

GEORGIA UPDATE

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www.georgiaupdate.gov.ge

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- **World Bank Approves \$40 Million in New Aid for Georgia**
- **Remittances to Georgia Soar Nearly 30% in First Half of 2011**

SUMMER HOLIDAY SCHEDULE: GEORGIA UPDATE WILL BE PUBLISHED BIWEEKLY UNTIL SEP. 8



President Saakashvili hosted Polish President Bronisław Komorowski earlier this week during an official visit to Georgia. Saakashvili said Poland's foreign policy decisions had bolstered Poland's status in Europe. "A strong Poland, as one of the key members of the EU," he said. "It is decisive for all those countries in the region that have Euro-Atlantic aspirations." Said Komorowski: "Georgia is on the right path, and we fully support your country on the way to democratic reform and European integration." He also stressed the importance of improving relations between Georgia and the EU. "We need to raise our relations to a new level and Poland is ready to help Georgia on this way." He called on Polish businessmen to invest in the Georgian economy. Leading members of Georgia's civil society, including the new chief of the EU's Monitoring Mission in Georgia, Andrzej Tyszkiewicz, also met with the visiting president, who is in Georgia as part of a six-day South Caucasus tour.

INTERNATIONAL MEDIA ON GEORGIA

WASHINGTON TIMES: US report—Russia tied to embassy blast in Georgia

AGENCE FRANCE PRESSE: Georgians' rights violated in rebel Abkhazia

THE ECONOMIST: Georgia's choice—Singapore or Brussels?

ASSOCIATED PRESS: Georgia fires 4 police over protest dispersal

EURASIA DAILY MONITOR: Abkhazia relies on Moscow's guarantees, backing

BLOOMBERG: Georgia backs restrictions on public protests after deaths

WASHINGTON DIPLOMAT: Georgia's "force of nature" blows into Washington

DIGITAL JOURNAL: Quality wine potential for Georgia

CNN: Georgia's ambitious education reforms bear fruit

QUOTES OF THE WEEK

"Given the seriousness of this accusation, we write to request a briefing from the intelligence community, the State Department, and the National Security Council staff about the recent terrorist attacks in Georgia, including the blast near the US Embassy, and their assessment of what, if any, linkages have been identified between the individuals responsible for these attacks and the Russian government."

♦ From a letter signed by five US Senators seeking information on terrorist attacks in Georgia, including one that targeted the US embassy in Tbilisi last September

"Georgia has already made significant progress in reforming its criminal justice system and in assisting its internally displaced populations."

"I am a strong believer in Georgia's European way, and in a democratic, prosperous, and reunited Georgia. Sharing the universal values of human rights, democracy, and the rule of law. Offering its citizens all the benefits of modern European society might not be an easy choice for this country. It might not be the easiest possible way, but let me assure you that the European way is the real route to political and economic stability for this country."

♦ EU Commissioner for Enlargement Štefan Füle referring to the EU's Annual Action Program for Georgia

UPCOMING MILESTONES

Aug. 12: 3rd Anniversary of Sarkozy-Medvedev ceasefire agreement

Aug. 18-20: FM Vashadze visits Austria

Aug. 25: FM Vashadze visits Brazil

Oct. 4: Next round of Geneva peace talks

TOP STORIES

Photographers Plead Guilty to Espionage, Released on Probation

Four photographers—including President Saakashvili’s personal photographer—were found guilty Friday of espionage. They received conditional sentences of between six months and three years after reaching a plea agreement with the Prosecutor’s Office; all were released on probation. Though their lawyers initially said they were not guilty, all four pleaded guilty during questioning and at trial this week.

The photographers, arrested on July 7, had been charged with collecting confidential material on Georgia’s administration, including details of high-level meetings, that were sent to Russian military intelligence. The Tbilisi City Court approved the plea bargain agreement after the Georgian Chief Prosecutor’s Office confirmed that the defendants cooperated fully with the investigation, shedding light on how Russian spy networks in Georgia operate and revealing the names of other Georgians suspected of spying. Under Georgia’s criminal code, the defendants were liable to prison terms of up to 12 years.

Prior to the court’s decision, the Prosecutor’s Office released on its website part of the evidence that investigators had gathered. Among the documents, which were partly redacted, were transcripts of official meetings between Georgian officials and the foreign minister of Azerbaijan last month. Other items included a description of security measures prepared for a visit of Estonia’s president in early July. Also among the documents seized was a list of cleaners at the president’s offices and a list of Georgian citizens working for international organizations. The authorities also released phone records that they said showed that one of the photographers had placed calls to two Russian intelligence officers.

[NEW YORK TIMES: Georgia Frees 4 Photographers Held as Spies](#)
[EURASIA DAILY MONITOR: Georgian Photographers Plea-Bargain](#)

EU Commissioner Füle Lauds Georgia for “Tremendous Progress”

EU Enlargement Commissioner Stefan Füle lauded Georgia last week for its “tremendous progress” in building democratic institutions, and urged the Government to redouble its reform efforts. “Georgia has already embarked on a solid path of reform and has made impressive progress since the Rose Revolution in 2003,” Füle said at the “European Way” conference in Batumi last week. “Georgia has made its choice for closer integration with the European Union,” he added. “The relationship between Georgia and the EU is gradually developing into a close, strong, and dynamic partnership based on clear common objectives. Good progress has been made on negotiations for the Association Agreement. We need to move forward towards free trade and more freedom of movement.” He urged the Government to continue to pursue “comprehensive and resolute reforms” that promote checks and balances, political pluralism, an independent judiciary, and socio-economic development. While in Georgia, Füle also met with President Saakashvili, National Security Council Secretary Bokeria, several ministers, and opposition and civil society representatives.

[EUROPEAN COMMISSION: Stefan Fule Speech in Georgia](#)
[CIVIL GEORGIA: EU Commissioner for Enlargement Visits Georgia](#)

US-Georgia Security Working Group Meets in Washington

The US-Georgia Defense and Security Working Group met in Washington last week to advance bilateral cooperation on the defense and security fronts. Held within the framework of the Strategic Partnership Charter, the sides discussed Georgia’s troop contribution to NATO’s mission Afghanistan, joint defense initiatives, NATO membership issues, and the security issues stemming from Russia’s continued illegal occupation of Abkhazia and S. Ossetia. Heading the US delegation was Assistant Secretary of Defense Alexander Vershbow and Deputy Secretary of State for Europe Eric Rubin, while Georgia was led by Deputy FM Kapanadze, First Deputy Defense Minister Kharshiladze, and Interior Ministry intelligence official Utiazhvili. The working group will meet again at an omnibus meeting of the Charter partners later this fall.



Georgian Orthodox Patriarch Ilia and Russian Orthodox Patriarch Kirill met Tuesday in Ukraine for the first time since the Russian invasion of Georgia in 2008. They announced that Russia’s Church will not claim clerical authority over Georgia’s occupied regions of Abkhazia and South Ossetia.

[REUTERS: Russia church says won't claim Georgia regions](#)

Young Georgian Woman Among Norway Massacre Victims

A woman from Georgia who was missing since the shootings on Norway’s Utoeya island was confirmed today to have been killed in the massacre, the Georgian foreign ministry said. Tamta Liparteliani went on behalf of a Young Socialists organization to the youth camp in Norway where the gunman’s attack took place, along with another Georgian woman who survived the shootings. Liparteliani’s parents travelled to Norway on Wednesday in an attempt to find out what had happened to their daughter. In a letter of condolence to Norwegian Prime Minister Jens Stoltenberg on Saturday, President Saakashvili said that “this terrible atrocity once again reminds us that terrorism remains one of the main common challenges of the world today.”

[AP: Body of Georgian Woman Found in Norwegian Lake](#)

World Bank Approves \$40 Million in New Aid for Georgia

Encouraged by Georgia’s strong economic growth, the World Bank has approved \$40 million in new aid to support the government’s macroeconomic and fiscal reform efforts. Called the Third Development Policy Operations (DPO-3), the package will finance projects aimed at increasing the effectiveness and efficiency of public finance, healthcare, and free-market policies. “The package of reforms backed by the DPO series has supported Georgia’s economic recovery in 2010 and 2011,” said Asad Alam, World Bank Regional Director for the South Caucasus. “The reforms have also helped ensure that 900,000 people are receiving medical insurance and 440,000 people are receiving targeted social assistance, as part of the social safety net for the poor and vulnerable.”

[ENP NEWSWIRE: Georgia's Economic Recovery is Gaining Strength with World Bank Support](#)

Remittances to Georgia Soar Nearly 30% in First Half of 2011

Money transferred to Georgia from abroad by the country’s emigrants increased nearly 30% year-on-year last month, reaching \$99 million, Georgia’s central bank said. Over \$509 million came to Georgia in the first half of 2011, a 20% increase from 2010. Remittances from Russia increased to \$53 million, while Georgian migrants in Greece came in second with \$7.7 million, followed by Italy (\$7.1 million), the US (\$5.7 million), Kazakhstan (\$5.4 million), Ukraine (\$4.2million), Turkey (\$2.5 million), Spain (\$2.1 million), Israel (\$1.2 million) and Germany (\$1.1 million). Remittances from Georgians totaled \$939 million in 2010.

[CIVIL GEORGIA: 1H'11 Money Transfers from Abroad USD 509.5m](#)

INTERNATIONAL MEDIA ON GEORGIA

WASHINGTON TIMES: US report—Russia tied to embassy blast in Georgia

US intelligence agencies concluded in a classified report late last year that Russia's military intelligence was responsible for a bomb blast that occurred at an exterior wall of the US Embassy in Tbilisi, Georgia, in September. The highly classified report about the Sep. 22 incident was described to *The Washington Times* by two US officials who have read it. They said the report supports the findings of the Georgian interior ministry, which traced the bombing to a Russian military intelligence officer. "It is written without hedges, and it confirms the Georgian account," said one US official familiar with the US intelligence report. This official added that it specifically says the Russian military intelligence, or GRU, coordinated the bombings.

www.washingtontimes.com

AGENCE FRANCE PRESSE: Georgians' rights violated in rebel Abkhazia

Authorities in the Russian-occupied region of Abkhazia regularly violate the rights of the ethnic Georgian minority living there, Human Rights Watch said last week in a new report. "The rights of ethnic Georgian returnees to Abkhazia are hostage to nearly two decades of political conflict," the report says. Abkhaz proxies make it difficult for ethnic Georgians to cross over into government-controlled territory to undertake trade or to visit relatives, and have created barriers to children's education in the Georgian language.

www.expatica.ru

THE ECONOMIST: Georgia's choice—Singapore or Brussels?

Indeed, there is much to admire. A recent report from Freedom House, an American think-tank, notes improvements in Georgia's democratic governance, electoral process, and corruption ratings over the past year. In the absence of strong domestic opposition, foreign leaders have a significant role to play in ensuring Georgia continues down the path of reform. This makes it all the more important that western leaders in general, and the EU in particular, continue to engage. EU leaders should indeed do more to support Georgia's achievements.

www.economist.com

ASSOCIATED PRESS: Georgia fires 4 police over protest dispersal

Georgia's interior ministry earlier this month fired four police officers for breaches of discipline during the dispersal of an anti-government protest in May. An internal investigation found the four officers to have violated regulations during their break-up of an opposition rally in Tbilisi. The violence was the climax of several days of radical protests led by fringe opposition leader Nino Burjanadze and others.

www.kyivpost.com

EURASIA DAILY MONITOR: Abkhazia relies on Moscow's guarantees and backing

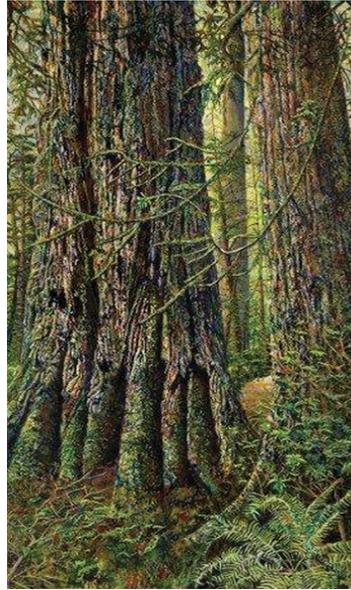
The Abkhaz are increasingly resentful of actual or perceived attempts by Moscow to control their country. "Moscow needs to understand that Abkhaz independence is not a sham," said an Abkhaz news editor. The problem, however, is that Moscow considers Abkhazia's independence as "a fake." Referring to Ukraine as "not even a state" and condescendingly treating other CIS countries, Putin is unlikely to seriously perceive Abkhazia as an equal partner for Russia.

www.jamestown.org

BLOOMBERG: Georgia backs restrictions on protests after deaths

Georgian lawmakers gave final approval last month to a bill to impose restrictions on public protests after two people were killed at an anti-government rally in May, easing some curbs from an earlier version. The bill restricts rallies from encroaching on buildings such as airports, prevents small protests from obstructing streets and prohibits demonstrators from possessing dangerous objects or consuming alcohol, said MP Chiora Taktakishvili.

www.bloomberg.com



A painting dedicated to Nodar Kumaritashvili, the Georgian luger who died at the 2010 Winter Olympics, was delivered earlier this month to his parents by the Canadian artist Monk. The painting, "Nodar's Spirit," was in fact created by "thousands and thousands" of people, Monk says, including Olympic athletes, patients at children's hospitals, local residents, and friends from Kumaritashvili's home village of Bakuriani. About seven feet high and four feet across, the painting has 50-70 layers of oil paint, an inch thick in some places, and thousands of messages and signatures on the back.

<http://www.canada.com>

WASHINGTON DIPLOMAT: Georgia's "force of nature" blows into DC

To say that this Hebrew-speaking, onetime Zionist youth activist wears his Judaism on his sleeve would be an overstatement. But it's clearly an important part of Yakobashvili's identity—along with his fierce Georgian national pride and his outspoken, candid, and somewhat undiplomatic demeanor. "He's a true force of nature. He's one of Georgia's top strategic thinkers, and he's blunt and frank in a way that's refreshing," says Damon Wilson, executive vice president of the Atlantic Council, calling his longtime friend Yakobashvili "the right person to be representing Georgia" on Capitol Hill. "He's got to build a bipartisan constituency that backs this audacious vision of Georgia in the West, and I think he's got the fortitude and the intellect to do so."

www.washingtondiplomat.com

CNN: Georgia's ambitious education reforms bear fruit

Studying hard was not the norm in Georgia. Many are blunt about the old system and its legacy. But to reform the system, Georgia is executing an ambitious program. Called a voucher system by some, education funds follow students to their schools of choice. Schools must compete to attract them. "When there is good competition in the class you are forced to study hard to succeed," says one high school student. Her mother says the government is finally taking education seriously by giving a choice to parents and students: "The government looks after my children's education like I would."

edition.cnn.com

THINK TANKS/NGOs

HERITAGE: "Reset" regret—Russian "sphere of privileged interests"

In Georgia, the Obama administration should clarify to Russia that renewed war would cost Moscow dearly. It needs to make clear that Moscow's quite visible efforts to undermine the Georgian regime will facilitate a real US commitment to Georgia, including the sale of defensive arms. The Administration should also refrain from pressuring Georgia to yield on letting Russia join the WTO if Moscow is still unwilling to restore the status quo ante in Abkhazia and S. Ossetia.

www.heritage.org

CENTRAL ASIA-CAUCASUS INSTITUTE: The May protest and the prospects of political normalization in Georgia

For Georgia to become a normal European democracy, much maturity and goodwill will be required from both the government and the opposition. Opposition forces must continue to focus on real concerns and make demands that are realistic; similarly, the government must do its part. Crucially, the government must work harder to ensure that the incentive structure for the Georgian opposition continues to favor engagement and moderation rather than theatrics and radicalism.

www.cacianalyst.org