



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

REPORT ON ASSISTANCE TO GNIA

GEORGIAN NATIONAL INVESTMENT AGENCY 2010-2012

July 28, 2009

This publication was produced for review by the United States Agency for International Development and the Government of Georgia. It was prepared by Investment Promotion Advisor Dusan Kulka, contract No AFP-1-00-04-0002-00, TO 3, managed by Chemonics International Inc. and submitted to USAID /Caucasus cognizant technical officer Nino Kumsishvili and Nino Baratashvili, Head of the Georgian National Investment Agency.

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

CONTENTS

Introduction	3
Strategic Framework for GNIA’s Work	3
GNIA’s Marketing Efforts	4
Regional Cooperation and Property for Investment.....	4
Investment Servicing and Agency’s Management	5
Specific Recommendations to GNIA	5
Specific Recommendations to USAID	6
PPT Presentations.....	6
Attachment 1: GNIA Target Sector Evaluation form for GNIA.....	7
Attachment 2: Information about Investingeorgia Website Visitors	9
Attachment 3: Investment Property Database Form (Basic Version)	12

Introduction

The two short assignments were a follow-up to the technical assistance provided by GBCR to the Georgian National Investment Agency (GNIA) and the Ministry of Economic Development (MoED) in spring / summer 2007. The assistance was focused on reinforcing GNIA's overall performance through strengthening the agency's capacity to carry out its core functions. To maximize potential impact, the approach to the completion of the task was very flexible – following beneficiary's actual needs rather than imposing consultant's position.

GNIA has achieved certain progress compared to its condition two years ago. Agency's structure and internal procedures better reflect its purpose and functions; the staff is more experienced and the performance of the core functions has reached closer to "common standards" of the FDI business. However, it's still mostly re-active and "ad hoc" while the competitive nature of the investment attraction requires systematic and pro-active conduct.

The new GNIA leadership aspires to change the situation and it is dedicated to improve all aspects of agency's performance. Both the leadership and the staff were very responsive to the assistance provided and I believe that GNIA's promising human potential may result in a significant progress in generating and servicing investment prospects / projects.

Strategic Framework for GNIA's Work

- A seminar / brainstorming session on the "Strategic context for GNIA" was attended by agency's leadership and complete professional / technical staff. The session has helped understand the nature of international business, behaviors of multinational enterprises and implications / challenges for an investment promotion agency.
- Two meetings with the deputy minister in charge for GNIA Mr. Irakli Gachechiladze were focused on discussing the strategic context for Georgian FDI prospects as well as on very practical measures to improve conditions for GNIA (space, funding, staffing).
- The session on GNIA's FDI Attraction Strategy has involved agency's professional staff, leadership and the deputy minister Gachechiladze. Special attention has been paid to setting agency's performance targets for the coming three years and to the discussion on the priority / target sectors for GNIA's marketing.
- The target sector research discussion focused on industries identified two years ago and also on industries highlighted by the "Georgia Manufacturing Sector Competitiveness Assessment" completed by IFC in May 2009. The discussion was complemented by an additional evaluation of the target sectors for GNIA using an excel evaluation form distributed among the agency's staff.
- Based on the above, the GNIA FDI Attraction Strategy has been updated to reflect the changing external environment as well as the agency's new aspirations. The internal process map was incorporated into the updated strategy as a complement to its part focused on the management issues.

GNIA's Marketing Efforts

- Specialized training on FDI marketing and promotion was organized for the GNIA professional staff. Special attention has been paid to the identification of a set of “targeting filters” relevant for Georgia: Companies in the target sectors agreed for GNIA with annual sales of at least USD 20 million and with an investment track record in the CEE/CIS transition economies.
- The training was complemented by the CzechInvest case study presentation to demonstrate the best marketing practices on the example of the Czech IPA.
- The agency's website <http://www.investingeorgia.org/> has been reviewed and the recommendations implemented immediately.
- A specific market research technique – examining agency's website visitors – has been introduced. Interesting companies as Motorola or Siemens were identified and added to GNIA marketing database.
- Sources of FDI intelligence as the Investment Map <http://www.investmentmap.org/> or the E&Y European Investment Monitor were introduced / explained to the GNIA professional staff.
- Number of GNIA marketing tools / letters / commercials were reviewed and edited.
- A direct mailing campaign to MNE complying with the criteria described above has been launched. One hundred letters have been sent out by the end of the assignment.

Regional Cooperation and Property for Investment

- Specialized training on the role of property in investment attraction was organized for the GNIA staff. The training was also attended by representatives of the MoED's Department of State Property Management Policy. The importance of a ready supply of property for business and the time-to-market aspect was emphasized.
- The training was complemented by the City of Pardubice case study presentation to demonstrate the above lecture on practical location decision-making examples. The case study was also to discuss the purpose and principles of the regional network cooperation with GNIA leadership and professional staff.
- The Department of State Property Management Policy of MoED started creating an online investment property database (IPD). The department has received practical advice re the web page design, structure and also the online programmer assistance. The Investment Property Database Form has been also provided to the department.
- The pilot version of the database <http://85.117.37.151:8000/index.php?sel=22> is already functional and contains 11 entries including greenfield and brownfield sites suitable for GNIA's needs.
- The Department's “Draft project for strengthening institutional performance for investments promotion / Modernization of state property management system” was reviewed and edited.

Investment Servicing and Agency's Management

- The IT Customer Relationship Management system developed by GBCR in 2007 has been revisited and GNIA is to reconsider the use of the system.
- Specific FDI-related studies important for agency's strategic management and effective targeting were provided to / discussed with the GNIA leadership.
- Potential sources of expertise and sponsors of technical assistance needed for agency further development and professional growth were discussed and practical steps recommended.

Specific Recommendations to GNIA

- ➔ Complete the target sector identification discussion including evaluation forms. Use available analytical information on Georgian sector competitiveness and your own market intelligence gained through your marketing feedback and re-examine / adjust the sectors identification.
- ➔ Discuss the strategy update with the ministry and arrange for an official approval.
- ➔ Maintain the team spirit of the agency; make sure that everyone working at GNIA understands and shares agency's mission, performance targets and values.
- ➔ Continue the active marketing outreach campaign; regularly evaluate the feedback and adjust the performance.
- ➔ Subscribe to the Investment Map and/or another source of FDI business intelligence.
- ➔ Create you marketing, customer and foreign investor databases.
- ➔ Consider agency's participation in leading international investment fairs (Expo Real Munich <http://www.exporeal.net/> and/or MIPIM in Cannes <http://www.mipim.com/>)
- ➔ Cooperate with the Department of State Property Management Policy on the creation of the Investment Property Database (at least help them with the English) and make sure you have an exclusive access to selected greenfield and brownfield sites promoted by the department.
- ➔ Establish good working relationship with top municipalities across Georgia and make them "part of your product".
- ➔ Have an IT solution for your Customer Relations Management; either accept the GBCR software or select and implement another one.
- ➔ Build a good relationship with potential donors the FDI-related technical assistance. They are basically the following: USAID, EuropAid and the World Banks's FIAS.
- ➔ Consider drafting a proposal for twinning project with an experienced European IPA funded by EU.
- ➔ Make sure Georgian government understands what you're doing, why it is important and that you have the government's support.

Specific Recommendations to USAID

- ➔ Consider continuing support to GNIA's further development and improvement of its performance.
- ➔ Professional growth / training of the GNIA staff including internships with advanced IPA's (investment promotion agencies) would combine necessary human resource development with motivation aspect.
- ➔ Funding an experienced consultant (former employee of an IPA in Central / Western Europe or USA) who would work with GNIA on the long-term basis.
- ➔ Funding for different specialized studies and/or marketing research necessary to upgrade quality and efficiency of GNIA's performance.
- ➔ Co-funding of GNIA's pilot missions to major international investment fairs (Expo Real in Munich and/or MIPIM in Cannes).
- ➔ The collaboration with regional / municipal partners in Georgia is a problem as it is beyond GNIA's current capacity. A synergy can be reached if there is a LED or municipal development project with a specific component preparing local conditions / capacities for investments. That would be an indirect (but still significant) help to GNIA.

PPT Presentations

The following presentations were prepared and delivered within the assignments:

- GNIA Strategic context session
- GNIA Marketing
- GNIA Property
- Case study 1 – CzechInvest
- Case study 2 – City of Pardubice
- GNIA FDI Attraction Strategy update

Attachments:

GNIA Target Sector Evaluation form
Investinggeorgia website visitors example
Investment Property Database Form

Note: Updated FDI Attraction Strategy for GNIA is submitted to BCR project/GNIA separately.

Attachment 1: GNIA Target Sector Evaluation form for GNIA

Sector	Market opportunity		Georgia competitiveness						Likely impact		Overall score
	Export market	Import substitution	Existing investors	Cost factor	Natural advantages	Market access	Skill base	Other incentives	FDI impact	Likely prospects	
Agriculture / Food processing	0.00		0.00						0.00		0.00
Energy / Utilities	0.00		0.00						0.00		0.00
Tourism / Spa / Wellness	0.00		0.00						0.00		0.00
Pharmaceutical / Medical Devices	0.00		0.00						0.00		0.00
Logistics / Transportation	0.00		0.00						0.00		0.00
Financial Services	0.00		0.00						0.00		0.00
ICT	0.00		0.00						0.00		0.00
Construction materials	0.00		0.00						0.00		0.00
Textil / Apparel	0.00		0.00						0.00		0.00
Consumer electronics	0.00		0.00						0.00		0.00
Machinery	0.00		0.00						0.00		0.00
	0.00		0.00						0.00		0.00
Example:	3.00		3.83						4.00		3.78
	4	2	4	5	3	4	4	3	5	3	

Evaluation key: 1 - very negative 2 - negative 3 - neutral 4 - positive 5 - very positive

Export market	1 - 5	Is there a good export potential in major global markets (EU, CIS, Mid East, etc.)?
Import substitution	1 - 5	Is there a potential to substitute imports in Georgia (Armenia, Azerbaijan)?
Existing investors	1 - 5	Are there existing well performing companies in the sector in Georgia?
Cost factor	1 - 5	Can Georgia provide competitive costs environment?
Natural advantages	1 - 5	Does Georgia have a source of natural advantages (raw materials, climate, etc.) for the sector?
Market access	1 - 5	Can Georgia provide market access advantage (logistics, trade regimes)?
Skill base	1 - 5	Does Georgia have the skill base to compete in the sector?
Other incentives	1 - 5	Does Georgia have the capacity and will to suport sector's development (infrastructure, education, research)?
FDI impact	1 - 5	Has the sector potential to attract significant FDI, generate revenues, new jobs and exports?
Likely prospects	1 - 5	Is there any sign of FDI interest in the sector? Can an effective promotion generate the interest?

Attachment 2: Information about Investingeorgia Website Visitors

(Who's been browsing GNIA website during April 20-May 20, 2009)

[franz kaldewei gmbh & co. kg](#)

Franz Kaldewei GmbH & Co. KG is the market leader for bathtubs and shower trays in Germany and Europe.

<http://www.kaldewei.com/en/unternehmen/>

[overseas private investment corp.](#)

OPIC is an independent U.S. government agency whose mission is to mobilize and facilitate the participation of U. S. private capital and skills in the economic and social development of less developed countries and areas, and countries in transition from non-market to market economies.

<http://www.opic.gov/>

[telefonaktiebolaget lm ericsson](#)

Ericsson is a world-leading provider of telecommunications equipment and related services to mobile and fixed network operators globally. Over 1,000 networks in more than 175 countries utilize our network equipment and 40 percent of all mobile calls are made through our systems. We are one of the few companies worldwide that can offer end-to-end solutions for all major mobile communication standards.

<http://www.ericsson.com/ericsson/>

[amoco corporation](#)

Amoco Corporation is active in three main fields within the petroleum, natural gas, and chemical industries: exploration and production, petroleum products, and chemical products. Amoco is the largest producer of natural gas in North America, sells gasoline through more than 9,600 service stations in 30 states, and produces such chemical products as polymers, fabrics, fibers, and chemical feedstocks. It currently searches for oil and natural gas in 25 countries, a much more targeted exploration operation than in previous years.

[bain and company](#)

Bain & Company is a global business consulting firm with offices in all major cities. We help management make the big decisions: on strategy, operations, mergers & acquisitions, technology and organization.

<http://www.bain.com/bainweb/home.asp>

[golden state foods](#)

Golden State Foods Corporation is a food processor and distributor, supplying more than 130 products to McDonald's Corporation, its only customer. The company's main products are hamburger patties, buns, ketchup, mayonnaise, and other sauces. Golden State is one of McDonald's largest suppliers, providing product to approximately 2,000 of the company's 25,000 restaurants. Headquartered in Irvine, California, Golden State maintains 12 production plants and distribution centers in the United States, Egypt, and Australia.

<http://www.goldenstatefoods.com/>

[fujifilm europe gmbh](#)

Fujifilm employs more than 78,000 people worldwide and in the year ended 31 March, 2008, had global revenues of 18,02 billion Euro. The Fujifilm group comprises of 267 subsidiaries and 32 affiliated companies.

Fujifilm first penetrated into overseas markets primarily through its Imaging Solutions business. The company established a German subsidiary in charge of the comprehensive management of its European operations in 1966 and a manufacturing company in the Netherlands which was tasked with manufacturing color paper and color films in 1982.

<http://www.fujifilm.de/>

[fujitsu limited](#)

Fujitsu is a leading provider of IT-based business solutions for the global marketplace. With approximately 175,000 employees supporting customers in 70 countries, Fujitsu combines a worldwide corps of systems and services experts with highly reliable computing and communications products and advanced microelectronics to deliver added value to customers. Headquartered in Tokyo, Fujitsu Limited (TSE:6702) reported consolidated revenues of 4.6 trillion yen (US\$47 billion) for the fiscal year ended March 31, 2009.

<http://www.fujitsu.com/global/about/>

[franke schweiz ag](#)

As the world's leading provider of intelligent systems for domestic kitchens, professional food service, coffee preparation, beverage delivery and hygiene solutions, we enable enterprise and a rewarding experience for all concerned.

<http://www.franke.com/frankegroup/main/en/home.html>

[intel corporation](#)

Intel, the world leader in silicon innovation, develops processor technologies and supports global initiatives to continually advance how people work and ...

<http://www.intel.com/>

[heidelberger druckmaschinen ag](#)

With a global market share for sheetfed offset printing machines of more than 40 percent, Heidelberg Druckmaschinen AG (Heidelberg) is the world's leading solution provider for commercial and industrial customers in the print media industry. Headquartered in Heidelberg, Germany, the company focuses on the entire process and value chain for popular format classes in the sheetfed offset and flexographic printing sectors.

<http://www.heidelberg.com/www/html/en/startPage>

[motorola](#)

Motorola is a global leader in providing integrated communications solutions and embedded electronic solutions.

<http://www.motorola.com/>

[siemens. ag](#)

Siemens AG is a global powerhouse in electronics and electrical engineering, operating in the industry, energy and healthcare sectors.

<http://w1.siemens.com/entry/cc/en/>

[sanofi synthelabo](#)

Sanofi-Synthélabo was a Paris-based pharmaceutical company formed in 1999, when [Sanofi](#) merged with [Synthélabo](#). [Sanofi-Aventis](#) was formed in 2004 when Sanofi-Synthélabo merged with [Aventis](#).

<http://en.sanofi-aventis.com/>

[toyota motor turkey](#)

Toyota Motor Manufacturing Turkey (TMMT) is one of Toyota's vehicle production bases in Europe. Located in Adapazari Turkey, TMMT manufactures Corolla Verso and Auris models. Majority of the production is exported to over 30 countries, which are located mainly in Europe.

<http://www.toyotatr.com/eng/contact.asp>

Attachment 3: Investment Property Database Form (Basic Version)

Section I. Please identify the site by unique cadastral number, correct name of the zone / site – assign it a name if it has not yet been assigned to it and identify its geographic parameters, if the site has an address state it in the City field.

SECTION I: SITE IDENTIFICATION	
Name of zone / site	
ID (cadastral no.)	
Region	
District	
City	

Section II. Identify basic parameters of the site – total area, area in use, free area, state purpose of use, indicate selling price in US dollars per sqm and describe the site – what is on it, what used to be there, what kind of production would it best suit, what are the sales terms etc.

SECTION II: SITE PARAMETERS	
Total area (ha)	
Area used (ha)	
Free area	
Price USD / m2	
Purpose / use	
Site description	

Section III: Infrastructure. Indicate what kind of infrastructure is available for the site and describe it (capacity, conditions for completion, identify the roads, etc.)

SECTION III: INFRASTRUCTURE		
<i>Type of infrastructure</i>	<i>Present</i>	<i>Description</i>
Airport (distance ... km)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Railroad (distance ... km)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Highway (distance ... km)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Port (distance ... km)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Gas (on site)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Electricity (on site)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Water supply (on site)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Sewerage (on site)	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Telecommunication	<input type="checkbox"/> YES <input type="checkbox"/> NO	

Section IV: Other information. Please state if special environmental protection is in place and describe, and if environmental burdens by previous activity can be expected on the site, also state whether or not the site is part of the Municipal Master plan. Comment if necessary.

SECTION IV: INFRASTRUCTURE		
Question	Answer	Comment
Identified in Master Plan	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Environmental Burden	<input type="checkbox"/> YES <input type="checkbox"/> NO	
Environmental Protection	<input type="checkbox"/> YES <input type="checkbox"/> NO	

Section V. Contacts. Please insert the following contact information for site owners / managers.

SECTION Va: CONTACT INFORMATION - OWNER			
Name			
Position			
Institution			
Address			
WWW		Email	
Telephone		Fax	
Languages	<input type="checkbox"/> Georgian <input type="checkbox"/> English <input type="checkbox"/> French <input type="checkbox"/> German <input type="checkbox"/> Other:		
Comments			

SECTION Vb: CONTACT INFORMATION – MANAGER (IF DIFFERENT)			
Name			
Position			
Institution			
Address			
WWW		Email	
Telephone		Fax	
Languages	<input type="checkbox"/> Georgian <input type="checkbox"/> English <input type="checkbox"/> French <input type="checkbox"/> German <input type="checkbox"/> Other:		
Comments			

Filled in by (name):

Date:

Received by MoED - name:

Date:

Inserted into IPD by name:

Date: