## GEORGIA
### COUNTRY OVERVIEW

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>69,700 sq. km</td>
</tr>
<tr>
<td>Population</td>
<td>3.7 mln</td>
</tr>
<tr>
<td>Life expectancy at birth 2017</td>
<td>73.5 years</td>
</tr>
<tr>
<td>Official language</td>
<td>Georgian</td>
</tr>
<tr>
<td>Literacy</td>
<td>99.8 %</td>
</tr>
<tr>
<td>Capital</td>
<td>Tbilisi</td>
</tr>
<tr>
<td>Currency (code)</td>
<td>Lari (GEL)</td>
</tr>
<tr>
<td>GDP 2018</td>
<td>USD 16.2 billions</td>
</tr>
<tr>
<td>GDP real growth rate 2018</td>
<td>4.7%</td>
</tr>
<tr>
<td>GDP CAGR 2013-2018 (GEL)</td>
<td>4.6 %</td>
</tr>
<tr>
<td>GDP per capita 2018</td>
<td>US$ 4346</td>
</tr>
<tr>
<td>Inflation rate (December) 2018 (Y-o-Y):</td>
<td>1.5%</td>
</tr>
<tr>
<td>Total Public Debt to Nominal GDP (%) 2013-2018:</td>
<td>42.2%</td>
</tr>
</tbody>
</table>
RAPIDLY IMPROVING GOVERNANCE

Doing Business

N 7
Up from #112 in 2005

2nd among the countries in Europe

World Bank Group

Economic Freedom

N 16
Up from #99 in 2005

8th among the countries in Europe

Heritage Foundation

Corruption Perceptions Index

N 41
Up from #130 in 2005

6th among the countries in Eastern Europe

Transparency International

Safety & Crime Index

N 6
Up from #20 in 2012

6th place among the 125 countries

Numbeo

Fitch Ratings

BB

Standard & Poor’s

BB Stable

Moody’s Investors Service

Ba2 Stable
## TAXATION IS SIMPLE, LOW, EFFICIENT AND FAIR

<table>
<thead>
<tr>
<th>Taxes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Profit Tax</td>
<td>0% or 15%</td>
</tr>
<tr>
<td>Personal Income Tax</td>
<td>20%</td>
</tr>
<tr>
<td>VAT</td>
<td>18%</td>
</tr>
<tr>
<td>Customs/Import Tax</td>
<td>0%, 5% or 12%</td>
</tr>
<tr>
<td>Excise Tax</td>
<td>Depends on goods</td>
</tr>
<tr>
<td>Property Tax</td>
<td>Up to 1%</td>
</tr>
</tbody>
</table>

- Pension Contribution - 2% paid by Employer, 2% paid by Employee, 2% by Government
  - No wealth tax and inheritance tax
- Personal income tax for interest, dividend, royalty – 5%
- Foreign-source income of individuals fully exempt
- No restrictions on currency convertibility or repatriation of capital & profit
- Double taxation avoidance treaties with 56 countries
OVERVIEW OF GEORGIA’S BPO SECTOR

**TIME PROXIMITY AND MULTILINGUAL CAPABILITIES**
- Georgia is uniquely positioned to serve any country from Europe to Central Asia (GMT+4).
- 40-60% of population speak fluent English and Russian, German is 3rd most frequently spoken foreign language.

**YOUNG AND EDUCATED TALENT**
- There are 62 higher education institutions and 66 professional vocational education centers.
- Unemployment rate is 12.7% and 56% of the unemployed population is in the 20-40 age category.

**GOVERNMENT INCENTIVES**
- Information Technology zones (virtual zones) have been adopted to incentivize activity in the IT industry.
- Government provides financing and infrastructure for specialized vocational courses, based on companies needs.

**FLEXIBLE REGULATIONS**
- No working permits are required and citizens of 95 countries can stay in Georgia without visa during whole 1 year.
- Georgia has one of the most liberal labor codes, not only in the region, but globally and ranks 20th in the world in Labor Freedom Index (Source: Heritage Foundation).

**COMPETITIVE BUSINESS OPERATING COSTS**
- Georgia is among the countries with the lowest salary in BPO sector and cost per FTE. Utilities costs are one of the lowest in the wide region, approximately 2.3 USD per sq. m.
- With the average speed of internet amounting 6.25 mbps, Georgia has a top position among neighboring south Caucasus countries.
Due to time proximity, cultural similarities, skilled and multilingual talent pool, Georgia has a potential to serve European countries.

Outsourcing market at developing stage and increasing number of companies are being set up to serve local and international businesses. Georgian market is mostly concentrated with outsourcing companies working on the basis of a contractual agreements with their clients.

According to the Deloitte, there are more than 130 outsourcing service providers with revenues of USD 20.5 million.

Established BPO companies provide services in over 10 languages; German and English are the most common.

Most recently established investor companies include Majorel (former Arvato CRM); Evolution Gaming; CMX Solutions, Base 4.
EDUCATION SYSTEM

EDUCATION

- Literacy rate in Georgia is 99.8. 92% of population have at least secondary education. There are 62 higher education institutions and 66 professional vocational education centers.
- During past 5 years, over 118000 students graduated from HEIs and VETs.
- Vocational training course’s fees provided in professional education centers are mostly financed by the state.
- English is the Primary language taught most of the universities, however, 10-20% of students chose German and other European languages as their secondary option.

EDUCATION SYSTEM OF GEORGIA

Percentage distribution of graduates from HEIs and VETs by programs (2014-2018)

- Education
- Humanities and Arts
- Social sciences, business and law
- Science
- Engineering, manufacturing and construction
- Agriculture
- Health and welfare
- Services
TALENT POOL

FRESH TALENT

* Social sciences, business and law, humanities and arts, science are the top programs by amount of graduates.

* Cumulative amount of graduates over past 5 years from these programs reached over 96,000 that creates fresh talent pool for BPO sector.

UNEMPLOYED TALENT

* Unemployment rate in Georgia stood at 13.9% in 2017. Total amount of unemployed population amounts to 276,000 persons.

* 82% of unemployed population live in urban areas.

* 53% of population is in 25-40 age category.

KNOWLEDGE OF FOREIGN LANGUAGES

* Vast majority of population know English and Russian. German is the 3rd most frequently spoken language.

* According to Deloitte, there is over 574K persons as a multilingual talent pool living in 5 big cities of Georgia (Tbilisi, Kutaisi, Batumi, Zugdidi and Telavi)

  There are around 180 language centers in 5 big cities of Georgia

* Amount of students that have taken foreign language exams through Unified National Exams between 2009-2018 is over 340K

Note: Survey results are based on yes/no answers. Following the initial language competency survey, about a third of the respondents agreed to verify their skills through verbal testing, that showed over 90% respondent success rate.
### Population by Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tbilisi</td>
<td>75</td>
</tr>
<tr>
<td>Batumi</td>
<td>125</td>
</tr>
<tr>
<td>Kutaisi</td>
<td>119</td>
</tr>
<tr>
<td>Zugdidi</td>
<td>121</td>
</tr>
<tr>
<td>Telavi</td>
<td>135</td>
</tr>
</tbody>
</table>

### Higher Education Institutions

- Tbilisi: 48
- Batumi: 9
- Kutaisi: 4
- Zugdidi: 2
- Telavi: 3

### Vet Institutions

- Tbilisi: 59
- Batumi: 15
- Kutaisi: 14
- Zugdidi: 8
- Telavi: 6

### Salaries by Functions (USD)

<table>
<thead>
<tr>
<th>Location</th>
<th>F&amp;A</th>
<th>CRM</th>
<th>ADE</th>
<th>HR</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tbilisi 1.3M</td>
<td>600-700</td>
<td>350-450</td>
<td>850-950</td>
<td>500-550</td>
<td>800-900</td>
</tr>
<tr>
<td>Batumi 163K</td>
<td>350-450</td>
<td>350-400</td>
<td>500-700</td>
<td>250-350</td>
<td>600-650</td>
</tr>
<tr>
<td>Kutaisi 140K</td>
<td>50-500</td>
<td>350-400</td>
<td>250-300</td>
<td>250-350</td>
<td></td>
</tr>
<tr>
<td>Zugdidi 42K</td>
<td>300-350</td>
<td>200-250</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telavi 20K</td>
<td>350-400</td>
<td>150-250</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Source

- National Statistics office of Georgia, Deloitte analysis, Survey results, Ministry of Education
GEORGIA HAS ONE OF THE LOWEST BUSINESS OPERATING COSTS IN EASTERN EUROPE

INFRASTRUCTURE AND BUSINESS COSTS

- High class, modern Office spaces are available in all major cities of Georgia, with almost 1 million sq. m. of office stock
- High speed broadband and mobile internet is available throughout whole country, Georgia ranks 15th in terms of internet affordability.
- Costs are one of the lowest in the region. Georgia ranks 1st amongst countries benchmarked for utility costs and 3rd for broadband cost, with 0.07 USD per KWH and 18 USD per month respectively.
- Georgia has one of the lowest average gross salary among competitor countries
GEORGIA HAS ONE OF THE LOWEST BUSINESS OPERATING COSTS IN EASTERN EUROPE

LOW OFFICE RENT PRICES

Weighted average rent prices in Tbilisi (capital of Georgia) varies between USD 6.3-21.6 for per square meter. Regarding Batumi (2nd largest city) and Kutaisi (3rd largest city), weighted average rent prices are USD 7.5 and USD 7.2.

![Graph showing weighted average rent by class (USD per sq. m) in Tbilisi.]

![Graph showing average monthly office rent prices for 2017, USD.]

![Graph showing utility cost USD (KWH).]

Source: Deloitte & Touche LLC, Cushman & Wakefield, Colliers International

Note: Utility costs are without VAT, electricity is a key cost component within utility costs. Rent prices for Georgia is national average of Tbilisi, Batumi and Kutaisi.
INVESTMENT OPPORTUNITIES

CRM and Call Centers

CRM is the most developed segment for BPO/SSC in Georgia and has the highest FTE headcount compared to the other service areas. International service provides, such as Majorel (formerly Arvato) and Evolution Gaming employ over 700 FTEs.

Established CRM companies provide services in over 10 languages; German and English are the most common.

Based on Deloitte research, amount of educated workforce to be employed in the CRM service area is around 150,000. There are approximately 35,000 employees working in the CRM service area mainly concentrated in Tbilisi and Kutaisi.

F&A

F&A in Georgia has a steady workforce supply in this service segment mostly concentrated around service offerings to the local market.

22 HEI’s providing F&A courses in Tbilisi, Kutaisi, Batumi, Telavi and Zugdidi, with an average of 3,500 graduates annually. There are more than 900 ACCA and 200 CFA students registered in Georgia. Based on the survey results, knowledge of English and Russian languages are widespread among F&A specialists, where 50% and 66% of respondents working in F&A having working knowledge of English and Russian respectively.
INVESTMENT OPPORTUNITIES

HR Outsourcing

HR outsourcing is relatively nascent and mostly represented as a secondary function inside service provider companies. Specialists working in HR mostly hold diplomas from Legal or Social Science faculties and there are 75,000 specialists in Georgia within the range of 20-45 years, mostly concentrated in Tbilisi, out of which 20,000 are employed. According to the survey results the knowledge of English and Russian languages are widespread among HR specialists With 54% and 68% of them having intermediate knowledge of English and Russian respectively.

Georgia has a distinct competitive advantage in terms of average cost and senior level human resources personnel wage levels.

Architecture, Design and Engineering services

Architecture and Engineering services are growing at 4% CAGR over the past 5 years, reaching USD 144 million in 2017. Based on the survey results, there are 23,000 people employed in ADE sector mostly concentrated in Tbilisi and Batumi with 12,000 and 7,000 employees respectively. Besides higher education, there are 7 VET and Certification institutions offering various courses in ADE with the average of 140 graduates over the last five years. English and Russian are the most widespread languages among ADE specialists.

<table>
<thead>
<tr>
<th>Position</th>
<th>Junior HR specialist</th>
<th>HR specialist</th>
<th>HR manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average gross monthly salary</td>
<td>280</td>
<td>400</td>
<td>760</td>
</tr>
</tbody>
</table>

Average cost per FTE in USD

<table>
<thead>
<tr>
<th>Position</th>
<th>Interior designer</th>
<th>CAD specialist</th>
<th>Architect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average gross monthly Salary</td>
<td>600</td>
<td>500</td>
<td>1100</td>
</tr>
</tbody>
</table>

Average cost per FTE in USD
INVESTMENT OPPORTUNITIES

IT outsourcing

- IT outsourcing segment has increasing demand for fresh graduates and experienced specialists.

- The Georgian market has the highest labor supply in IT support and infrastructure specialists followed by system administrators commonly with MySQL knowledge and developers. Web developers are for the most part working in Java, .NET and PHP. There are a number of mobile developers mostly working on Android with Java.

- According to the survey results, there are more than 24,000 specialists working in the sector within 20-45 age and 5000 are developers.

- Working knowledge of English and Russian language is common among IT specialists. Based on the survey results, it is estimated that 67% of IT professionals have working knowledge in English and 60% have working knowledge in Russian.

- Georgia has competitive position among the benchmarked countries with one of the lowest salaries for IT Support Specialists with comparatively low costs per FTE.

<table>
<thead>
<tr>
<th>Position</th>
<th>Junior Developer</th>
<th>App developer</th>
<th>Programming engineer</th>
<th>IT project manager</th>
<th>IT support specialist</th>
<th>IT infrastructure team member</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average gross monthly salary</td>
<td>350</td>
<td>960</td>
<td>1320</td>
<td>1040</td>
<td>600</td>
<td>880</td>
</tr>
</tbody>
</table>

Average cost per FTE in USD

- Albania: 668
- Georgia: 1003
- Bulgaria: 2,327
- Romania: 2,736
- Poland: 3,363
LEPL “Enterprise Georgia” operates under the Ministry of Economy and Sustainable Development

“One-stop-shop” for investors to support companies before, during & after investment process

Moderator between investors, government and local companies

**Mission:**
Attracting and Facilitating Investments

**OUR SERVICES**

- **Information**
  General data, statistics, sector researches

- **Communication**
  Access to Government at all levels & connection to local partners

- **Organization**
  Organization of site visits and accompanying of investors

- **Aftercare**
  Legal advising & Supporting services

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