

Consumer Confidence Index: Third consecutive decline in CCI

Leading GDP Indicator: Quarterly patterns maintained among signs of a softening economy

Khachapuri Index: Cost of making khachapuri 4% below its annual peak in January



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## Georgia's Macroeconomy at a Glance: The Growth Is Back - Did Anyone Notice?

After dipping into negative territory in June 2013, the y-o-y growth of real GDP started to improve slowly, and already in November 2013 the growth rate caught up with the higher 2011-2012 values. According to the GeoStat estimations, average GDP growth rate for the months of November-December 2013 and January 2014 was approximately 8.1%.

At least on paper it looks like economic growth in Georgia is back on track. Yet, the average consumers do not seem to be convinced.

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### HIGHLIGHTS:



## ISET Partners with USAID to Develop the Agricultural Economics Concentration and to Establish the Agricultural Policy Research Center (APRC)

ISET was recently awarded a three year grant from USAID in support of the Agricultural Economics Concentration in ISET's Master's Program in Economics and the establishment of the Agricultural Policy Research Center (APRC) at ISET-PI. This grant will help develop Georgia's capacity in agricultural economics.

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## Finance Minister Nodar Khaduri Presents "Georgia 2020" for the ISET Community

"It is an honor for me to be standing here, at ISET, in the best school of economics in the region" – with these words, Nodar Khaduri, the Minister of Finance of Georgia, started his presentation on March 10, 2014.

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### NEW PROJECTS:

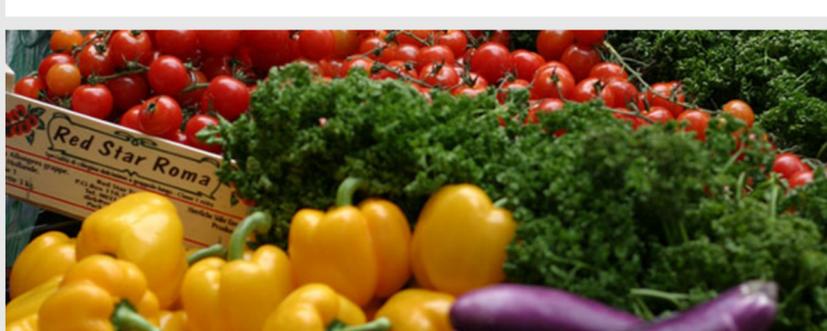


## Cooperation for Rural Prosperity

In January 2014, ISET-PI launched a new project with CARE International in the Caucasus and the Regional Development Association (RDA), "Cooperation for Rural Prosperity," under the European Neighborhood Program for Agriculture and Rural Development (ENPARD Georgia).

The project aims to support the development of business-oriented small farmer groups (e.g., agricultural cooperatives) with the goals of increasing agricultural productivity and reducing rural poverty in Georgia.

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## Collaboration with Carrefour

In March 2014 ISET started cooperation with Carrefour. The hypermarket agreed to provide agricultural product prices of a fixed basket on a weekly basis. ISET is working to finalize the list of products (brands/local/imported) and the methodology for calculating agricultural price index. The index will be publicly available at the ISET web-page.

In the frame of cooperation, on March 12 ISET hosted Jean Marc Stavroulakis, Country Finance Manager of Carrefour Georgia, and Petr Dlouhy, Merchandise Manager of the Fresh Division of Carrefour. They presented Carrefour's Strategy in Georgia for 2014 to the ISET community.

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### FROM THE BLOG:



## Tiger in the Caucasus?

On the 14th of February, the Ministry of Economy and Sustainable Development of Georgia published the draft version of the Socio-economic Development Strategy 2020 (SDS). SDS closely emulates the so-called export-oriented industrialization strategy (EOI). This approach performed impressively well when it was adopted by the "Asian Tiger" economies in the 1960s. So, does SDS lay out the roadmap for turning Georgia into a "Caucasian Tiger"? Look for some interesting insights in a popular blog by la Vardishvili.

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## Why Nations Fail

Florian Bierman reviews a well-known work by MIT economist Daron Acemoglu and Harvard political scientist James A. Robinson. At first glance, simplistic explanations of why some societies are poor, while other societies are rich, are in line with the author's experience while living in Georgia. After emphasizing the role of creative destruction, inclusive and exclusive institutions, Florian links them to the case of Georgia and draws some useful conclusions for the country's future economic development.

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## Lending by Georgian Banks Boosts Savings and Provides Shelter from Relatives in Need

Georgian households, being as poor as they are, don't save enough for the rainy day. Do low savings imply that Georgians are impatient to consume and do not care about their future? Is it in our genes that we prefer today's egg to tomorrow's chicken? Maybe our history, the history of a small nation struggling for survival, taught us to live our lives one day at a time? Nino Doghonadze and Eric Livny discuss some interesting culture-driven spending and saving habits prevalent among young middle-class Georgians.

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## Looking Over the Border: Immigration to Azerbaijan

For some years now Azerbaijan has been experiencing an immigration wave. This is despite the fact that the country does not offer the economic opportunities and high incomes of countries in North America and Western Europe, nor does it have a generous welfare state that provides for newly arriving immigrants. So what are the pull factors and the push factors behind the migration into Azerbaijan? Olga Azhgibetseva takes up the question of why Azerbaijan has become so attractive and what is the story migration numbers are trying to tell.

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