedom of Information
ISET-PI	International School of Economics at TSU - Policy Institute
JSC	Joint-stock company
MBE	Member of the Most Excellent Order of the British Empire
MFO	Microfinance Organization
MIA	Ministry of Internal Affairs
MPs	Members of Parliament
OBE	Officer of the Most Excellent Order of the British Empire
PPD	Public-Private Dialogue
RIA	Regulatory Impact Assessment
SDGs	Sustainable Development Goals
TSU	Tbilisi State University
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
YES-Georgia	Youth Entrepreneurial Skills for Advancing Employability and Income Generation in Georgia

SUMMARY

The report covers six major Crystal Fund Initiatives: Development of Business Enabling Environment, Rule of Law and Property Rights, Youth Entrepreneurship, Road Safety, Peacebuilding and Financial Literacy.

KEY ACHIEVEMENTS IN 2017

- With support of Crystal Fund, Business and Economic Centre (BEC) returned to its office space in the building of the Parliament in Tbilisi, under the patronage of the Chairman of the Parliament and through endorsements of relevant committees. BEC successfully implemented the first phase of the establishment of the Public-Private Dialogue (PPD) Platform in the Parliament, resulted in the increased funding for the second phase of the Strengthening of the Parliamentary PPD Platform.
- Crowdfunding platform – CRYSTAL CROWD - have been created in order to promote and mobilize funding for young entrepreneurs and startups who already got education through training courses of Young Entrepreneurs School and received funding from JSC MFO Crystal in the frames of the USAID - funded project Youth Entrepreneurial Skills for Advancing Employability and Income Generation in Georgia (YES – Georgia). In 2017, 115 young people developed their employability, entrepreneurship and business planning skills and 14 startups, among them 4 young entrepreneurs from Abkhazia were funded with support of JSC MFO Crystal in the framework of the Yes-Georgia project.
- Crystal Fund supported a large-scale advocacy campaign on points system, speeding, drunk driving and violation of traffic rules, which was led by the Georgian Alliance of Safe Roads as well as its active cooperation with the Parliament of Georgia and Ministry of Internal Affairs, resulted in the amendments in the Law on Traffic of Georgia that caused a significant decrease of car accidents by 12% and number of people injured by 10%.
- 516 people from Abkhazia and South Ossetia have undergone medical examination and treatment in Georgia free of charge with the financial support of COBERM-EU/UNDP joint initiative and Crystal Fund. Approximately 8,000 people learned about the project, which would contribute to positive public attitude from populations in conflict zones.
- Active participation of Business and Economic Centre in the civil society activity in support of the 2030 Agenda for the SDGs implementation resulted in the invitation from the SDGs Council of the Government of Georgia in December 2017 to join the 4 thematic working groups of the SDGs Council.

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STATEMENT BY THE CHAIRMAN OF THE BOARD



We are pleased to report about the accomplishments of Crystal Fund.

It has been 10 years since Crystal Fund transferred its microfinance business to JSC MFO CRYSTAL and became a socially-oriented institution. Our programmes and activities reflect the values, principles and objects of the founders, which are pursued across the entire Crystal family of institutions.

We exist to tackle poverty mainly by dealing with post-Soviet legacy, to strengthen the rule of law in order to ensure justice for all citizens and protection of human rights as well as to contribute towards peace in Georgia and the wider region.

Over the years, a small Fund grew into an important national player, which focuses on the most pressing social problems confronted by Georgian society having managed to attract support and resources to answer those challenges. In this regard, we are proud and delighted to have partnered with the US Agency for International Development, which jointly with JSC MFO CRYSTAL, co-funded our flagship initiative supporting youth employment and entrepreneurship development. Other equally important programme priorities are financial literacy, the enabling business environment, the rule of law, road safety and environmentally friendly transport as well as confidence building and people-to-people contacts between war-torn communities.

It is remarkable that we have built special relationship with the United Kingdom, having benefited from experience, support and know-how of our British friends and partners. We have attracted UK expertise across all programme domains not to mention two distinguished members of the Board, who became an integral part of our success.

I would like to use this opportunity to thank our Board, management, dedicated team, donors, partners and all stakeholders for their encouragement and support, which enables Crystal Fund to be in a forefront of Georgia's social and democratic transformation.

As we look ahead, we shall be working towards more effective, innovative and impactful programmes. Crystal Fund will focus on strengthening the international linkages and cooperation, which will not only benefit Georgia, but will help us to share the best of our experience in order to better connect with the rest of the world.

Archil Bakuradze, Chairman of the Board

A handwritten signature in blue ink, reading "A. Bakuradze". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

BOARD MEMBERS

Alu Gamakharia



Mr. Alu Gamakharia is a member of the Board of Crystal Fund from its inception. He acts as a Board Chairman of Charity Humanitarian Centre Abkhazeti (CHCA) since 1995, Director of the Association Peaceful and Business Caucasus and the Chairman of Supervisory Board of JSC Orgtechnica. Since 1974. Mr. Gamakharia worked in various roles in Sukhumprigor, one of the largest high technology enterprises in Abkhazia. From 1995 till today he is involved in Abkhaz-Georgian and trans-Caucasus peace-building initiatives. In 2009, the International Federation for World Peace awarded Mr. Alu Gamakharia with a title of the Ambassador of Peace.

Fredrick R. Hyde-Chambers OBE



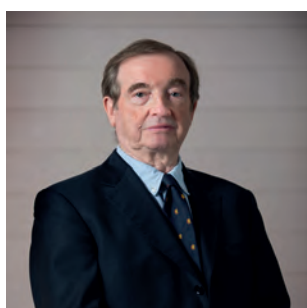
Mr. Fredrick R. Hyde-Chambers OBE is the Executive Chairman of the UK-based international association Enterprise and Parliament Dialogue International. He developed the first Business and Parliament Dialogue Centre in the Westminster Parliament, the Industry and Parliament Trust, which is now an established resource for the two Houses of the Parliament of the UK. He has personally advised on the establishment of all the Business and Parliament Dialogue Centres that have been established in sixteen countries ranging from New Zealand to Georgia. Mr. Hyde-Chambers has received the OBE for his services to Parliament and the business community in 2003.

Paata Tsotsonava



Mr. Paata Tsotsonava is a Member of the Board of Crystal Fund and a Director of the Kutaisi Branch of JSC TBC Bank since 2002. In 1995-1999 he worked as a Manager of the Microfinance Programme of the Charity Humanitarian Centre Abkhazeti (CHCA). Later he led the Income Generation Programme of the Danish Refugee Council (DRC). Mr. Tsotsonava graduated from the Georgian Subtropical Agriculture Institute with qualification of agricultural economist.

Keith Young MBE



Mr. Keith Young MBE is the International Chairman of Enterprise and Parliament Dialogue International. He has extensive experience in the internet, communications and publishing sectors. He is a co-founder of NetBenefit plc, a quoted internet domain name and services provider. He was also a founder shareholder in Easynet plc, a leading UK-based internet service provider. Mr. Young holds a degree in Economics from the London School of Economics. He has been a longstanding supporter and investor in Georgia's financial and technology sector companies.

OUR TEAM

- Ms. Tamar Aivazashvili, Finance Officer
- Mr. Nikoloz Gegeshidze, Executive Director of Crystal Fund
- Ms. Mery Gvazabia, Peacebuilding Project Assistant
- Ms. Natia Katsiashvili, Programme Manager and Executive Director of Business and Economic Center
- Ms. Nino Lagvilava, Chief of Party, YES-Georgia Project
- Ms. Ekaterine Laliashvili, Programme Coordinator and Chairperson of Georgian Alliance for Safe Roads
- Ms. Nino Mamaiashvili, YES-Georgia Project Officer and CEO of Crystal Crowd LLC
- Ms. Maya Tsignadze, Programme Coordinator

DEVELOPMENT OF ENABLING BUSINESS ENVIRONMENT

Background Information

Business and Economic Centre (BEC) as an independent platform for legislative dialogue was re-established in October, 2014 with support of Crystal Fund with the mission to contribute towards more effective and predictable economic legislation and the regulatory environment for inclusive economic growth. In September, 2015, after a year of successful awareness rising campaign and trust building activities, BEC delivered the first structured, inclusive and result-oriented public-private dialogue (PPD) in the Parliament of Georgia in coordination with the Chairman of the Parliament on the draft on Civil Code abolishing the Police eviction of persons from the immovable property without the Court Decision.

A common trend for public-private dialogue (PPD) in Georgia was that it existed as an informal process and usually occurred on an ad-hoc basis. In December, 2015 BEC developed a new PPD methodology and applied for a grant from the USAID Governing for Growth (G4G) in Georgia Project to establish a permanent rule-based Public-Private Dialogue Platform within the Parliament.

The USAID G4G funded project started in April, 2016 with the objective to support the legislature to create a better enabling business environment in which legal and regulatory reforms are fairly and transparently conceived, implemented and enforced through consultative process. To achieve this goal BEC focused on strengthening capacity of both, public and private sectors through stakeholder and expert workshops and research activities. Three major policy reforms were addressed during 2016 through the Grant Activity: Land Registration Reform, Pension Reform and Regulatory Impact Assessment (RIA) System Institutionalization in Georgia.

In a long-term perspective, establishment of BEC's PPD platform in the Parliament was a visible commitment to:

- promote BEC as an independent, non-lobbying and non-sectoral platform for constructive and result-oriented PPD development;
- create lasting relationships and build trust and mutual understanding between legislators, policy makers and their stakeholders;
- promote a transparent and non-corrupt engagement of the Georgian business community with the Parliament of Georgia;
- strengthen the parliamentary process by making the legislative process more accessible and open to effective policy debate and consultation;
- ensure more effective and sustainable policy reforms;
- establish good governance, transparently regulated market economy and better conditions for private sector development.

Financial Contribution by Crystal Fund to the Initiative in 2017 - 61,123.20 GEL

Strengthening Public-Private Dialogue Platform in the Parliament

The successfully implemented first phase of the establishment of Business and Economic Centre as a Public-Private Dialogue (PPD) Platform in the Parliament, resulted in the increased funding for the second phase of the Parliamentary PPD Platform development in 2017.

BEC received grant funding in the amount of \$ 54,274.00 from the USAID G4G Project with the objective to support the established PPD platform within the Parliament to develop policy papers and arrange expert and stakeholder workshops as well as roundtable discussions in the Parliament to (1) inform and educate Members of the Parliament (MPs) on selected policy reforms and (2) facilitate the dialogue between the legislators and the business community on those reforms.

G4G and BEC selected 6 economic policy reforms to promote through the platform in 2017-2018: Development of Transport and Logistics System in Georgia; Electricity Trading Mechanism Development; Insolvency Reform; Water Resource Management Policy Development, Pension Reform and Development of Electronic Commerce Legislation.

The Launch Ceremony of BEC's PPD Platform was held in the Parliament of Georgia on March 7, 2017, attended by approximately 90 representatives of the governmental and non-governmental organizations, private sector, diplomatic corps, international organizations, academia and media, including: Chairmen of the Parliamentary Committees and Factions and Deputy Ministers from relevant ministries.



Welcome speeches were given by the Chairman of the Parliament H.E. Irakli Kobakhidze, USAID Deputy Mission Director Mr. Thomas Morris, Chief of Party of the USAID G4G Project Ms. Natalia Beruashvili, Chairman of BEC Mr. Archil Bakuradze, General Manager for BP in Georgia Mr. Christopher D. Schlueter, Chairman of the Environmental Protection and Natural Resources Committee of the Parliament of Georgia Mr. Kakhaber Kuchava and the Deputy Minister of Economy and Sustainable Development of Georgia Ms. Nino Javakhadze. The project Strengthening PPD Platform in Parliament was presented by the Project Manager, the Executive Director of BEC Ms. Natia Katsiashvili.



The first phase of the presented project [Establishing PPD Platform in Parliament, 2016] was very successful. The second phase aims to continue the activity, which I believe, will also be very successful... implementation of the project will ensure a well-informed dialogue between the public and private sectors in order to conduct an effective policy-making process and supervision of the implementation of the corresponding reforms. - said H.E. Irakli Kobakhidze, Chairman of the Parliament of Georgia.

The Chairman of the Environmental Protection and Natural Resources, Mr. Kakhaber Kuchava spoke about importance of the dialogue:

If we consider our ambitious and result-oriented plans of the Government, we will realize importance to understand the companies, to hear their voice. I would like to thank the organizers of the platform as it is the guarantee to ensure the result we strive for – strong economy and rapid development.



There are lots of issues to be further developed. Prior to adoption of any of the laws, we shall have the correct communication with private sector with all the players able for facilitation. I would like to ensure you that the 9th Term will be intensively participating in this activity to achieve the outlined goal.

The information about the Launch Ceremony was published on the official web-site of the Parliament of Georgia.¹



The quote from Ms. Natia Katsiashvili, Executive Director of BEC was published on the USAID/Georgia facebook page:

Informed, inclusive dialogue between the public and private sectors is essential to achieving good governance and steady economic growth. Such a culture of dialogue is gradually being established in the legislative branch, and in this regard, the support of USAID's G4G project is priceless. – said Ms. Natia Katsiashvili.²

Executive Director of BEC was invited to participate in the popular TV program Female Narratives on TV Pirveli Channel to promote the Parliamentary PPD Platform and share her experience with other women in Georgia.³ The Launch Event was also covered by the following media outlets: TV Imedi⁴ and Georgian Public Broadcaster First Chanel.⁵

¹ <http://www.parliament.ge/en/parlamentarebi/chairman/chairmannews/saqartvelos-parlamentshi-proeqt-sadjaro-da-kerdzo-seqtores-shoris-dialogis-platformis-gadzliereba-saqartvelos-parlamentshi-prezentacia-gaimarta.page>

² https://www.facebook.com/USAIDGeorgia/photos/a.375052135845941.96552.108364629181361/1761215360562938/?type=3&hc_ref=ARRF1j8AoF7mFG0qTBYNkIHq78IGDXeW_qX7ddH_oGWIKpvRvq7U--6jxweByXUNw58

³ <https://www.youtube.com/watch?v=fuiqcfpxo8E&feature=youtu.be>

⁴ <https://www.youtube.com/watch?v=Z38UIAV3Q60>

⁵ <https://www.youtube.com/watch?v=nkclXyv0zOc>

Legislative Platform on Insolvency Reform

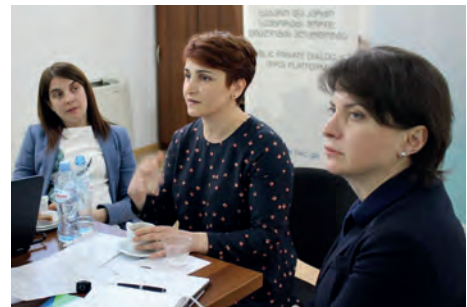
Legislative Platform on Insolvency Reform was created in March, 2017 including prominent MPs and staff members from different committees and factions of the Parliament of Georgia. The following activities were performed by BEC during the reporting period:



The Expert and Stakeholder Workshop on the Gaps of the Insolvency System in Georgia and the Necessity of Reforming was held by BEC on April 20, 2017. The purpose of the working meeting was to exchange opinions on the gaps of the Insolvency System in Georgia and reform perspectives between the experts and stakeholders; and based on the discussion to prepare Agenda and the content of the key-note speakers' speeches for the PPD scheduled by April 28th, 2017 at the Parliament of Georgia.

The workshop was attended by 23 participants from public, private and civil sectors (among them female – 13), including:

Investors Council of Georgia; Amcham, Georgian Chamber of Commerce and Industry; Association of Law Firms of Georgia, Georgian Producers' Federation; the Office of the Business Ombudsman of Georgia; Georgian Distributors Business Association; ISET-PI; Association of young Economists of Georgia (AYEG); BLC Law Office and VBAT Law Firm.



The **Policy Paper on the Gaps of the Insolvency System in Georgia and the Necessity of Reforming** on targeted policy issue was delivered and sent to the targeted MPs on April 24, 2017 to ensure the well-informed participation of MPs in the dialogue.

The policy paper was prepared based on G4G's and other researches, studies and analysis existing in the relevant area, as well as on the results of the Expert and Stakeholder Workshop.



The paper addresses the following topics: the brief overview of the Insolvency System in Georgia; Gaps of the existing Insolvency System and the factors deterring to use the Insolvency Law; problems related with secured and unsecured creditors; problems related with the transitional period of Insolvency proceedings; problems related with the existing procedures of property realization; International best practice; stakeholders opinions on the gaps of the Insolvency System in Georgia; expected results of the Insolvency Reform.

The Public-Private Dialogue (PPD) on the Gaps of the Insolvency System in Georgia and the Necessity of Reforming was held in the Parliament on April 28, 2017. The PPD was organized by BEC together with and hosted by the Sector Economy and Economic Policy Committee of the Parliament of Georgia.



The purpose of the event was to: discuss the gaps of the Insolvency System in Georgia, reform perspectives and ongoing process with respect to the drafting of a new Insolvency Law; to enhance stakeholders' involvement in the regulation improvement efforts; to encourage more-informed participation of legislators in the process of drafting legislative changes; to improve the draft legislation by gathering all different stakeholders together, among them: business practitioners, business associations and Executive Government representatives.

The PPD was attended by 54 participants (among them female – 28) from public, private and civil sectors, including: Parliament of Georgia, Ministry of Economy and Sustainable Development, Ministries of Finance, Ministry of Justice, National Bureau of Enforcement, Business Ombudsman of Georgia, GIZ, AmCham, Business Association of Georgia, Tax Payers Union, Centre of Competition, Association of Law Firms of Georgia, Investors Council of Georgia, Georgian Distributors Business Association, Georgian Producers' Federation, ISET-PI, IDFI, BLC Law Office, Kordzakhia Jgenti Law Firm, Chargeishvili Law Inn.



The Importance of Effective Insolvency System and the Best Practices were presented by Insolvency Experts: Ms. Nana Amisulashvili and Ms. Ketevan Bashinuridze.

Private sector perspectives on the gaps of the Insolvency System in Georgia were presented by the: Association of Law Firms of Georgia; Georgian Distributors Business Association; Georgian Producers' Federation; BAG; Investors Council Georgia and Tax Payers Union. The Georgian Government's positions with respect to the necessity of reforming were presented by: Mr. Mikheil Sarjeladze, Deputy Minister of Justice; Mr. Nikoloz Gagua, Deputy Minister of Finance and Ms. Nino Javakhadze, Deputy Minister of Economy and Sustainable Development.



The information about the PPD was published on the official web-site of the Parliament of Georgia.⁶ The event was also covered by the following media outlets: Georgian News Agency – GHN,⁷ the News Agency InterPressNews,⁸ the News Agency NewsDay Georgia⁹ and the online newspaper - Akhaliambebi.com.¹⁰

Legislative Platform on Transport and Logistics

Legislative Platform on the Development of Transport and Logistics System in Georgia was created in June, 2017 including prominent MPs and staff members from different committees and factions of the Parliament of Georgia. The following activities were performed by BEC during the reporting period:

Expert meetings on the challenges and development perspectives of transport and logistics sector were held in June-August, 2017 and the main challenges sector face today were identified.



The enlarged **Expert and Stakeholder Workshop** was held by BEC on December 11, 2017.

The purpose of the workshop was to exchange opinions on the challenges of the transport and logistics system in Georgia and development perspectives between the experts and stakeholders; and based on the discussion to prepare Agenda and the content of the key-note speakers' speeches for the PPD scheduled by December 25th, 2017 at the Parliament of Georgia.

The workshop was attended by 19 participants from public, private and civil sectors (among them female – 10), including:

Association of Freight Forwarders of Georgia (AFG), Anaklia City, Transport Corridor Research Center, Hub Georgia, Trans Caucasus Logistics, Tbilisi State University, TSU Analysis and Forecast Center, Georgian Post, DHL, TNT.



The **Policy Paper on Transport and Logistics in Georgia: Main Challenges and Development Perspectives** was delivered and sent to the targeted MPs on December 22, 2017 to ensure the well-informed participation of MPs in the dialogue.

The policy paper was prepared based on G4G's and other researches, studies and analysis existing in the relevant area, as well as on the results of the Expert and Stakeholder Workshop.

The paper addresses/includes the following topics: Transit function, Geo-economic context and international positioning of Georgia; the overview of the transport and logistics system in Georgia; ongoing and planned transport sector development projects in Georgia; main problems of transport and logistics system in Georgia, stakeholders' opinions and possible solutions.

⁶ <http://www.parliament.ge/en/saparlamento-saqmianoba/komitetebi/dargobrivi-ekonomikisa-da-ekonomikuri-politikis-komiteti/axali-ambebi-dargobrivi/sajaro-da-kerdzo-seqtorebs-shoris-dialogi-saqartveloshi-gadaxdisuunarobis-sistemis-xarvezebi-da-reformis-sachiroeba.page>

⁷ <http://ghn.ge/com/news/view/174781>

⁸ <http://www.interpressnews.ge/ge/politika/429859-sajaro-da-kerdzo-seqtorebs-shoris-dialogi-gaimartha.html?ar=A>

⁹ <http://newsday.ge/new/index.php/en/component/k2/item/32478-the-dialogue-between-public-and-private-sectors-gaps-of-insolvency-system-in-georgia-and-necessity-of-reforming>

¹⁰ <http://akhaliambebi.com/sajaro-da-kerdzo-seqtorebs-shoris-dialogi-gaimartha/>

The Public-Private Dialogue (PPD): Transport and Logistics in Georgia: Main Challenges and Development Perspectives was held in the Parliament on December 25, 2017, organized by BEC together with and hosted by the Sector Economy and Economic Policy Committee of the Parliament.



The purpose of the event was: (1) to analyze Georgia's transit potential for improvement the competitiveness of the country, for effective integration in the modern world economy; and (2) to develop the relevant recommendations / policy and legislative solutions for transport and logistics development in Georgia, with active involvement of interest groups.



The PPD was chaired by the Chairman of the Sector Economy and Economic Policy Committee of the Parliament of Georgia Mr. Roman Kakulia. The event was attended by 43 participants (among them female – 15) from public, private and civil sectors, including: Parliament of Georgia, G4G, Georgian Railway, Anaklia Development Consortium, Transport Corridor Research Center, Hub Georgia, Association of Freight Forwarders of Georgia (AFG), Trans Caucasus Logistics, CaucasTransExpress, Globalink, Wilhelmsen Ships Service Georgia, Georgian Post, DHL, TNT Georgia, Tbilisi State University; TSU Analysis and Forecast Centre.

Geo-economic context and international positioning of Georgia was presented by the BEC Transport and Logistics Expert Mr. Irakli Danelia; findings of the USAID G4G research: Competitive Analysis of the Caucasus Transit Corridor was presented by the G4G Customs and Trade Adviser Mr. Bondo Bolkvadze; Development prospects of the Georgian Railway were presented by the Head of the Marketing Division of the Georgian Railway Mr. Rati Devadze; Perspectives of attracting cargo through the transport corridor crossing Georgia were presented by the founder of the Transport Corridor Research Centre Mr. Paata Tsagareishvili; General plan and vision for development of the Anaklia Deep Sea Port were presented by the Director of the Anaklia Development Consortium Mr. Levan Akhvlediani.



Perspectives of the transport and logistics hub in Georgia were presented by the Executive Director of Hub Georgia Mr. Vaso Urushadze; 'New Silk Road' in the Focus of International Scientific Discussions and Challenges of Georgia was presented by the Associate Professor in International Economics at Ivane Javakhishvili Tbilisi State University Ms. Nino Papachashvili; Peculiarities of Taxation of Non-Resident Taxpayers Engaged in International Transportation Business and Issues Related to Customs Procedures were presented by the Manager of the Association of Freight Forwarders of Georgia (AFG) Mr. Zurab Shengelia; Prospects for Development of Postal Logistics Centers and the Regulatory Environment were presented by the Director of TNT Ms. Nino Menteshashvili.



The information about the PPD was published on the official web-site of the Parliament of Georgia.¹¹ The event was broadcasted by the business program Sakmis Kursi on TV Pirveli Channel in December 25 and in December 26, 2017.¹²

Legislative Platform on RIA System Institutionalization in Georgia

Legislative Platform on Regulatory Impact Assessment (RIA) System Institutionalization in Georgia was created in April, 2016 including prominent MPs and staff members from different committees and factions of the Parliament, in coordination with the Chairman of the Parliament and in coordination with the Administration of the Government of Georgia.

¹¹ <http://www.parliament.ge/ge/saparlamento-saqmianoba/komitetebi/dargobrivi-ekonomikisa-da-ekonomikuri-politikis-komiteti/axali-ambebi-dargobrivi/parlamentshi-sadjaro-da-kerdzo-seqtorebs-shoris-dialogi-saqartvelos-satransporto-lodjistikuri-dargis-dziritadi-gamowvevebi-da-ganvitarebis-perspeqtivebi-gaimarta.page>

¹² https://www.facebook.com/www.bm.ge/videos/1406942939415225/?hc_ref=ARQw-f77Fzo7OqmdySa3wnQZuEol83GpULVgr_AsSk17B9VYVbxqRPPbdiEHgCZ7ukk <https://www.youtube.com/watch?v=DUhTlzBZXTY>

The aim of the Legislative Platform on RIA system Institutionalization in Georgia were the following: to ensure dialogue of legislators with the executive branch of the government, stakeholders, experts and other interested parties on recommendations on RIA National Framework;¹³ to agree key steps of RIA System Institutionalization process and support informed participation of legislators in the policy and legislation development process.

The following activities were performed by BEC during the reporting period:

The Public-Private Dialogue (PPD) on the Regulatory Impact Assessment (RIA) System Institutionalization in Georgia, which was held in the Parliament of Georgia on April 26, 2017. The event was organized by BEC together with and hosted by the Committee on European Integration and the Sector Economy and Economic Policy Committee of the Parliament of Georgia, in coordination with the USAID G4G Project, the European Union Delegation to Georgia and the Administration of the GOG.



The purpose of the event was to discuss the process and its obstacles of the Regulatory Impact Assessment (RIA) System institutionalization in Georgia; to gather all different stakeholders, including MPs and Executive Government representatives and support active stakeholder participation in the dialogue; to help the discussion participants to establish a base of agreement on the main principals of the system establishment and to encourage more informed participation of legislators in the process of drafting legislative changes.

The policy paper on targeted policy issue prepared by BEC in 2016 in the framework of the USAID G4G Project Establishing PPD Platform in Parliament was sent to all invited MPs prior to the PPD.



¹³ http://pdf.usaid.gov/pdf_docs/PA00KVD5.pdf

The PPD was attended by 77 participants (among them female – 39), including: 15 MPs, Executive Government representatives as well as business associations, international organizations, private and civil sector representatives, among them: Administration of the GOG, Ministry of Economy and Sustainable Development, Ministry of Finance, Ministry of Internal Affairs, Parliamentary Budget Office, Business Ombudsman Georgia, GGI, GIZ, EU Delegation to Georgia, AmCham, BAG, ISET-PI, Centre of Competition, Georgian Small and Medium Enterprises Association (GSMEA), Transparency International Georgia, Association of Law Firms of Georgia, Investors Council of Georgia, JSC MFO Krystal, Diaspora Investments Support Association.

Welcome speeches were given by the: Chairperson of the Committee on European Integration Ms. Tamar Khulordava; Chairman of the Sector Economy and Economic Policy Committee Mr. Roman Kakulia; Parliamentary Secretary of the Government of Georgia Mr. Shalva Tadumadze; Chief of Party of the USAID G4G Project Ms. Natalia Beruashvili; Deputy Head of the EU Delegation to Georgia Mr. Carlo Natale and Executive Director of BEC Ms. Natia Katsiashvili.



The Recommendations on Regulatory Impact Assessment (RIA) National Framework in Georgia as well as good practices in the design and implementation of RIA Systems were presented by Mr. Roman Ladus, RIA International Expert at USAID G4G and by the Key Experts of RIA at the EU Delegation to Georgia - Ms. Katerina Velichkova and Mr. Chris Kirby.

Private sector perspectives on RIA System Institutionalization in Georgia were presented by Mr. Mikheil Chelidze, President of GSMEA and Mr. Nika Nanuashvili, Legal Analyst of BAG.

The Government's positions with respect to the necessity of reforming were presented by: Mr. Nikoloz Gagua, Deputy Minister of Finance; Ms. Tatia Khetaguri, Head of the Parliamentary Budget Office; Mr. Akaki Zoidze, Chairman of the Healthcare and Social Issues Committee and Mr. Zaza Khutsishvili, First Deputy Chairman of the Environment Protection and Natural Resources Committee.

The information about the PPD was published on the official web-site of the Parliament of Georgia.¹⁴ The event was also covered by the following media outlets: Maestro TV Channel,¹⁵ TV Pirveli Channel,¹⁶ Iberia TV Channel.¹⁷



¹⁴ <http://parliament.ge/en/saparlamento-saqmianoba/komitetebi/evropastan-integraciis-komiteti-143/axali-ambebi1910/sadjaro-da-kerdzo-seqtorebs-shoris-dialogi-regulaciebis-gavlenis-shefasebis-ria-sistemis-danergva-saqartveloshi.page>

¹⁵ <https://www.youtube.com/watch?v=7ee0AXuSNwM>

¹⁶ <https://www.youtube.com/watch?v=SKoCGwbQbyA&t=61s>

¹⁷ https://www.youtube.com/watch?v=8L2C3_Ngwy4

Economic Barometer for MPs

On May 29, 2017 in cooperation with Sector Economy and Economic Policy and Budget and Finance Committees and with support of Crystal Fund, BEC presented a **new program - Economic Barometer for Members of the Parliament (MPs)**.



The aim of the program was to discuss the main macroeconomic trends and forecasts of Georgia in the public and private dialogue format, involving representatives of legislative and executive authorities.

Welcome speeches were given by the: Chairman of the Budget and Finance Committee Mr. Irakli Kovzanadze; Chairman of the Sector Economy and Economic Policy Committee Mr. Roman Kakulia and Executive Director of BEC Ms. Natia Katsiashvili.

We are having a very important meeting today. It is very important that the business representatives talk about engagement themselves. The main thing is that businesses should have a feeling that their involvement is an increasing process and this is the aim of our meeting today. In general, the current practice of discussing the draft laws needs to be improved. I think the Parliament should have its format for consultations with private sector. There is no legislative initiative where private and public interests are not crossed and confronted. When there is a confrontation, it means that any party should compromise and the logic of the compromise should be visible and understandable to everyone. This exactly is the parliamentary involvement. - Said Mr. Roman Kakulia, Chairman of the Committee.



Private sector perspectives on the main macroeconomic trends and forecasts of Georgia were presented by: Business Association of Georgia, AmCham, Galt & Taggart, JSC MFO Crystal, Ministry of Economy and Sustainable Development, Ministry of Finance, National Bank of Georgia, National Statistics office of Georgia and the Parliamentary Budget Office.

Business and Consumer Indexes as well as the ReforMeter results - the Georgian government's progress in implementing promised reforms were presented by the policy Institute of the International School of Economics at Tbilisi State University (ISET-PI).

Open and business-oriented dialogue between public and private sector is very important and relevant when it deals with the economic situation, challenges and perspectives of the country, macroeconomic analysis, assessments and prognosis. Moreover, we can say directly that dilettantism prevails in this sphere and there is a subjective, biased assessment of political and personal interests - said Mr. Irakli Kovzanadze, chairman of the Budget and Finance Committee.



The information about the launch of a new programme was published on the official web-site of the Parliament.¹⁸ The new programme launch was broadcasted by the TV Pirveli Channel.¹⁹

Annual Awards Ceremony

On August 10, 2017 the Annual Awards Ceremony was held to honor Outstanding Supporters of BEC's Public-Private Dialogue Platform in the Parliament of Georgia.



The Ceremony was organized by the UK-based International Association - Enterprise and Parliamentary Dialogue International (EPDI) represented by: Mr. Fredrick R Hyde-Chambers OBE, the Executive Chairman of EPDI and Mr. Keith Young MBE, International Chairman of EPDI, together with Business and Economic Centre (BEC) and with support of Crystal Fund.

Seven representatives of the Parliament, Government, business and civil sectors were awarded with Appreciation Awards and Certificates of Appreciation:

¹⁸ <http://www.parliament.ge/ge/media/axali-ambebi/saqartvelos-parlamentshi-sadjaro-da-kerdzo-seqtorebs-shoris-dialogi-kvartaluri-ekonomikuri-barometri-gaimarta.page>

¹⁹ <https://www.youtube.com/watch?v=UWOY82B6YM>

H.E. Irakli Kobakhidze, Chairman of the Parliament of Georgia, Mr. Giorgi Volski, Deputy Chairman and Ms. Natalia Beruashvili, Chief of Party of USAID Governing for Growth (G4G) in Georgia Project were awarded in Recognition of his Gracious Contribution towards the Development of Business and Economic Centre (BEC) as a Platform for Public-Private Dialogue in the Parliament of Georgia.



Mr. Roman Kakulia, Chairman of the Sector Economy and Economic Policy Committee, Mr. Nikoloz Gagua, Deputy Minister of Finance of Georgia (former Deputy Minister of Economic and Sustainable Development) and Mr. Zurab Tchiaberashvili, MP, Member of the opposition faction European Georgia – Regions were awarded for their Outstanding and Dedicated Cooperation with Business and Economic Centre (BEC) in Public-Private Dialogue Activities in the Parliament of Georgia.



Business Association of Georgia (BAG) was awarded for its Outstanding and Dedicated Participation in the Public-Private Dialogue Activities of Business and Economic Centre (BEC) in the Parliament of Georgia.



The Annual Awards Ceremony was attended by approximately 60 representatives of the Parliament, Government, non-governmental organizations, private sector, international organizations, academia and media.

The information about the Awards Ceremony was published on the official web-site of the Parliament²⁰ and broadcasted by the Parliament YouTube Channel.²¹ The Ceremony was also broadcasted by TV Imedi Channel.²²

²⁰ <http://www.parliament.ge/ge/parlamentarebi/chairman/chairmannews/irakli-kobaxidzes-sadjaro-da-kerdzo-seqtorebs-shoris-dialogis-saparlameto-platformis-ganvitarebashi-shetanili-wviliistvis-djildo-gadasces.page>

²¹ <https://www.youtube.com/watch?v=PE6dCLS-4I>

²² <https://www.youtube.com/watch?v=kESupB0I2oE&feature=youtu.be>

BEC's PPD Methodology and Experience Shearing Activities

Discussion held by the **Institute for Development of Freedom of Information (IDFI) and USAID G4G**



Executive Director of BEC Ms. Natia Katsiashvili participated in the discussion as an invited speaker to share the methodology and the achievements of the BEC's PPD Platform in Parliament. The Discussion was held on July 12, 2017 on the Importance of Public-Private Dialogue in the process of Legislation Drafting.

There were two topics of the discussion between 30 public and private sector representatives: Why is having a dialogue between the private and public sectors important? And what challenges does Georgia face in this regard?²³

Joint Discussion held by USAID Project G4G, EU Project East Invest 2 and Centre for Competition

Executive Director of Business and Economic Centre Ms. Natia Katsiashvili participated in the discussion as an invited speaker to share the methodology of BEC and the experience and expertise in conducting a participatory PPDs.

The Discussion was held on April 3, 2017 attended by experts and representatives of the Parliament, private sector, civil society and international organizations.

The main objective of the discussion was to identify challenges of implementing a PPD, putting forth the main issues business community has with public sector and creating a plan for future interactions between public and private sectors.²⁴



²³ https://www.facebook.com/pg/IDFI.official/photos/?tab=album&album_id=1487022071354898

²⁴ <https://www.facebook.com/PPDGEO/photos/a.1804589339863278.1073741842.1762416257413920/1804589559863256/?type=3&theater>

African Leaders Programme

On August 22-26, 2016 Business and Economic Centre with the financial support of Crystal Fund **hosted the delegation of African political leaders** led by the founder of the United Congolese Party Mr. Christian Musumari Malanga.

The 28-member delegation visited Georgia in the framework of the BEC African Leaders Programme, after the recommendation from the UK-based Enterprise and Parliament Dialogue International, with the purpose of becoming familiar with Georgian reforms and experience of democratization.

In the framework of the Programme, African leaders met with the Public Defender of Georgia, as well as the representatives of the Georgian governmental and non-governmental organizations, political parties, business associations, private companies and entrepreneurs. Special educational tours were organized for the delegation in the Public Service Hall, National Bank of Georgia, Agrarian University of Georgia and penitentiary establishment N16 (in Rustavi) as well as in different structural units of the Ministry of Internal Affairs of Georgia such as: Police Academy, Service Agency, Emergency Management Agency, Emergency and Operative Response Center 112.

The Members of the delegation also visited the Holy Trinity Cathedral of Tbilisi (Sameba) and the historical part of the city, explored Tbilisi's unique architectural heritage and history of Georgian wine. In addition, there was a special Wine-tour organized for the delegation, where the Leaders had an opportunity to taste different types of wine including European wines as well as Georgian wines made, produced and stored in special earthenware vessels "Kvevri" using traditional Georgian wine-making technology.

At the end of the Programme, the **International Conference "Georgia Reforms: Case for Africa?"** was held with participation of the distinguished leaders from the public, private and civil sectors. The Conference took place at the National Parliamentary Library of Georgia and the sessions included panel discussions on three main directions of the reforms: Democracy, Good Governance and Human Rights; Economy and Business Environment; Education Reform: What Georgia Can Offer?²⁵

The information about the Programme was published on the official web-site of the Ministry of Internal Affairs of Georgia. The Programme activities were also covered by the following media outlets: 1TV, www.news.ge.²⁶



²⁵ For the Agenda of the conference please follow the link below: <http://www.bec.ge/images/doc/august%20agenda%20of%20the%20conference.pdf>

²⁶ <https://www.youtube.com/watch?v=jKJyWjIi88Y>



Involvement in SDGs Council Thematic Working Groups

Active participation of Business and Economic Centre in the civil society activity in support of the 2030 Agenda for the SDGs implementation resulted in the invitation from the SDGs Council of the Government of Georgia in December 2017 to join the 4 thematic working groups of the SDGs Council.

The working groups will provide the technical guidance and expertise for the implementation of Transforming our World: the 2030 Agenda for Sustainable Development and will support the work of SDGs Council in monitoring their respective areas.

Three representatives from BEC and Crystal Fund Ms. Natia Katsiashvili, Ms. Eka Laliashvili and Ms. Maia Tsignadze have involved in the following working groups: (i) Social Inclusion; (ii) Economic Development; (iii) Democratic Governance; (iv) Sustainable Energy and Environment Protection.

Each Direction combines the following SDGs:

WORKING GROUP	CLUSTER	GOAL
SOCIAL INCLUSION	Poverty eradication	1, 2, 3, 4, 5, 6, 8, 17
	Food Security and Nutrition / Sustainable Agriculture	
	Youth, education and culture	
	Water and Sanitation	
	Employment, decent work and social protection	
	Health and population dynamics	
	Disaster risk reduction	
	Promoting equality, including social equity, gender equality and women	
Statistical Capacity-Building		
ECONOMIC DEVELOPMENT	Poverty eradication	1, 8, 9, 10, 17
	Sustained and inclusive economic growth	
	Macroeconomic policy	
	Official Development Assistance (ODA)	
	Inequality	
Statistical Capacity-Building		
DEMOCRATIC GOVERNANCE	Peace	5, 10, 16, all gender related targets
	Strong institutions	
	Human rights	
	Promoting equality, including social equity, gender equality and women	
	Governance	
	Anti-corruption	
Statistical Capacity-Building		
SUSTAINABLE ENERGY AND ENVIRONMENT PROTECTION	Desertification, land degradation and drought	7, 11, 2,13,14,15, 17
	Climate change	
	Oceans and seas	
	Forests and biodiversity	
	Access to electricity and renewable energy	
Statistical Capacity-Building		

RULE OF LAW AND PROPERTY RIGHTS

Facing the Past: Follow-up Activities

In August, 2017 Business and Economic Centre presented the findings and distributed 150 copies of the BEC research report - Facing the Past: Learning from Shared Experiences²⁷ free of charge to 50 universities and libraries in Tbilisi, including: Tbilisi Central Library, National Parliamentary Library of Georgia, TSU, Caucasus University, Georgian Institute of Public Affairs (GIPA) and Free University.



The research report was published in 2016 by Business and Economic Centre with support of Crystal Fund. The research was conducted by Ms. Jenny Munro, under supervision of Dr. Brian Brivati with the financial support of the British Embassy Tbilisi in the framework of the project - A Comparative Analysis of the Broad-based Miscarriages of Justice, implemented by BEC in 2015.

The research focuses on five in-depth illustrative case studies (Spain, Ghana, Czech Republic, German Democratic Republic and Northern Ireland) to explore the experience of the countries similar to Georgia with the past. Five categories of human rights abuses and injustices are covered in the book: Miscarriages of justice committed by virtue of a non-independent and politicized judiciary; Systemic torture and inhumane treatment; Excessive use of force by law enforcement officers; Gross violation of property rights; Politically motivated crimes. As for the Rule of Law tools, six response measures are highlighted by the comparative analysis: Truth Seeking Prosecution; Amnesties; Reparations for Victims; Institutional Reform; Vetting/ Lustration. The report concludes by drawing lessons from the cases that are relevant to the Georgian context and might inform the process unfolding in Georgia.

The Chairman of BEC Mr. Archil Bakuradze was invited as a special guest to the TV Channel Obiektivi to present the findings of the research to the audience.²⁸

Jenny Munro



Facing the Past
Learning from Shared Experiences

²⁷ <http://www.bec.ge/en/research/methodology/299-facing-the-past-learning-from-shared-experiences.html>

²⁸ <https://www.youtube.com/watch?v=K7EhJ-ldiKg&feature=youtu.be>

A Comparative Analysis of the Broad-based Miscarriages of Justice

The purpose of the project was to conduct the comparative study on broad-based miscarriages of justice in order to support the Georgian Government to elaborate a feasible and effective public policy response to miscarriages of justice. The study should neutrally and apolitically look into the context of other countries similar to Georgia's recent experience and demonstrate policies (and their outcomes) deployed by various Government, which might be applicable to Georgian context.

The Comparative Analysis on broad-based miscarriages of justice was conducted by Ms. Jenny Munro, British Researcher under supervision of Dr. Brian Brivati, Professor of Human Rights and Life Writing. The research report was prepared by the end of September, 2015. The visit of British delegation to Georgia, including research authors was held on 15-18 November, 2015. Members of the delegation participated in the presentations of the research findings and meetings with key stakeholders.

Presentations of the research report to stakeholders were held in October and November, 2015. Meetings were held with the: Members of the Parliamentary Majority; Supreme Court of Georgia; Administration of the President of Georgia; Leaders of the opposition parties: "United National Movement", "Free Democrats" and "Democratic Movement – United Georgia"; survivors of property rights violations; US Embassy and UK Ambassador.

In addition, the public lecture and debate: The Past is Another Country: Why Should we Visit it? by Dr. Brian Brivati were organized for civil society and private sector representatives on November 16, 2015. The Delegation has issued an options paper proposing possible ways forward from the current situation.

According to the statement of the Chairman of the Human Rights and Civil Integration Committee of the Parliament of Georgia Ms. Eka Beselia: *"It was a very interesting and important research. We heard the information about experience of 5 countries; saw the different specifications, though as noted, every case concerned violence and system crime. The findings and recommendations in the survey will be discussed at the enlarged meetings within the working group format in order to find the best recipe for Georgia. The Committee will actively work on the recommendations using the relevant base and register of documents. Engaging the experts, we will agree on the optimal model for Georgia and will work in this direction."*





Presentation of the research to the Human Rights and Civil Integration Committee of the Parliament of Georgia, held by Mr. Archil Bakuradze, Chairman of BEC and Ms. Natia Katsiashvili, Executive Director of BEC.²⁹



Meeting of British experts with members of the Parliamentary Majority, attended by: Mr. Giorgi Volski, Deputy Chairman of the Parliamentary Majority, Chairman of the Faction Georgian Dream; Mr. Vakhtang Khmaladze, Chairman of Legal Issues Committee, Mr. Gedevan Popkhadze, First Deputy Chairman of the Human Rights and Civil Integration Committee; Ms. Guguli Magradze, First Deputy Chairperson of the Committee On European Integration and Ms. Nana Keinishvili, Deputy Chairperson of the Budget And Finance Committee.³⁰

²⁹ <http://www.bec.ge/en/about-us/news/296-tsarsulis-pirispir-gakvethilebi-saerthashoriso-gamocdilebidan-kvlevis-angarishis-prezentacia-saqarthvelos-parlamentshi.html>

<http://www.parliament.ge/en/saparlamento-saqmianoba/komitetebi/adamianis-uflebata-dacvisa-da-samoqalaqo-integraciis-komiteti/axali-ambebi-adamianis/warsulis-pirispir-gakvetilebi-saertashoriso-gamocdilebidan.page>

³⁰ <http://www.bec.ge/en/about-us/news/300-britanuli-delegaciis-viziti-saqarthveloshi.html>

<https://www.youtube.com/watch?v=942s4dcsOJY>; <https://www.youtube.com/watch?v=907tkU1q2Fw>



Public Lecture and Debate: The Past is Another Country: Why Should We Visit it? by Dr. Brian Brivati attended by approximately 60 representatives of civil society organizations, diplomatic corps, media, academia and private sector.³¹

³¹ <http://www.bec.ge/en/about-us/news/301-braian-brivatis-sajaro-leqcia-da-diskusia-themaze-tsarsuli-skhva-qveyanaa-ratom-unda-vestumroth-mas.html>
<https://www.youtube.com/watch?v=3j4r4zCcRac>; <https://www.youtube.com/watch?v=fFSvpOtwxDE>

Public Discussion on Past Human Rights Violations

The research report - Facing the Past: Learning from Shared Experiences - was translated from English into Georgian and published in 2016.

Public Discussion on Facing the Past: State Policy to Address the Systemic Human Rights Violations was held on December 19, 2016, organized by the Legal Issues Committee of the Parliament of Georgia and BEC.

The Event aimed at reviewing the state policy implemented by the GOG in previous years to address the past injustices and systemic human rights violations, reporting over the years (2004-2012), discussing the international experience relevant to Georgia, assessing the past practice of human rights violations discussing recommendations on preventive measures, determining further response policy priorities and long-term objectives with active involvement of interest groups.

The Public Discussion was greeted by Ms. Tiffany Sadler, Deputy British Ambassador to Georgia; was chaired by Ms. Eka Beselia, Chairperson of the Legal Issues Committee and was moderated by Mr. Archil Bakuradze, Chairman of BEC.

Ms. Natia Katsiashvili, Executive Director of BEC presented the research Facing the Past: Learning from Shared Experiences to the audience.

Special reports were made by Mr. Ucha Nanuashvili, Public Defender of Georgia; Ms. Ana Dolidze, Parliamentary Secretary of the President of Georgia and Mr. Irakli Nadareishvili, Head of the Department to Investigate Offences Committed in the Course of Legal Proceeding, the Prosecutor's Office of Georgia.

The event was attended by approximately 55 representatives of governmental and non-governmental organizations, the private sector, academia, media, victim groups, the diplomatic corps and international organizations, including: Mr. Jos Douma, Ambassador of the Kingdom of the Netherlands to Georgia; Mr. Christian Urse, Head of the Council of Europe Office in Georgia; Mr. Besarion Bokhashvili, representative of the Office of the United Nations High Commissioner for Human Rights (OHCHR).

"It is noteworthy that the government response process has already started, but it is obvious that the society has higher expectations. Trial and punishment of officials are not enough, due to the fact that punishment does not mean judgement and analysis; however, answers to political problems lie in the politics itself, but in good politics. In this regard the Parliament has great potential and if the process needs to be developed, it should be focused on the Parliament. Our organization will continue to facilitate public discussion on this topic; however, the continuation of the process also depends on the activism of victims – 'survivor' groups, professional groups and NGOs. The main thing is that legislator has a will to continue work in this direction in the future, which is essential to strengthen the country's economy, develop justice and establish Rule of Law." – said Mr. Archil Bakuradze, Chairman of BEC in his closing remarks.



Public Discussion on Facing the Past: State Policy to Address the Systemic Human Rights Violations.³²

³² <http://www.bec.ge/about-us/news/336-sajaro-diskusia-tsarsulis-pirispir-adamianis-uflebatha-sistemuri-darghvebi-dasakhelmtsifo-reagirebis-politika.html>

YOUTH ENTREPRENEURSHIP DEVELOPMENT

Yes-Georgia

Youth Entrepreneurial Skills for Advancing Employability and Income Generation in Georgia (YES – Georgia) was launched in September 2, 2015 as the USAID-funded joint initiative of Crystal Fund, PH International and JSC MFO Crystal (Duration of the program: 30 months).

The overall goal of the program is to increase opportunities for self- or waged employment of Georgia’s youth through enabling youth-led enterprises, innovative delivering of relevant skills and new discourse contributing to youth economic empowerment. The program will accomplish this overall goal through a targeted system of training in entrepreneurial, business skills, enhancement of financial capabilities, online micro-equity fund and development of youth-friendly employment practices led by the business community within Georgia and informed by the experience of international partners.

Particular emphasis focuses on working with an estimated 1,000 youth, aged 17-25 in Tbilisi and in 20 municipalities of Georgia. The selection criteria of participants and a choice of targeted regions bears in mind USAID’s strategic objectives related to integration of ethnic minorities as well as broadening participation and economic empowerment of girls and young women.

The project has three major components/objectives (intermediate results/IRs): Entrepreneurship Development Component (IR1); Increased Employability Component (IR2) and New Discourse on Youth Economic Participation (IR3). Each intermediate result is broken down into Sub-Intermediate Results, each achieved by specific activities and sub activities and actions that in combination leads to the end results and achievement of the project goals and objectives.

Until January 2017: 134 young people went through the first round of “Youth Enterprise” training program that took place in March-June of 2016 and 10 youth startups were co-funded which are located in different regions of Georgia. An informal group of Youth Friendly Businesses was set up composed of the partnering companies and business associations and overall up to 100 young people have been admitted to the internship program in these companies and associations. A special guidebook - Employers Guide to Internships and Youth Friendly Practices was developed and disseminated among the partnering business companies and business associations; a special open-source “Youth Enterprises” curriculum, including trainer and student handouts was elaborated and now is available to young entrepreneurs and wider public.

Financial Summary 2017

International Donors	USAID	252,782.16 GEL
Local Funds	MFO Crystal	68,474.62 GEL
Total		321,256.78 GEL

Results 2017

These are the Intermediate (IRs) and Sub-Intermediate Results (Sub-IRs) that has been achieved during 2017.

IR1: Enhanced entrepreneurship development, capacity-building of youth-led small enterprises through innovative forms of access to finance, knowledge and expertise (Entrepreneurship Development Component).

Sub-IR 1.1: An open-source “Youth Enterprises” curriculum;

Sub-IR 1.2: Hands-on, well-designed intensive entrepreneurship training;

Sub-IR 1.3: Youth start-up enterprises established and financed through Youth Micro-Equity Facility.

IR2: Increased employability of young people by offering practical on-the-job training opportunities and encouraging youth-friendly corporate practices (Increased Employability Component).

Sub-IR 2.1: An Employers Guide to Internships and Youth Friendly Practices;

Sub-IR 2.2: Employers better equipped to hire and provide on-the-job training to youth; Sub-Intermediate

Result 2.3: Youth participate in on-the-job training through internships;

IR3: Enhanced national discourse contributing to youth economic empowerment (New Discourse on Youth Economic Participation).

Sub-IR 3.1: Young Entrepreneurs linked to other entrepreneurs via online network;

Sub-IR 3.2: Young entrepreneurs access online tools and video tutorials via Youth Enterprise Academy;

Sub-IR 3.3: Increased public awareness on youth employment through national media and communication campaign.

Major Activities and Accomplishments

- An open-source “Youth Enterprises” curriculum, including trainer and student handouts, supplementary multi-media tutorials and white-labeled methodologies were created and is available now to wider public.
- Training for Trainers (TOT) for 24 middle managers from the JSC MFO Crystal from Tbilisi and 20 regional municipalities was organized to carry out the second round of “Youth Enterprises” training.



- The second round of “Youth Enterprise” training took place in April-July of 2017 in Tbilisi and 15 municipalities of Georgia; 149 young people were admitted to the training, among 115 graduated the course successfully (50 girls and 65 boys).
- 16 training participants (11 boys and 5 girls) got an approval on co-financing for their best business proposals, out of whom 4 are from Gali District, Abkhazia (the break-away region of Georgia affected by conflict).



- In 2017, 10 beneficiaries from 2016 first round training got also co-financed for their start-ups, out of who 8 continues building its business successfully (2 were not able to succeed). In total, by now there are 24 youth lead start-ups functioning and progressing gradually (photos below show some of new businesses started by Yes-Georgia beneficiaries):



- Mentoring program is another mechanism of sharing knowledge and experience which the project beneficiaries enjoy regularly: Program staff and JSC MFO Crystal managers launched a mentoring program for those financed youth-led small enterprises with participation of business executives and technology specialists to equip young entrepreneurs with continuous support in managing their businesses and up-scaling their innovative ideas.
- An Employers Guide to Internship and Youth Friendly Practices was developed within the program framework and was printed and shared with Georgian companies to enhance youth employment; 18 more HRs from the companies that opened internship and job vacancies for young people were invited to the intensive training on the implementation of youth friendly internship program;

- To motivate HR managers from various companies and open more internship programs for the youth, a contest was announced by MFO Crystal for the best internship program design and the special prize was awarded to World Vision HR for submitting best program;
- Another workshop was held for HRs that are members of HRHub, an organization that unites more than 400 HRs.
- 240 young people were given internship opportunities by companies that participated in the JobFest and 204 got a full time jobs.
- With partner organization (HRHub) that works on HRs' capacity building, a new project was initiated to bring employers and young employees together and create more opportunities for both to cooperate: at JobFest 90 companies opened over 170 jobs and internship positions and within this initiative 162 young people were invited to the internship and/or got full time jobs.



- To open up public-private dialogue and advance discourse on youth employment, Youth Employment Forum was organized to ensure that the employment issue of Georgian youth was put on the policy agenda. The Forum brought together over 130 participants from governmental, non-governmental and international organizations, education experts, business representatives, students and young entrepreneurs to discuss strategies to increase the employability of youth of Georgia. The special bilingual Forum Report was prepared to share the Forum observations and recommendations with all stakeholders for better policy analysis and planning.



- The establishment of new web portal - www.crystalcrowd.ge is completed - it is a set of online Youth Academy with "Youth Enterprises" course modules as well as video tutorials; Youth Entrepreneurs' Network and a crowd-funding platform giving young entrepreneurs opportunities to secure more financial support from various investors; The web-portal is still on a trial, there were various unexpected technical problems (bugs, etc.) encountered during the process of building crowdfunding platform especially; the problems are being fixed daily, thus official launching of the portal was postponed till February 2018.
- Nationwide communication campaign continued to highlight each phase of the program through printed and electronic media. In 2017 there was 40 media coverage of Yes-Georgia program activities through TV, Radio, printed and electronic media.

- For publicity and more awareness raising, the program beneficiaries participated in number of interesting events, fairs, exhibitions, meetings where they were able to present their start-ups and exhibit their products and services created within the frame of their businesses. the followings are some highlights: Global Entrepreneurship Week at the US Embassy; Young Leaders Exhibit & Fair on March 9, 2017; U.S-Georgia Friendship Fair on April 23, 2017 at Rooms Hotel; Yes-Georgia beneficiary exhibition at Youth Employment Forum on June 5, 2017. YES start-uppers met CODEL spouses at the official lunch and had an opportunity to share their stories and hear more stories from the other side which was a good experience for young entrepreneurs.



- The 3rd round of “Youth Enterprise” training started in Tbilisi and 7 more locations in October 2017 and will last till February 2018.
- A special working meeting was organized for mapping start-up ecosystem and to start discussion on improvement of existing eco-system.



Building Entrepreneurial Networks for Startup Support

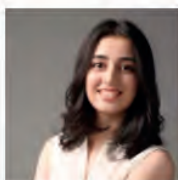
The Democracy Commission Small Grant Project - Building Entrepreneurial Networks for Startup Support is funded by the U.S Embassy in Tbilisi and implemented by Startup Grind Tbilisi in cooperation with Crystal Fund. The project was launched in August 15, 2017 and will be completed in July 16, 2018. Total amount of the grant is: \$23,847.

The project is directly targeted to create the knowledge, inspiration, and networks among startups in Georgia to spur more innovation and growth entrepreneurship in Georgia. The project goal is to organize Startup Grind events and side mentoring and training events with total participation of 500. A series of presentations by experienced founder and investors will be held, and active networking facilitated for the participants. 10 Startup Grind presentations will be held, 5 with international visitors and 5 local Georgian "success stories" to inspire and inform. Speakers will include founders of companies, and experts in startup founding and finance.

Startup Grind

Startup Grind is the largest independent startup community, actively educating, inspiring and connecting more than 1,000,000 entrepreneurs in over 365 cities. It nurtures startup ecosystems in 120 countries through events, media and partnerships with organization like Google for Entrepreneurs. The cornerstone of its global community are monthly events featuring successful local founders, innovators, educators and investors who share lessons learned on the road to building great companies. Founded in Silicon Valley, Startup Grind hosted over 7,000 fireside chats in 2017. To date, Startup Grind has helped millions of entrepreneurs find mentorship, connect to partners and hires, pursue funding, and reach new users.

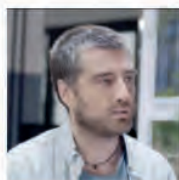
Past Events



Georgian "Top 200 Blockchain Thought-Leader" to Speak at Startup Grind April 25th



Georgian Harvard Graduate Pioneering Artificial Intelligence, Fireside Chat with Archil Cheishvili



How a Bold Georgian Startup Made a Splash in USA? Treepex Founder Lasha Kvantaliani (In Georgian)



Celebrate With Us: Georgian Startups Going Global!



American Fintech Pioneer Andrew Thornhill! Spotcoin Digital Currency Platform Founder



Terrance Barkan, Business Association Expert and Founder of GLOBALSTRAT



Global Startup Mentor Gary Whitehill in Tbilisi!



March 22 event Cancelled



Adam Dingle from USA (Google, Senior Software Engineer 2002-6, Yorba, Roundtown, Parking Hero)



Bethany George (Rev1 Ventures, USA)



Indrek Rebane & Kai Isand (Buildit & Garage48)



Mikheil Chanturia (Georgian Logistic Group)

Financial Summary 2017		
International Donors	U.S. Embassy in Tbilisi	9110 GEL
Local Funds		0
Total		9110 GEL

Activities and Accomplishments

Startup Grind Events were held as planned:

- Gary Whitehill, Sept 14th, 2017, 53 attendees - Inspiring American speaker talking about the importance of being bold and creating what you feel you can create.³³



- Thomas Strodbeck, October 5, 2017, 29 attendees - This was held at the Startup Ecosystem Retreat. Thomas talked about the global practice of startup Development and what Georgians might learn. Tom also met and advised Georgian government and a local startup incubator.
- Andrew Thornhill, Nov 17, 2017, 116 attendees - Andrew, as the others, is an American but he lives in Georgia. He has chosen to launch a global startup Here in Georgia, Spotcoin. He shared his experience in fintech and why he got into digital currency.³⁴

The Project activities were covered by the following media outlet: TV Pirveli.³⁵

³³ For more information please follow the link below: <https://www.startupgrind.com/events/details/startup-grind-tbilisi-presents-global-startup-mentor-gary-whitehill-in-tbilisi>

³⁴ For more information please follow the link below: <https://www.startupgrind.com/events/details/startup-grind-tbilisi-presents-american-fintech-pioneer-andrew-thornhill-spotcoin-digital-currency-platform-founder>

³⁵ <https://www.facebook.com/startupgrindtbilisi/videos/1835531376689817/>

ROAD SAFETY

Background Information

Georgia Alliance for Safe Roads (GASR) was founded in 2010 by the group of road safety professionals following a successful implementation of USAID-funded project on seat belts, which resulted in a substantial progress in the use of seat belts by drivers and passengers in Georgia, brought forward by effective public awareness campaign and legislation, which GASR advocated for.

GASR aims to save the lives as well as reduce injuries and suffering due to the road traffic accidents in Georgia. GASR promotes youth road safety education, reduction in drunk driving and pedestrian safety. The Alliance monitors road safety trends and brings to Georgia international expertise with the objective to advocate for feasible regulatory and other solutions. GASR has built a network of public and private stakeholders, well-known public figures as well as media organizations, which support the Alliance's public awareness and advocacy efforts.

Implemented Projects:

1. "Don't Drink and Drive" campaign, funded by the US Embassy, Alumni Small Grant Program
2. "Pedestrian safety and reflector promotion in Georgia on Estonian Example" funded by NPO Trafficprof
3. "EU Experience on Pedestrian Safety", funded by the European Commission's project Strengthening Non-State Actor's Capacities to Promote and Increase Public Accountability
4. "Advocating and Educating for Pedestrian Safety in Tbilisi", funded by the US Embassy
5. "Raising Awareness in Road Safety through Introducing Mobile Traffic Grounds to Georgian Schools and Kindergartens" funded by Estonian Ministry of Foreign Affairs
6. Research Project: Sociological Survey in 3 big cities of Georgia, funded by US Embassy, Alumni Small Grant Program, and
7. The USAID funded Project: "Effective Policy Solutions for Safer Roads in Georgia". The Grant Agreement was signed on September 26th, 2016 between the Georgia Alliance for Safe Roads and the East West Management Institute. The duration of the Project is September, 2016 - February, 2017.

Financial Contribution by Crystal Fund to the Initiative in 2017 - 43,906 GEL

Child car seats save lives!

Georgian Alliance for Safe Roads launched the Project “Child car seats save lives! Keeping kids safe on the roads through informing parents and doctors about the importance of child car seats” in 2017 with support of US Embassy.

The overall goal of the project is to save kids lives and protect them from severe injuries in road traffic accidents through awareness raising of kids’ parents and their doctors at the Maternity Hospitals.

This goal shall be achieved through providing several trainings for certain amount of a) parents (mostly mothers during their visits to the doctors) and b) doctors at the two chosen Maternity Hospitals in Tbilisi, as well as through seminars for parents at the Kindergarten. A well-planned media campaign, including the preparation of the TV/social media commercial on the importance of car seats is considered as well.

Hence, the results of the project will be a) raised awareness of parents (even before the child is born) and doctors (at the Maternity Hospitals) on the importance of baby car seats and about the road safety situation in general, and b) improved behavior of parents through empowering them with knowledge about the crucial role of baby car seats in protecting their kids’ lives on the roads.

The project shall contribute towards effective civic engagement and participation of parents and doctors in the process of keeping kids safe on the roads by promoting healthy transportation habits and providing informative road safety sessions for parents and doctors.

Activities and Accomplishments

By this reporting period, following activities have been planned and organized:

- Research was conducted nearby Tbilisi kindergartens in October, 2017, and 605 cars of parents were observed. The results revealed facts about the car seat usage, in particular it showed that from 6% out of 605 drivers use passenger seats for children up to 6 years, and 26% of them place the children in front seat.
- Two visits in Imedi Clinic and Saint Joachim and Anna Medical Center have been organized by the Alliance.



- About 20 car seats were handed out to the newborn babies and parents were informed about the need of the car seats.

Slow down and give a way!



On December 18, Georgia Alliance for Safe Roads has held a Street rally in front of Robert Schuman European School, Tbilisi. The aim of the rally was to raise the awareness of traffic participants. The participants of rally did remind to the drivers once more to slow down the speed and give way to the pedestrians on the “Zebra” crossing.

The special thematic traffic cookies were distributed that day to the drivers and pedestrians, while drummers did theatrical performance.

The volunteers painted the passage with inscription: “Slow down and give a way”! The event was organized by Tbilisi City Hall within the project “Slow down, and give a way”.

Introduction and review of the reform of road safety



The round table meeting has been held in the field of traffic safety planned reforms. Members of parliament, representatives of Ministry of Internal Affairs and NGOs took part in the meeting, including H.E. Irakli Kobakhidze, Chairman of the Parliament of Georgia.

The meeting was held with the support of “Georgia Alliance for Safe Roads”, East-West Management Institute’s project ACCESS.



The purpose of the meeting was introductions of the draft package about traffic safety worked out by MIA. The issues that have been discussed over the meeting were: points system, Contactless patrol, issuing the driving license, issues related to pedestrians' safety and international experience in this direction.

Save Lives #SlowDown

Minister of Internal Affairs of Georgia Mr. Giorgi Mghebrishvili opened the Fourth UN Global Road Safety week, May 8-14, 2017 and joined the road safety campaign "for your sake, for your safety".

During the week, the street action with message "Save Lives, Slow Down" was held with participation of students, Georgia Alliance for Safe Roads and Partnership for Road Safety.



Georgia Alliance for Safe Roads organized a conference with participation of UNDP Resident Representative Mr. Niels Scott, Minister of Internal Affairs, Minister of Environment of Georgia, Vice Mayor of Tbilisi, representatives of the Ministries of Economy, Infrastructure, Education, Health and the Parliament of Georgia and civil society organizations. The conference was attended by Ambassadors Extraordinary and Plenipotentiary of Sweden, Poland and Switzerland to Georgia.



Among the campaign participants were President of Georgia, H.E. Giorgi Margvelashvili, representatives of diplomatic corps of Georgia, the Ombudsman's Office, universities, schools, different religious confessions and professions (fire fighters, doctors, janitors, drivers, etc.). Social network was actively posting pictures supporting road safety. Active media campaign was planned in the course of the week and several TV or radio programs were dedicated to road safety issue.

Prioritizing Life, not Cars: International Road Safety Conference Held in Tbilisi

An International Road Safety Conference entitled “Recent Situation and Future Vision” was held in Tbilisi on October 30. Organized by the Georgian Alliance for Safe Roads and supported by the Polish Embassy and Embassy of Switzerland in Georgia. The event gathered some of the highest-ranking government officials, diplomats and international experts, alongside private and public sector representatives, to discuss the current road safety issues in Georgia through panel discussions, thematic workshops and round-table discussions.



“The day-long road safety conference tackled so many different aspects of road safety in Georgia,” - Ms. Maya Kobalia, Executive Director, Alliance for Safe Roads Georgia, told GEORGIA TODAY: “Bringing together numerous different representatives from the ministries of Internal Affairs, Economy, and Environment, Tbilisi Municipality, Swiss and Polish experts, foreign diplomats, we discussed economic, social and other areas of road safety, from making our city more pedestrian-friendly to periodic technical inspections and legislation and enforcement. It was an opportunity to share expertise from Switzerland and Poland, where, with good enforcement and with the strong will from government, road safety became a priority”.



The conference was opened by Ms. Ekaterine Laliashvili, Chair of the Board at Georgia Alliance for Safe Roads, who spoke about the importance of the upcoming reform on the technical inspection of transport vehicles, which, she said, is expected by many to have a direct impact on improving the air quality in Georgian cities.

Parents Care-Campaign in schools



Georgia Alliance for Safe Roads organized school events dedicated to road safety at Tbilisi Public Schools.

On the event, popular faces such as actors, musicians, politicians, priests visited schools of their kids and hold interactive meetings on the traffic rules in a specially equipped hall. Together with the rules for pedestrian, pupils were provided with information on safe travel and the importance of the use of car seats.

Membership for Global Alliance of NGOs for Road Safety

Georgian Alliance for Safe Roads prepared an application of membership for the Global Alliance of NGOs for Road Safety. The Global Alliance and its member NGOs are at the forefront of the global effort to save lives on the roads: leading projects and campaigns, working with communities and government, and advocating for road safety policies. The NGOs are a key part of the road safety equation, as they make road safety an issue that is personal, real, and in need of urgent attention. They are instrumental in generating a demand from the public for safer roads, and when they base their interventions on evidence about what works, they can contribute in significant ways to saving lives on the roads.

PEACEBUILDING

Background Information

Non-commercial legal entity **Association “Peaceful and Business Caucasus” (APBC)** was founded on 13 August, 2004 with the mission to: contributing to peaceful transformation of conflicts, activating people diplomacy; and to decreasing unemployment and poverty in vulnerable parts of the society.

APBC has implemented more than 40 peacebuilding and social-economic projects. Most of them were serving as conflict alleviating contributor.

Since 2012 APBC, with the financial support of UN-UNDP initiative COBERM, has been implementing humanitarian peace projects. The main goal was to create timely response to increasing number of Abkhazian and South Ossetian patients, looking for medical assistance in Georgia. This way, building confidence between opposed sides, destroying war syndrome and “enemy image”, supporting humanitarian and social-economic connections.

An urgent medical humanitarian assistance to the vulnerable part of indigenous population of Georgia’s occupied territories

The Project - An urgent medical humanitarian assistance to the vulnerable part of indigenous population of Georgia’s occupied territories was launched in 2014 with support of Crystal Fund (Project budget: 10,000 USD).

The overall goal of the project is humanitarian medical aid for the citizens from Abkhazia and South Ossetia who cannot get medical services in their districts and seek emergency care, medical treatment, or other social assistance.

Major activities and Accomplishments in 2017:

- 19 patients living in the conflict zones were provided with the medical examination;
- Information about the project and accessibility towards the medical assistance was distributed in the conflict zones among the community people;
- Reliability and mercy towards Georgian people in general have been increased.

FINANCIAL LITERACY

Since September, 2017 Crustal Fund have been actively involved in a **Financial Education Work Group of the Strategy Management Committee at National Bank of Georgia**, established to develop an action plan of 2018 for implementation the National Strategy of Financial Education in Georgia.

The President of the National Bank of Georgia, Mr. Koba Gvenetadze has announced 2018 to be “a year of financial education”. Based on the international experience and practice (UK, Finland, Sweden, Singapore and Malaysia), and various financial literacy programmes, Crystal Fund Representatives Ms. Natia Katsiashvili and Ms. Maia Tsignadze elaborated several project ideas to be implemented for 2018 and suggested to the National Bank of Georgia, among them:

- CashVille Kidz, which is a 36-episode educational, animated series to teach kids about Financial Literacy. Each episode focuses on a specific financial lesson about saving money, developing positive spending habits and investment, and highlights the importance of striking a balance between managing one’s finance and spending time with friends and family. The Cashville Kidz program is designed to encourage the development of a generation that is more knowledgeable, independent and prudent in terms of managing their finances. The program has won 2 International Awards – the “Efma-Accenture Innovation Awards 2013” in Paris, and the “Global CSR Award 2014” in Bali. The Program was implemented by schools of Malaysia, Singapore, Vietnam, Cambodia and Kenia.
- Translate and publish best Financial Education Books that have built a great reputation over the years for providing insightful and mind-opening education that has changed the lives of many people, lives of some of the newest wealthy individuals across the globe and inspired them to take up challenges that have made them remarkably successful, E.g.: The Millionaire Next Door by Dr. Thomas J. Stanley; Why Did not they Teach me this in school? 99 Personal Money Management Principles to Live by Cary Siegal; Dollars and Sense: How We Misthink Money and How to Spend Smarter by Dan Ariely and Jeff Kreisler. Invite Authors, Conduct webinars, public discussions, etc.
- Financial Literacy Ambassadors Programme - provide TOTs (training of trainers) in financial literacy to different groups of the Georgian society, such as accountants of SMEs, teachers and lecturers of schools and various universities, staff of public libraries, to involve them in empowering individuals to use financial literacy tools when making everyday choices.



On December 21, 2017 Crystal Fund organized a **working meeting of the Coalition for Financial Literacy** to share the project ideas and discuss the role of the coalition in the process of planning and implementing educational activities in 2018.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Crystal Fund:

Opinion

We have audited the financial statements of the Crystal Fund which comprises the Balance Sheet, Accountability Statement, and the Cash Flow Statement as at December 31, 2017, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement of the Crystal Fund for the year ended December 31, 2017 is prepared, in all material respects, in accordance with the International Financial Reporting Standards (IFRS).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our Responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The financial statement is prepared to assist the Crystal Fund to comply with the Financial Handbook of Crystal Fund and other financial instructions and policies effective in the Organization. As a result, the financial statement may not be suitable for any other purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statement in accordance with the Financial Handbook of Crystal Fund and other financial instructions and policies effective in the organization and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

CRYSTAL FUND

Financial Statements for the year ended 31 December 2017 and Independent Auditors' Report

Auditor's Responsibilities for the Audit of the Financial Statement

Our Objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Organization to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matter, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe Horwath GE LLC

Member Crowe Horwath International
Axis Business Palace, floor IV,
2, D. Gamrekeli St., 0160 Tbilisi, Georgia
March , 2018



Crowe Horwath GE LLC

CRYSTAL FUND*Financial Statements for the year ended 31 December 2017 and Independent Auditors' Report*

BALANCE SHEET STATEMENT

As of December 31, 2017 (In GEL)

Assets	Notes	2017	2016
Current assets			
Cash	1	317,926	194,043
Tax requirements to budget		2,749	-
Other current assets		18,334	26,466
Total current assets		339,009	220,509
Long-term assets			
Fixed assets, net	2	5,761	7,547
Participation in other enterprise	3	1,450,192	1,450,192
Total long-term assets		1,455,953	1,457,739
Total assets		1,794,962	1,678,248
Liabilities and Equity			
Current liabilities			
Other short-term liabilities		5,751	9,581
Tax liabilities			22
Liabilities before physical persons	4	1,328,171	1,328,171
Total current liabilities		1,333,922	1,337,774
Equity			
Last year's accumulated profit		340,475	74,384
Current year's net profit/loss		120,565	293,160
Corrected Equity			(27,069)
Total Equity		461,040	340,475
Total liabilities and equity		1,794,962	1,678,248

The accompanying notes are an integral part of these financial statements.

CRYSTAL FUND*Financial Statements for the year ended 31 December 2017 and Independent Auditors' Report***PROFIT AND LOSS STATEMENT**

As of December 31, 2017 (In GEL)

	2017	2016
Revenue		
Income from operations	298,067	414,537
Received Interest	8,748	2,016
Exchange rate difference	16,761	14,557
Received dividends	455,584	259,110
Other nonoperational Income		2
Non-operating profit from the sale of investments		297,146
Total Revenue	779,159	987,368
Expenses		
Wages	312,215	293,385
Memberships costs	61,123	36,764
Sub grants	105,888	204,890
Rent	23,455	20,962
Audit Cost	4,130	2,360
PR and Media Service	2,000	9,000
Legal Expenses	-	18,229
Consultant Services	2,190	1,875
Insurance	16,606	15,885
Representative expenses	1,729	4,489
Office equipment	1,254	-
Communication	3,202	1,740
Human Resources	6,288	-
Communication Campaign	15,320	-
Depreciation	2,185	2,137
Other expenses	66,104	55,866
Web page production costs	10,900	4,500
Other operational costs	12,699	4,712
Office Cost	-	1,096
Transportation	-	2,137
Interest expenses	1,079	-
Other nonoperational costs	10,226	14,182
Total expenses	658,594	694,208
Profit / Loss before taxes	120,565	293,160
Profit tax	-	-
Accounting period's net profit/loss	120,565	293,160

The accompanying notes are an integral part of these financial statements.

CRYSTAL FUND*Financial Statements for the year ended 31 December 2017 and Independent Auditors' Report***CASH FLOW STATEMENT**

As of December 31, 2017 (In GEL)

	2017	2016
Cash flow from operating activities		
Accounting period's net profit/loss	120,565	293,160
Depreciation	2,185	2,137
Received Interest	(8,748)	(2,016)
Exchange rate difference	(16,761)	(14,557)
Received dividends	(455,584)	(259,110)
Nonoperational income from long-term investment realization	-	(297,146)
Other assets	8,132	382
Tax requirements to budget	(2,749)	-
Other short-term liabilities	(3,808)	(111,419)
Received Interest	8,748	2,016
Received dividends	455,584	259,110
Net cash flow from operating activities	107,564	(127,443)
Cash flow from investing activities		
Change in fixed assets	(398)	(1,309)
Long-term investment realization	-	322,547
Net cash flows from investing activities	(398)	321,238
Net cash flow	107,166	193,795
Cash balance at the beginning of the year	194,043	4,199
Exchange rate differences in cash and cash equivalents	16,717	(3,951)
Cash balance at the end of the year	317,926	194,043

CHANGES IN SHAREHOLDERS EQUITY

As of December 31, 2017 (In GEL)

	Note	2017	2016
Equity for the period start		340,475	74,384
Current year's net profit/loss		120,565	293,160
Equity Correction			(27,069)
Equity for the period end		461,040	340,475

The accompanying notes are an integral part of these financial statements.

