Georgia
BEEPS-at-a-Glance

Introduction
The EBRD-World Bank Business Environment and
Enterprise Performance Survey (BEEPS) is a joint initiative
of the European Bank for Reconstruction and Development
and the World Bank. The BEEPS has been carried out in
eight rounds in 1999, 2002, and 2005 and covers virtually
all of the countries of Central and Eastern Europe and the
former Soviet Union, as well as Turkey. (It has not been
possible to implement this survey in Turkmenistan.)

The BEEPS covers a broad range of issues about the
business environment, and this note presents some simple
indicators for key areas.

Definitions
The 2005 round of the BEEPS consisted of two parts:
• The Main BEEPS sample was drawn from the universe
of firms in a broad range of economic activities, with the
split between services and industry roughly proportional
to the contribution to GDP in each country. The Main
BEEPS sampling approach was the same in all three
rounds of the BEEPS.
• The Manufacturing Overlay refers to additional
manufacturing firms that were added, above and beyond
the Main BEEPS sample, in selected countries. The
Manufacturing Overlay focused on a small number of
narrowly defined manufacturing sectors, and a select
number of geographical areas.

Data Notes
• This note focuses exclusively on the Main BEEPS for
2002 and 2005 and presents simple averages over all
firms with non-missing data. Regional aggregates are
computed using firm-level data.
• Many of the apparent changes over time and difference
between countries may not be statistically significant.

Citation
Please refer to the data in all uses as the “EBRD-World Bank Business Environment and Enterprise Performance
Survey (BEEPS).” Standard practice is to use this lengthy citation the first time the BEEPS is referenced in the
document and the shorthand “BEEPS” thereafter.

Within the World Bank, both the Europe and Central Asia – Poverty Reduction and Economic Management Unit and the
Investment Climate Unit contributed to the BEEPS. For more information on this document, contact James Anderson
(janderson2@worldbank.org) or Laura Lanteri (llanteri@worldbank.org). Revised.February-7-2006.

Georgia
Summary

The BEEPS used an identical sampling approach in all years.

- **Sector:** In each country, the sectoral composition of the sample in terms of manufacturing (including agro-processing) versus services (including commerce) was determined by their relative contribution to GDP. Firms that operate in sectors subject to government price regulation and prudential supervision, such as banking, electric power, rail transport, and water and waste water, were excluded from the design of the sample.
- **Size:** At least 10% of the sample was to be in the small (2-49 employees) and 10% in the large (250-9,999 employees) categories. Firms with only one employee or more than 10,000 employees were excluded.
- **Ownership:** At least 10% of the firms were to have foreign control and 10% state control.
- **Exporters:** At least 10% of the firms were to be exporters (firms that export 20% or more of total sales).
- **Location:** At least 10% of firms were to be in the category “small city/countryside” (i.e., population under 50,000).
- **Age:** Enterprises which began operations in the three years prior to the survey were excluded.

### Sample

<table>
<thead>
<tr>
<th>Country</th>
<th>No. of interviews</th>
<th>City/Town</th>
<th>Sector</th>
<th>Main activity</th>
<th>Size of enterprise</th>
<th>Foreign owned</th>
<th>Export</th>
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</thead>
<tbody>
<tr>
<td>Albania</td>
<td>200</td>
<td>Large</td>
<td>Private</td>
<td>Manufacturing</td>
<td>90.0% 10.0%</td>
<td>12.0% 88.0%</td>
<td>8.8% 91.2%</td>
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<td>Private</td>
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<td>90.0% 10.0%</td>
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<td>Manufacturing</td>
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<td>8.8% 91.2%</td>
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<td>Private</td>
<td>Manufacturing</td>
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<td>12.0% 88.0%</td>
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<tr>
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<td>Private</td>
<td>Manufacturing</td>
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<tr>
<td>Slovak Republic</td>
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<td>Private</td>
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<td>200</td>
<td>Large</td>
<td>Private</td>
<td>Manufacturing</td>
<td>90.0% 10.0%</td>
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<td>Large</td>
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<td>Manufacturing</td>
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<tr>
<td>Ukraine</td>
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<td>Private</td>
<td>Manufacturing</td>
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<tr>
<td>Uzbekistan</td>
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<td>Private</td>
<td>Manufacturing</td>
<td>90.0% 10.0%</td>
<td>12.0% 88.0%</td>
<td>8.8% 91.2%</td>
</tr>
</tbody>
</table>

| Total         | 7600             | 7942      |        |               |                  |               |        |

Sample in 2002 for Georgia

- Mining: 1%
- Construction: 6%
- Manufacturing: 19%
- Transport: 10%
- W&R Trade: 20%
- Other Service: 13%
- Hotels/Rest: 7%
- Real Estate: 11%

Sample in 2005 for Georgia

- Mining: 1%
- Construction: 5%
- Manufacturing: 25%
- Transport: 9%
- W&R Trade: 31%
- Real Estate: 12%
- Other Service: 13%
- Hotels/Rest: 9%

BEEPS-at-a-Glance Georgia
Unofficial Payments and Corruption

Bribe Tax
Bribes as a share of annual sales

Unofficial Payments in Sectors—Over Time
Percent of firms saying bribery is frequent

Unofficial Payments in Sectors—Across Countries
Percent of firms saying bribery is frequent

Corruption as a Problem Doing Business
Percent of firms indicating corruption as a problem doing business
Street Crime as a Problem Doing Business
Percent of firms indicating street crime, theft and disorder as a problem doing business

Organized Crime as a Problem Doing Business
Percent of firms indicating organized crime/mafia as a problem doing business

Protection Payments
Percent of firms that pay for protection payments, e.g. to organized crime, to prevent violence or property damage

Protection Payments as a percent of annual sales
Percent of annual sales used for protection payments, for all firms

Losses as a consequence of crime
Percent of firms that suffered from losses as a result of theft, robbery, vandalism or arson against the firm over the previous 12 months

Losses as a percentage of annual sales
Estimated losses over the previous 12 months as a percentage of annual sales, for all firms

Security
Percent of firms that pay for security, e.g. equipment, personnel, or professional security services

Security payments as a percentage of annual sales
Payments for security as a percent of annual sales only for all firms
**Regulations and Red Tape**

**Time Tax**
Percent of senior management's time over the last 12 months spent in dealing with public officials about the application and interpretation of laws and regulations and to get or to maintain access to public services.

**Lack of Recourse**
Percent of firms that stated that this statement is NEVER true: "If a government agent acts against the rules I can usually go to another official or to his superior and get the correct treatment without recourse to unofficial payments/gifts."

**Regulatory Policies as a Problem Doing Business**
Percent of firms indicating uncertainty about regulatory policies as a problem doing business.

**Business Licenses as a Problem Doing Business**
Percent of firms indicating business licensing and permits as a problem doing business.

**Unofficial Payments for business licensing**
Percent of firms that stated that bribery is frequent for business licensing.

**Unofficial Payments for occupational health and safety inspections**
Percent of firms that stated that bribery is frequent for occupational health and safety inspections.

**Unofficial Payments for fire and building inspections**
Percent of firms that stated that bribery is frequent for fire and building inspections.

**Unofficial Payments for environmental inspections**
Percent of firms that stated that bribery is frequent for environmental inspections.
Number of Inspections – Fire and Building Safety
How many times in the last 12 months was your establishment inspected by this agency?

Duration of Inspections – Fire and Building Safety
What was the average duration of these inspections/meetings? (hours/visit)

Number of Inspections – Sanitation/Epidemiology
How many times in the last 12 months was your establishment inspected by this agency?

Duration of Inspections – Sanitation/Epidemiology
What was the average duration of these inspections/meetings? (hours/visit)

Number of Inspections – Municipal Police
How many times in the last 12 months was your establishment inspected by this agency?

Duration of Inspections – Municipal Police
What was the average duration of these inspections/meetings? (hours/visit)

Number of Inspections - Environment
How many times in the last 12 months was your establishment inspected by this agency?

Duration of Inspections - Environment
What was the average duration of these inspections/meetings? (hours/visit)
# Customs and Taxes

### Custom Regulations as a Problem Doing Business

Percent of firms indicating customs regulations as a problem doing business

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geo</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>CIS</td>
<td>5%</td>
<td>15%</td>
</tr>
<tr>
<td>ECA</td>
<td>10%</td>
<td>20%</td>
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</tbody>
</table>

### Unofficial Payments for Customs

Percent of firms that stated that bribery is frequent for customs

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geo</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>CIS</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>ECA</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

### Tax Rates as a Problem Doing Business

Percent of firms indicating tax rates as a problem doing business

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geo</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>CIS</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>ECA</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

### Tax Administration as a Problem Doing Business

Percent of firms indicating tax administration as a problem doing business

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geo</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>CIS</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>ECA</td>
<td>10%</td>
<td>15%</td>
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</tbody>
</table>

### Annual Sales Reported for Tax Purposes

Percentage of total annual sales estimated to be reported for tax purposes

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
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</tr>
</thead>
<tbody>
<tr>
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<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>CIS</td>
<td>70%</td>
<td>80%</td>
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<tr>
<td>ECA</td>
<td>60%</td>
<td>70%</td>
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</table>

### Unofficial Payments for Tax Collection

Percent of firms that stated that bribery is frequent for tax collection purposes

<table>
<thead>
<tr>
<th>Region</th>
<th>2002</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geo</td>
<td>0%</td>
<td>5%</td>
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<tr>
<td>CIS</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>ECA</td>
<td>10%</td>
<td>15%</td>
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</tbody>
</table>
**Customs and Taxes**

**Number of Inspections – Taxes**
How many times in the last 12 months was your establishment inspected by this agency?

- Geo-2005: 7.0
- CIS-2005: 3.0
- ECA-2005: 2.0

**Duration of Inspections – Taxes**
What was the average duration of these inspections/meetings? (hours/visit)

- Geo-2005: 10.0
- CIS-2005: 8.0
- ECA-2005: 6.0

**Number of Inspections – Customs**
How many times in the last 12 months was your establishment inspected by this agency?

- Geo-2005: 2.5
- CIS-2005: 1.5
- ECA-2005: 1.0

**Duration of Inspections – Customs**
What was the average duration of these inspections/meetings? (hours/visit)

- Geo-2005: 1.0
- CIS-2005: 0.8
- ECA-2005: 0.6
Labor Issues

**Labor Costs and Taxes**
Percent of workforce reported for tax purposes and percent of wage bill reported for tax purposes (2005)

**Labor Regulations as a Problem Doing Business**
Percent of firms indicating labor regulations as a problem doing business

**Workers’ Education as a Problem Doing Business**
Percent of firms indicating skills and education of available workers as a problem doing business

**Number of Inspections – Labor**
How many times in the last 12 months was your establishment inspected by this agency?

**Duration of Inspections - Labor**
What was the average duration of these inspections/meetings? (hours/visit)

**Days lost as a consequence of strikes**
How many working days did your firm lose over the last 12 months due to strikes or labor disputes?

**Underemployment due to Labor Regulations**
If you didn’t have any restrictions (i.e. you didn’t have to seek permission, make severance payments, etc.), and you could increase the number of regular full-time workers your firm currently employs, by how much would you increase your number of employees as a percent of your existing workforce?
Firm Financing

Sources of Financing—Over Time
Percent of new investments financed by:

- Internal funds/Retained earnings
- Equity
- Formal Borrowing
- Informal Borrowing
- Trade Credit
- Other Sources

Access to Financing as a Problem Doing Business — Over Time
Percent of firms indicating access to financing (collateral required or financing not available from banks) as a problem doing business

Cost of Financing as a Problem Doing Business — Over Time
Percent of firms indicating cost of financing (e.g., interest rates and charges) as a problem doing business

Type of Collateral - Across Countries
What kind of collateral was required when you asked for a loan, (only for firms that asked for a loan and were required collateral)? Multiple answers were allowed.
Firm financing

Loan Application – Across Countries
If a firm did not apply for a loan, it was mainly because...
(Multiple answers were allowed).

Time required to negotiate a loan – Across Time
Average number of days required to agree on a loan with a bank from the date of the application

Subsidies – Across Countries
Amount of subsidies received during the last three years as a percent of the total annual sales

Subsidies – Across Time*
Amount of subsidies received during the last three years as a percent of the total annual sales
*Note: There was no EU category for the 2002 question in the survey

Payments overdue – Across Countries
Amount of the overdue payments (by more than 90 days) as a percent of total annual sales

Payments overdue – Across Time
Amount of the overdue payments (by more than 90 days) as a percent of total annual sales
Infrastructure

Telecommunications as a Problem Doing Business
Percent of firms stating that the functioning of the telecommunication system is a problem doing business

Electricity as a Problem Doing Business
Percent of firms stating that the provision of electricity is a problem doing business

Transportation as a Problem Doing Business
Percent of firms stating that transportation is a problem doing business

Sales lost as a consequence of service interruption
Losses as a consequence of service interruption as a percent of total annual sales, for all firms

Unofficial Payments for services
Percent of firms that stated that bribery is frequent to get connected to and maintain public services (electricity and telephone)

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