

2020 Annual REPORT



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Kakha Bekauri

Chairman of the Communications Commission

the website www.sheamotsme.ge, our consumers had the opportunity to check at any time of the day whether the quality of the Internet provided complies with the terms of the agreement signed between them and the provider company. In case of malfunction, we promptly resolved their problems. The importance of the customer-oriented platform created by us was also confirmed by the Freedom House 2020 report. www.sheamotsme.ge was included in the report of the renowned international organization Freedom House, as an instrument for protecting consumer rights. Georgia is presented as the best example of how a country can improve its internet freedom during a pandemic.

Along with international organizations, recognition of fellow regulators is also crucial to us. We are proud that Eastern Partnership Electronic Communications Regulators Network named Georgia as a leader in the region, which is an even greater responsibility for us. Therefore, we continue to work in order to maintain our status as a leader effectively respond to modern challenges and take a frontrunner position in the introduction of new technologies together with leading countries.

In order to further develop the country's economy and increase the success of such important areas as health-care, education and business, last year the Communications Commission worked on the introduction of 5G technology. Our task is to start using the 5G technology in Georgia in 2021 along with the rest of the developed countries, and we effectively used the last year to achieve the above objective.

In recent years, the main goal and task of the Communications Commission is to position Georgia to participate in the global digital economy, turning it into the regional hub- corridor between Europe and Asia in the digital silk road project. While the digital economy is worth trillions of dollars, which is more than 15% of the global economy, and information exchange is the driving force of the economies of more than 100 countries along the digital silk road, Georgia is an attractive alternative for international traffic between Europe and Asia. We are working with the World Bank to position Georgia as an integral part of the Digital Silk Road project as a link between Europe and Asia. Along with the development of technology, it is important to ensure a pluralistic media environment in the country. In 2020, the press freedom index of Georgia has continued to increase, and the country holds a leading position in terms of freedom of speech. According to the Freedom Barometer project of the Friedrich Naumann Foundation, freedom of speech is

More than a year has passed since we live in the reality caused by the Covid-19 pandemic. The pandemic has completely changed our behavior. The whole world has moved to a remote mode of life, and the strategic importance and necessity of the telecommunications sector has become even more obvious to each of us. During the pandemic, the work of all fields has completely switched to Internet services, therefore new challenges and the need for an even faster development of technologies have arisen.

During the year, when all government agencies, educational institutions and the private sector have been working remotely, the smooth and uninterrupted operation of telecommunications services was critical. It should be noted, and we are proud, that Georgia's telecommunications sector has successfully responded to the crisis, and this has been recognized by a number of international organizations.

It was always clear to us that telecommunications is an area that requires selfless work, development, innovation and introduction of modern technologies on a daily basis, and the Communications Commission, together with the sector, plays the most important role in this process. During the pandemic, our Internet quality control platform has become even more relevant. The Communications Commission has been actively monitoring the quality and speed of the Internet throughout the year. Through

protected in the country, there is a wide variety of broadcast, print and online media outlets that operate in the country, and citizens have access to diverse information. Georgia's performance in the fields of audiovisual media services and information society has been positively assessed by the European Union, which considers Georgia's achievements in the framework of the Association Agreement as a positive step forward in the context of Georgia's European integration. International recognition once again underlines existence of pluralistic, diverse and free media environment in Georgia. A pluralistic media environment and guaranteed freedom of speech are our main achievements, which is the result of the liberal media policy of the state. Along with the pluralistic media environment and unlimited choice, the media is saturated with less professional, low quality content, fake news, hate speech, insults, and obscenities. Unfortunately, this was confirmed by the results of our media monitoring conducted during the election campaign.

Georgia is one of the frontrunners in Europe in terms of freedom of speech and expression, as the country has the most liberal media policy. As for the language of obscenity and hatred, it has nothing to do with freedom of expression, since programs containing offensive language and obscenity spread aggression, incite hatred, provoke social clashes, aggravate escalation between citizens of different views, and violate human dignity. Moreover, we all understand that freedom of speech and expression form the basis for the development of a democratic society. No state can develop without free and independent media. It goes without saying that freedom of expression determines the degree of freedom and democracy in a country. However, the right to freedom of expression is not an absolute right. The Georgian Constitution recognizes and protects freedom of expression, but at the same time provides grounds for limiting the rights, including legitimate cases where freedom of expression crosses the line between freedom of expression and violation of another person's rights. Along with a diverse media environment and free choice, there is still a lot of work to with a view to approximation of Georgian legal framework with EU legislation. As you are aware, the obligation to harmonize our legislation with the European Directive on Audiovisual Media Services is enshrined in the EU-Georgia Association Agreement. In order to fulfill this commitment, the Communications Commission has worked on a package of amendments to the Georgian Law on Broadcasting together with international experts within the projects funded by the European Commission and the EBRD. The package of amendments, which provides for the regulation of hate speech, was submitted by the Commission to the Parliament of Georgia at the end of 2018. However, the

above legislative package has not yet become a legislative initiative. I hope that the Parliament of Georgia will start discussing the legal amendments, and Georgian legal framework will become more aligned with European legislation.

I am convinced that in future Georgia we must renounce obscenity, we must renounce hate speech, we must renounce inclination and must introduce standards of impartiality in the media. This, of course, requires active involvement of the public, as we believe that well-informed and media-literate citizens represents the foundation of western democracies. The Communications Commission continues active efforts aiming at improving the level of media literacy, and I am proud to note that following the participation of school pupils in 2020, our media literacy projects are open for participation also for students. We began to cooperate with public and private universities, where the target audience of our projects are students and teachers. In this regard, Media Academy has been working with us tirelessly. The media school successfully responds to the challenges caused by Covid pandemic and has launched a unique project for both experienced as well as aspiring journalists - an online masterclass. The online course gives those interested in journalism the opportunity to learn and gain knowledge on how to prepare and create a high-quality media product. I believe that with our systemic approach we will be able to set high standards in media.

The Communications Commission guarantees that market participants have a fair, free, competitive and favorable environment for development, and at the same time, each customer has continuous and high-quality access to telecommunications services. At the end of 2020, the Communications Commission received ISO 9001:2015 certificate, that is further proof that the steps we have taken are correct, and these efforts bring us closer to international standards, help us to develop technologies and, most importantly, remain in constant communication with consumers, which is our top priority.

Finally, I must point out that the achievements and success of the Communications Commission could not have been achieved without the efforts of our staff. The fact that the Communications Commission successfully responded to all challenges in 2020 is the collective achievement of our team. I would like to thank every employee of the Communications Commission for the fruitful work. We are truly proud of these achievements and international recognition, though we are well aware of the responsibility we bear for the efficient operation of the telecommunications sector.

The Communications Commission received ISO Certificate 9001:2015

The success of a country in the technological age is largely determined by the development of digital and innovative services. Digital transformation has become the basis for the progress of all industries.

Fast, efficient introduction and smooth operation of telecommunications and media services is essential for the well-being of every citizen. It is the Communications Commission that creates the necessary environment and preconditions for successful work in the field of communication.

It was due to the effective management of these challenges, the protection of the interests of consumers and for the best fulfillment of the obligations imposed by law, that at the end of 2020, ComCom received ISO 9001:2015 certificate, thus confirming that the Communications Commission sets the gold standard.

“The Communications Commission, an organization that fulfills its obligations and functions imposed by law in a most effective and best way”

This is the assessment of the international auditing company Bureau Veritas Certification, which awarded the Communications Commission with a certificate of international recognition. Obtaining ISO 9001:2015 certificate is a confirmation that the Communications Commission constantly improves its activities, strives for compliance with international standards, technological development and, most importantly, constantly maintains active communication with customers - receives the necessary feedback from them and takes it into account when making decisions.

In the age of digital technologies, new challenges and needs arise every day. The Communications Commission has carried out extensive work in recent years to effectively address these issues. First of all, ComCom has set itself the goal to strengthen the organization and increase efficiency. All stages of the transformation took place dynamically and continuously. In accordance with the requirements of the standard, significant measures were

taken to introduce a quality management system, including reorganization, change of structure and regulations, optimization of functions and responsibilities, and maintenance of all internal organizational processes. Obtaining the Certificate of Conformity with ISO 9001: 2015 is a proof that the current Communications Commission, with its structure and management model, fulfills the duties imposed on it by law in the best possible way.



Working with the ISO standard also confirms that in a modern and highly changing environment, the Communication Commission is the guarantor that, on the one hand, market participants will have a fair, free and favorable environment for development, and on the other hand, that each client will have a constant and high-quality access to telecommunication services.



ComCom - Architect of the field of telecommunications

Following the organizational changes, the issue of re-branding of the Communications Commission was on the agenda. It is symbolic that the history of 20 years continued with a new vision in 2020. The Communications Commission is an innovative, bold, competent organization that is ahead of its time, has long-term foresight and constantly promotes innovations. Today, the Communications Commission works for people to make more efficient, comfortable, and timely communication available to every citizen. This was the aim and objective of the rebranding.

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**The Communications
Commission - the architect
that defines the rules of
play**

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Given today's challenges, rebranding was a necessary and inevitable process. 20 years ago, there were completely different challenges and needs in the field of telecommunications. However, given that in the digital era we live precisely in the age of communications, 20 years after the creation of the organization, the Communications Commission found itself in a completely different situation. In addition to the need of keeping up with modern developments, law awareness was one of the main problems of the organization. Experience gained during the research and the rebranding process demonstrated that the public did not have adequate information neither about the role of the Communications Commission nor on its own rights. Thus, the aim of the Communications Commission is to bring the organization closer to the society, to the people it serves.

In response to the new challenges, the Communications Commission, together with the digital advertising agency Livingstone, has defined a philosophy and visual style that is in line with the age of technology.

The organization existence of which is critical to the telecommunications sector as it guarantees stability and continuous development of the field. The Communications Commission serves to ensure healthy competition in the telecommunications field and always protects the public interest.

**The Communications Commission is an organization that creates the future today
through continuous development and introduction of new technologies**

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After the rebranding, the website of the Communications Commission was fully updated and has become more user-friendly, new communication platforms were created on social networks, where the consumers have the opportunity to contact the Communications Commission 24/7, and be sure that Commission will respond quickly and try to promptly solve the problems of every consumer.



Facebook - the social platform of the Communications Commission, has over 50,000 subscribers. Through the social network, the customer can contact the Communications Commission with his/her problem at any time, as well as receive the information he/she is interested in. It is a platform where interesting and new information about decisions taken by the Communications Commission, news and events, as well as the trends in the field of telecommunications is regularly being posted.



Youtube - the video channel of the Communications Commission, where all interested persons can get detailed information about the decisions and activities of the Communications Commission through video clips.



Linkedin - the platform of the Communications Commission that gives consumers the opportunity to get acquainted with the ComCom team, people who work for the benefit of their citizens.



Twitter - the social platform of the Communications Commission, where information about international cooperation and projects of the organization is available to the public.

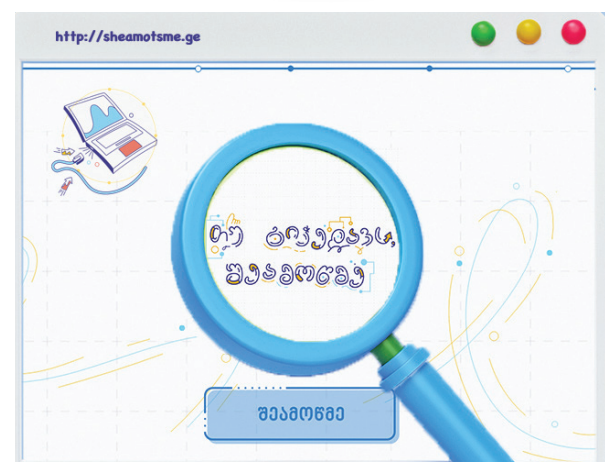


Instagram - the social platform of the Communications Commission, where subscribers have possibility to find interesting information about the achievements of the Communications Commission over 20 years of its work as well as trends in the field of telecommunications.

ComCom Analytics - the innovative service of the Communications Commission for those interested in the telecom field, providing the opportunity to receive reports on trends in the field of electronic communications and broadcasting with simple authorization.



Sheamotsme.ge – the innovative service of the Communications Commission created to protect consumer interests, which has become even more important during the pandemic. The Internet quality control platform allows both the customers and the Communications Commission to measure the quality and speed of the fixed Internet 24/7 to monitor the extent to which companies are meeting their obligations towards customers. In case of violation of the interests of customers, a complaint can be easily filled out online and addressed to the Communications Commission to solve the problem. For its part, in the event of a violation, the Communications Commission reacts to resolve customer problems in order to ensure the access of citizens to high-quality Internet services.



Since the launch of Sheamotsme.ge, **557,694** users have visited the site, and in 2020, the site had **106,378** visitors.

In 2020, sheamotsme.ge conducted up to **7000** tests, of which up to **300** malfunction and complaints were registered.

5G - a new opportunity for the development of the country

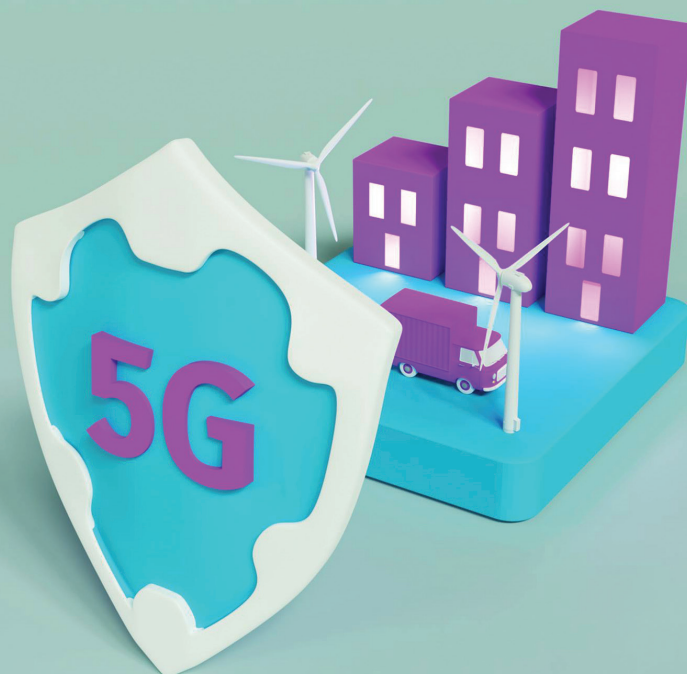
In the 21st century, with the development and introduction of innovative technologies, it is essential to effectively respond to these challenges. The path of economic development goes through the Internet technologies of a new generation. Therefore, 5G technology is a necessary prerequisite for the development of significant sectors in the country. 5G is a next generation of wireless Internet technology that unlike existing technologies offers customers faster processing of data and more efficient capabilities.

Along with higher speed, 5G means more bandwidth and less delay in connection, allowing thousands of devices to connect and work simultaneously in small, as well as large spaces. The connectivity and bandwidth offered by 5G supports development of innovative services for both the community and various sectors and businesses. 5G is not just a new generation technology, it is a technology which according to services and products provides 10 times, and in some cases 100 times faster communication and connection speed than technologies of the previous generation. The introduction of 5G technology, besides telecommunications sector, transforms and brings to a new level such important areas as healthcare, education, business, agriculture, infrastructure, etc., which, in turn, will strengthen the country's economy.

5G technology gives people unique opportunities to make life easier and get services they never had before. One of the most important areas that the Internet of a new generation will affect is healthcare, human health. Leading European countries already use the so-called telemedicine infrastructure, using 5G technology, which allows to introduce new types of medical services. 5G is actively used to operate smart ambulances, the ambulance is equipped with a special computer that allows to assess a patient's condition and to provide medical personnel with information about the patient's condition before arriving at the hospital, which saves time in the patient diagnosis process.

5G is essential for the education system, which is facing a great challenge due to the pandemic. Innovative technologies allow the education system to more effectively provide distance learning for both pupils and students. This technology allows children to virtually go back to school and continue their education in virtual "classrooms". 5G makes it possible for children with hearing and vision impairments to be fully involved in schooling activities. One of the major problems that 5G technology will solve is related to municipal transport and infrastructure planning. The existence of smart traffic lights, for example, allows drivers to move without traffic jams and get to their destination faster. Smart traffic lights and traffic jam elimination reduce the likelihood of road accidents. Consequently, people will be able to move much faster and safer.

This is a small list of industries where 5G is already being used. The new generation technology is already commercially available in Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, Germany, Hungary and Ireland, as well as Italy, Latvia, the Netherlands, Poland, Romania, Slovenia, Spain, Sweden, Norway, Switzerland and the Great Britain. In addition, more than 20 so-called 5G cities have been selected in the European Union, where various services are piloted using new generation technologies. These include: Barcelona, Berlin, Amsterdam, Bari, London, Madrid, Malaga, Milan, Stockholm, Tallinn, Turin and 9 cities in France.



In order for Georgia to start using 5G in 2021 along with the rest of the developed world, we used the previous year effectively. This is evidenced by cooperation between Georgia and the United States on the security of 5G networks. Georgia's cooperation with the US Government will contribute to the security of 5G networks, protection of data and telecommunications infrastructure, and the confidentiality of personal information, which will be an important step towards the development of the next generation Internet reliable ecosystem, digital services and the digital economy as a whole. In order for the country to start using 5G services as soon as possible and for the citizens of Georgia to receive all the benefits, the Communications Commission carried out active work in 2020.

In order to ensure accessibility and availability of spectrum needed to introduce 5G technology, the Communications Commission conducted public consultation process where it presented the Commission's vision regarding spectrum allocation, as well as auction terms and conditions. The Commission received feedback and comments from interested parties. The consultation document contains detailed information on the auction process and potential license obligations, including information on the frequencies available for 5G services, reserve prices for each, lot distribution, commercial availability, coverage obligations. The technical parameters and license conditions were determined taking into account the decisions of the European Commission and the experience of European regulators, and the reserve prices for each band were calculated by the experts of the consulting company EY (Ernst & Young). All processes were carried out transparently, with the involvement of telecom operators and taking into account their views.

It is known that introduction of innovations constantly leads to discussions and disagreements, as it was at all stages of the introduction of mobile technologies (4G, 3G, 2G). Nevertheless, developed countries, qualified authoritative organizations agree that 5G is a new wave of possibilities that will be the basis of the fourth industrial revolution. The Communications Commission continues to work on the introduction of 5G technology taking into account international best practices.

**According to the data of September 2020,
5G is commercially available in 47 countries
worldwide.**

Georgia – Regions Digital Hub



In today's technological world, the future economy makes its way through the digital Silk Road. The global digital market is worth of trillions of USD, which is more than 15% of the entire global economy. Hence, the driving force of the economies of the countries of the Digital Silk Road is precisely the free and unhindered exchange of information.

It is known that Asian countries are looking for an alternative way to the European Internet resources.

Georgia is an attractive alternative for the world in terms of international traffic exchange between Europe and Asia, as Georgia has a unique geopolitical and infrastructural - natural advantage, to become a digital hub in the Transcaucasian region, under the Digital Silk Road project.

If established as a digital hub, it will generate up to half a billion dollars in annual revenue at the first stage, which will increase several times in the coming years. In addition, Georgia will have a global transit Internet at a speed of 370 terabits per second between Europe and Asia and will have 45% market share of the Internet transit held between Europe and the Middle East. At the same time, 75% of the Internet transit market in the region will be absorbed by Big Tech Giants. Georgia will become an important transit hub for data exchange, allowing the country to join the global digital economy.

Georgia is the only country in the region with a direct infrastructural border with Europe. Georgia provides an international transit route for Armenia and Azerbaijan in the region, which in turn direct traffic to the Middle East and South Asia. The opening of these routes for the international Internet traffic volume will make possible the existence of two important digital corridors: the first - from Europe through Georgia in the direction of Armenia and then to the Middle East, and the second - from Europe

through Georgia in the direction of Azerbaijan and then to South Asia. Georgia has a natural advantage, enabling the country to use its already existing developed telecommunications backbone infrastructure, including the Black Sea submarine fiber optic cable and commercial contracts, to actively develop a corridor between Europe and the East - through Armenia, as well as through the Trans-Caspian connecting route from Azerbaijan through the Caspian Sea, the implementation of which is expected in the near future.

In order for Georgia to be a connecting link between Europe and Asia, a digital hub in the region and to become a global data exchange center, the Communications Commission has been actively working with international partners over the past three years.

The World Bank discussed the role and prospects of Georgia in the Silk Road Digital Project and assessed the market potential of Georgia. The World Bank has identified the priorities that are most important for Georgia as an integral part of the regional digital corridor. With the support of the World Bank and the European Union, a 2020-2025 national strategy for the development of broadband networks in Georgia and an action plan for its implementation were prepared. The five-year action plan and strategy includes the formation of Georgia as the digital hub of the region and establishment of a "data center".



Amendment to the Law of Georgia on Electronic Communications

In order not to jeopardize the geographical advantage of the country, among other factors, it is necessary to have a legal framework that will protect the critical infrastructure and the interests of the country. Due to the fact that the country does not have a law on critical infrastructure (the Law on Critical Infrastructure is currently being worked out by various state bodies), it became necessary to amend the Law of Georgia on Electronic Communications. Along with critical infrastructure, it is essential to protect the competitive environment and the interests of consumers. In order to regulate these three most important issues at the legislative level, on July 17, 2020, the Parliament of Georgia adopted a law, according to which the state has an effective tool and additional authority to protect critical infrastructure and consumer interests. According to the amendments to the law, in the event of non-compliance by telecommunications operators with the requirements of the law or persistent violation of specific obligations established by the Communications Commission, the state is provided with an effective mechanism to eliminate these violations.

The first amendment to the Law of Georgia on Electronic Communications - in the event of an unauthorized sale of shares or assets, in case of non-compliance with the decisions of the Communications Commission, it may be enacted after the Communications Commission imposes 4 sanctions on the company for the unauthorized sale of shares or assets, but the company still does not fulfill the obligation. In such a case, the Communications Commission is authorized to appoint a special manager in the company. By law, a special manager is appointed until the company complies with the requirements of the law and the decision of the Communications Commission.

According to the amendments, the Communications Commission may appoint a special manager in the event of two more significant violations, if companies fail to meet specific obligations imposed on companies with significant powers by the Communications Commission. In particular, if authorized persons violate the obligation of tariff regulation and costing in the market and impose unreasonable tariffs on consumers. In such a case, the state should have an effective control mechanism so that operators do not set high prices on mobile and Internet services for consumers.

As for the free access, the state should ensure that any authorized person willing to enter the telecommunications market may enter and do business without hindrances or obstruction. There should be a wide variety of choices and a competitive environment in the mobile communications and fixed internet market, and the necessary prerequisite for this is free access and easy entrance to the telecommunications market. If companies with significant market power create artificial barriers for new players and do not comply with the requirement of the law, at such times after the sanctions, the Communications Commission will have the authority to use an effective mechanism.

Prior to the amendment of the law, the Communications Commission was empowered to require the appointment of a special manager (even without direct fines, if it was known in advance that the fines would not ensure compliance with the obligations) if the licensee violated the terms of the license and revoking the license was more damaging than maintaining it.

Also, before the amendment to the law, if the authorized person violated the law, including selling shares or stocks without the prior consent of the Communications Commission, or failed to fulfill its obligations, the Communications Commission had the opportunity to suspend the authorization after the first fine so as not to apply the increased fines. The mechanism of suspension of authorization, in some cases, may be ineffective and inefficient, since the suspension of the company directly leads to leaving users without telecommunications services, and this cannot be the goal of the state.

The necessity and significance of amendments to the Law of Georgia on Electronic Communications can be clearly seen in the light of recent developments in the field of telecommunications. There are several operators with significant power in Georgia, which provide both mobile and fixed services to customers. In recent years, there have been attempts to ignore legal requirements by operators with significant market power.

In particular, in 2019, the Communications Commission found out that the company Beeline, which has significant power in the telecommunications market, was going to sell its shares without the prior consent of the Communications Commission. Upon receiving the information, the Communications Commission wrote a letter to Beeline. In response to the letter, the company stated to the Communications Commission that, by their interpretation of the law, it does not require the prior consent of the Communications Commission in the event of alienation of shares. The Communications Commission explained the law to Beeline and the transaction was not carried out. Then, also in 2019, the Communications Commission was informed that Caucasus Online had changed its beneficial owner and alienated its share in violation of the law without the prior consent of the Communications Commission.

These facts are obvious examples of how necessary and important it was for the state to have an effective mechanism so that illegal alienation does not have a negative impact on the market. In particular, so that the violation does not pose a threat to critical infrastructure, which would subsequently harm both public and consumers' interests. In the event of illegal alienation, there were risks such as artificial limitation of full access to telecommunications services and a competitive market environment.

It is to protect against these risks that it is essential that the Communications Commission, as an independent state agency, should be able to examine a possible transaction in advance before alienation of shares of companies with critical infrastructure and issue a permit for alienation only after it is ensured that the interests of the country are not threatened, and this transaction will not harm the telecommunications market.



Draft Law of Georgia on Sharing Telecommunication Infrastructure and Physical Infrastructure Used for Telecommunication Purposes

In 2020, the Communications Commission prepared the Draft Law of Georgia on Sharing Telecommunication Infrastructure and Physical Infrastructure Used for Telecommunication Purposes. The draft law, based on the principles of competition, open access, equality, non-discrimination, efficiency, transparency and technological neutrality, was initiated by the Georgian parliament. In case of adoption, electronic communications network operators will be able to use existing physical infrastructure for telecommunications and telecommunications purposes to develop broadband networks, on non-discriminatory and competitive conditions, which will contribute to the development of a competitive environment; reduce the cost of network development by optimizing costs; encourage telecom operators to offer higher quality services at relatively low prices; which will ultimately enable to achieve strategic goals set out in the “2020-2025 National Broadband Network Development Strategy in Georgia and its implementation plan” and the development of the digital economy in the country.

Illegal alienation of shares of Caucasus Online

Georgia possesses a highly diversified, critically important telecommunications infrastructure, including the backbone owned by Caucasus Online Ltd., which directly connects the region with Europe via a 1,200 km long submarine fiber-optic cable at the bottom of the Black Sea.

In August 2019, the Communications Commission was informed that the company “Caucasus Online” has changed its 49% shareholding beneficiary and had alienated its share in violation of the law, without the prior consent of the Communications Commission. The company has violated Georgian law, which stipulates that an authorized person, in case of a merger or alienation of shares, stocks or operating assets, must obtain prior consent from the Communications Commission. It should also be noted that in 2016, when the Communications Commission gave its preliminary consent on the acquisition of 44% of shares of Caucasus Online by Nelgado Limited, the Commission imposed an additional obligation on Caucasus Online, in case of alienation of shares or assets owned by the last beneficiary, the company should apply the Communications Commission to obtain preliminary consent. Therefore, Caucasus Online violated both the law and the decision of the Communications Commission. After identifying the violation, the Communications Commission initiated administrative proceedings on the issue. Although the Communications Commission has conducted several administrative proceedings on the matter over the past year, the law and the decisions of the Communications Commission have not been executed by Caucasus Online. The Communications Commission requested the company to return the shares to their original state and enforce the Law and the decisions of the Communications Commission. From October 2019 to October 2020, the Communications Commission has applied both warnings and financial sanctions against the company, including 30,000 GEL, 90,000 GEL and three times 270,000 GEL. It is worth mentioning, that the company paid large financial fines within the time limit set by law, but did not return the shares in their original condition.

Due to the fact that the financial sanctions were not effective, as the company paid the fine, but did not comply with the law and the decisions of the Communications Commission, the Communications Commission could use two more instruments provided by the law. In particular, the Communications Commission had the authority to suspend authorization for the company, leaving millions of subscribers without telecommunications services.

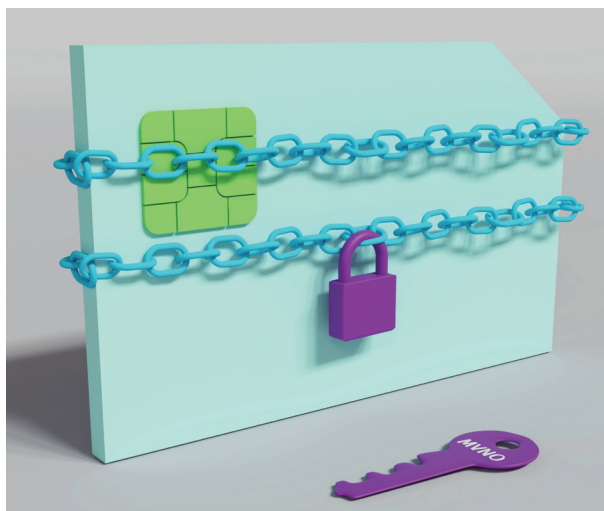
” In case of suspension of authorization, access to communication services for 2.5 million subscribers in Georgia would be limited, and the provision of Internet access to millions of subscribers in neighboring countries would be under threat.

In addition, the suspension of the company’s activities would have a negative impact on the international transit of the Internet and would have a negative impact on both the country’s economy and the telecommunications market. Therefore, the Communications Commission considered the suspension of the authorization unjustified. The Communications Commission used the second, softer mechanism provided by the law and decided to appoint a special manager in the company to ensure that Caucasus Online, as the most important player in the wholesale Internet market, was able to provide services in the telecommunications market. By the decision of the Communications Commission, the head of Open Net Mariam Sulaberidze was appointed as the special manager of Caucasus Online until 49% of the alienated share of the company is returned to its original state and the law is not observed.

In recent years, the Communications Commission has made number of important decisions to liberalize the telecommunications market, which ultimately and essentially is oriented on consumer welfare and ensures competitive pricing in the mobile telecommunications market in the country.

Entry of the mobile virtual network operator to the market

One of these solutions is the access of mobile virtual network operators to the market. The Mobile Virtual Network Operator (MVNO) is an operator providing mobile services without its own network or infrastructure and operating through a network of another provider. Virtual operators can enter the mobile market and start operations without significant network expenditures, since they will provide services to customers using the existing networks of mobile operators – MagtiCom, Silknet and Beeline. The arrival of new players on the market will increase the choice of mobile services for consumers and will gradually affect both the quality and prices of service.



With the entry of MVNO, the society will gradually receive more affordable prices and a variety of choices. This is a new opportunity for the society to get innovative products, consumer-friendly services and new offers.

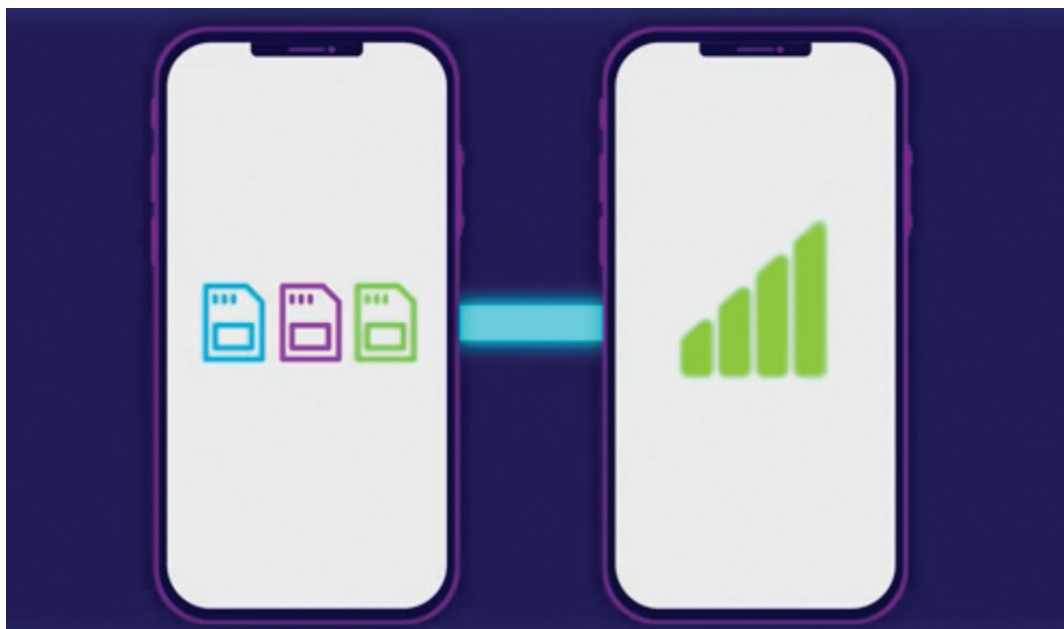
When and why is MVNO's access to the telecommunications market necessary and effective?

Although the obligation of access of virtual operators has been defined by law since 2005, MVNOs have not developed in Georgia. For years, small and medium-sized operators have been applying companies with significant market power and asking for network access to create virtual operators, but with no result. That is why the Communications Commission made an effective decision and specified the deadlines for providing the access of virtual operators and imposed an obligation of information transparency on companies with significant market power. Accordingly, in case of application, the mentioned companies are obliged to provide access for a virtual operator on their own network.

Worth noting that the Communications Commission does not interfere in the tariff regulation and leaves the price arrangements between the operators on a commercial basis.

The decision of the Communications Commission was also based on the explanations and recommendations of the International Telecommunication Union (ITU), according to which, when introducing MVNO access regulations, regulators should take into account barriers to market entry, such as lack of frequency resources and less replicable of infrastructure. Also, the most important indicator is the high profit margin of network operators in the telecommunications market. In particular, in cases where the operating margin of the network-owning company is above 25%, the national regulators may establish MVNO access obligation.

The operating margins (EBITDA) of operators with significant market power in the telecommunications market, namely MagtiCom, Silknet and Beeline, was more than 40% in the past year. Although the Communications Commission has made several important decisions over the years to liberalize the market and reduce wholesale tariffs for services, the companies have not decrease the prices for communications services. It should also be noted, that the excise tax on telecommunications services was abolished, which was reflected in the increased operating margin of companies, although it was not reflected in retail tariffs by operators.



Despite the decisions taken in recent years by the Communications Commission, to liberalize the telecommunications market and enhance the level of competition, retail rates for the most frequently used mobile services in Georgia, such as packages of unlimited voice calls and 5 GB of Internet, remain above the average price benchmarks. Furthermore, along with the increase of usage volume, if assessing the rates offered by mobile operators, the price level in Georgia is deteriorating. This conclusion was drawn by the prominent research consultancy company Strategy Analytics and its tariff and benchmarking office Teligen. The retail tariff survey for the mobile and fixed telecommunications market segment reflects the picture of the 2nd quarter of 2020. The results of the study once again emphasized the need for liberalization of the telecommunications market. Regulation of access of virtual mobile operators to the telecommunications market is aimed specifically at market liberalization and improvement of price policy.

Strategy Analytics and Teligen conducted the research using a world-proven benchmarking method. The study clearly showed that the price of MagtiCom and Silknet mobile combined services is higher than the average price compared to the prices of operators in leading European countries.

It should be noted that there are relatively inexpensive offers on the Georgian market, which are offered to customers by the company Beeline. Nevertheless, a substantial market share of 70% or more is still held by expensive service operators MagtiCom and Silknet.

In June 2020, the Communications Commission conducted a study on the retail market for mobile services, which revealed that competition in the mobile services market is limited. Tariff offers provided to customers by MagtiCom and Silknet substantially differ from those offered by a third operator, Beeline. This clearly shows that there is no strong competition in the mobile services market, both in terms of offers and retail tariff policy. It should be noted that the porting of subscribers between operators in the mobile retail market is rather low, as competition for affordable tariffs is limited.

This issue could be solved, on the one hand, by retail price regulation, which is considered as the most stringent practice of regulation by international standards, and the second model is opening of the market and strengthening the competition. This is exactly what the Communications Commission's decision promoting MVNO access serves for.

As for the prices for mobile Internet in Georgia, according to data published by Visual Capitalist, in the world ranking of the cost of 1 GB of Internet, Georgia is 31st among 155 countries.

The presented studies clearly show that according to the data of the 2nd quarter of 2020, with respect to the international benchmark in Georgia, the prices for combined mobile service packages are above the average. Consequently, in order to ensure competition in the telecommunications market and provide better services to customers at an affordable price, the introduction of MVNO regulation in the telecommunications market is critical.

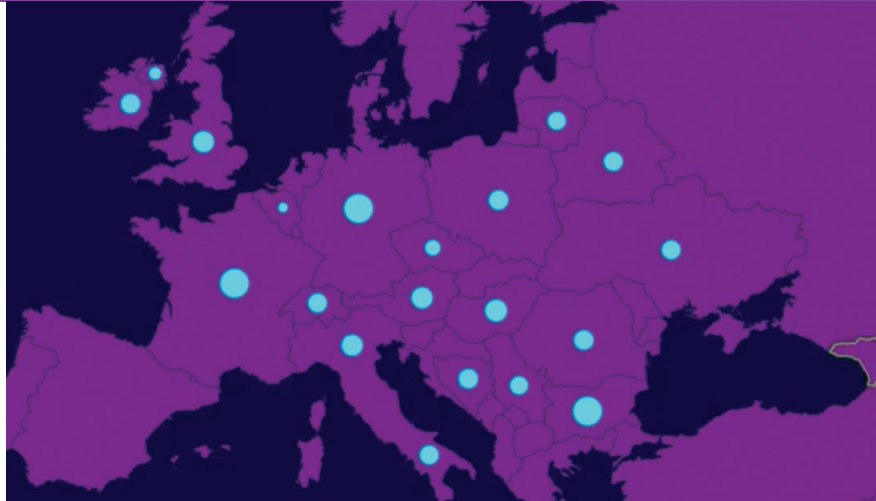
What opportunities does MVNO offer to customers?

MVNO as distinct from the network operators, is offering its customers variety of services tailored to customer needs.

In addition to standard telecommunications services, mobile virtual operators offer their users the niche, high-tech and combined services such as: access to global cellular services via electronic SIM cards (eSIM); Ability to remotely control and use devices using IoT technology, such as trackers, cars, environmental quality control sensors, health monitoring devices, and more.

More than 1300 MVNOs in 80 countries worldwide with a market share of 7.5%

There are more than 1,300 mobile virtual network operators in 80 countries around the world with a market share of 63.3 billion USD, which is approximately 7.5% of the global mobile telecommunications market. Most of all - 139 virtual operators are present in the United States. Germany ranks second in terms of the number of MVNOs with 135 virtual operators. Out of the 80 countries around the world, the largest market share in the telecommunications sector is occupied by virtual operators with subscribers in Denmark.



According to current forecasts, by 2022 the number of MVNOs will increase by 18% and reach a subscriber base of 260 million. By 2025, revenue will grow by an average of 7.3% per year and will amount to 89.9 billion USD.

It is interesting to see the world experience and trends of the distribution of MVNOs share in the telecommunications market. For example, according to 2018-2019 data, in a country like Denmark, virtual operators have existed for more than 18 years and up to 50 MVNOs occupy 34% of the subscriber market, and have 7% revenue share. There are 135 active virtual operators in Germany, which, according to their subscriber's market share own only 20% of the market and 28% in terms of revenue. Most MVNOs are present in the United States, and although MVNOs have been in the US telecom market for 17 years, they occupy only 4.7% of the market.

In most countries where virtual operators exist, a corresponding regulatory framework has been developed. Norway, for example, still has mandatory MVNO access regulation, including tariff and commercial access obligations. Mandatory access of MVNOs in countries such as the Czech Republic, Germany and France, was included in the compulsory conditions of the telecommunications license, which liberalized these markets and made it possible for MVNOs to enter into contracts with network operators on commercial terms. It should also be noted that the mandatory entry of MVNOs into the European telecommunications markets was a prerequisite that allowed national regulators to begin deregulation of retail services. European regulators managed to liberalize the telecommunications market just with the mandatory

access of mobile virtual network operators.

Regarding the mandatory access of virtual operators, telecom operators ordered alternative studies and presented their conclusions. After that, despite the decision based on international practice and 20 years of global experience, the Communications Commission ordered additional research from the international advisory EY (Ernst & Young).

The report, prepared by EY, is based on an in-depth study of the telecommunications market and takes into account international competition regulation practices, as well as covers an analysis of the impact of MVNOs on both the international and Georgian markets, including the consequences of the pandemic.



The document outlines the compliance of regulations between the telecommunications and financial sectors and provides guidelines for mandatory access of MVNOs. It also reflects the compliance of the regulatory framework for decision on a virtual operators' access with international best practice and the needs of the Georgian telecommunications market. An important place in the document is given to the assessment of new conditions on the telecommunications market, that will be set as a result of the access of virtual operators. The study is also including the impact analysis of market entry of players from other sectors. The conclusion confirms that the arrival of the virtual operator in the telecommunications sector in Georgia will lead to the emergence of new players and will encourage competition in the sector, this will put forward positive results for the sector as a whole, including network operators. The advisory document emphasizes that, there has been no specific risks identified with the MVNO introduction.

Regulations, by-laws and decisions of the telecommunications sector, as well as the framework of competition law and other sectoral laws and regulations (for example, regulation of the National Bank) - all these instruments determined the rules for ensuring the entry of new players and fair competition prior to the mandatory access of MVNOs.

According to the EY conclusion, MVNOs do not bear the risks to personal data protection, since new players are

subject to the same rules that are mandatory for network operators, and in accordance with the Georgian legislation, violations of personal data are strictly regulated in the case of MVNO activities as well. Detailed recommendations on the protection of personal data are issued by the International Telecommunication Union (ITU). Accordingly, both network operators as well as virtual operators are required to comply with security standards and requirements concerning the personal data safety. The study concludes that no serious cases of violation of personal data protection requirements by MVNOs have been identified worldwide.

The EY report clearly states that there are all regulatory frameworks. Both - financial sector regulation and competition law are preventing the risks of unlawful cross-subsidies in the market. Therefore, according to EY conclusion, with existing regulations, there are no direct or indirect risks that banks may enter the telecommunications market by creating MVNO and via abusive subsidization on market. It is important as well, that that the MVNO entry to market could not bear a risk to the network operators losing their market position, since, according to international experience, MVNOs occupy on average less than 7% of the market, therefore, they will not be hurtful for the sector.

EY analysis and financial modeling shows that with a market share of 5% to 28% (maximum recorded in the EU) MVNOs will have minimal impact on MNOs market share in Georgia. The report notes that given the impact of the Covid-19 pandemic and the importance of the telecommunications sector, this is the least threat to network operators. According to the recommendations, given the importance of the telecommunications sector, the Communications Commission should closely monitor the market and, if necessary, take immediate steps to ensure the stable operation of MNO network. The EY's conclusion outlines the competition constraints in the market and notes that the improvement of competition requires proper regulation.

Bitstream regulation

Along with the removal of barriers to entry on the mobile telecommunications services market, the Communications Commission has been taking important decisions in recent years to liberalize the fixed broadband Internet market as well. The aim of the Communications Commission is to fully approximate Georgian legislation to the European one. The EU considers Bitstream regulation mandatory in the fixed broadband Internet market. In order to increase competition in the retail market and gain access to the wholesale network elements, the country needs to start Bitstream regulation. In particular, virtual operators should be allowed the free access to the fixed internet market.

In 2020, the Communications Commission completed the first phase of the consultation process aimed to conduct a preliminary study of the wholesale Internet services market, including Bitstream wholesale services.

The Communications Commission initiated the process back in 2019 and, together with consulting company Grant Thornton conducted a study that examined both the fixed internet wholesale market segment as well as the network topology and cost model. The study was preceded by a consultation paper commissioned by the European Bank for Reconstruction and Development (EBRD) and prepared by consulting companies Grant Thornton and Analysys Mason on Next Generation Access (NGA) in Georgia, published in 2018.

The research above exhibited that, in terms of technological advantages and investments, the retail Internet service market is characterized by high structural barriers of entry. Entering this market is associated with high investment costs and a long network construction process. This reality is aggravated by the fact that Bitstream access to the wholesale fixed broadband market is not realized. Therefore, it is vital to initiate mandatory access of wholesale Internet services, including the so-called Bitstream access. As is well known, this market remains in the list of service markets subject to the regulation in accordance with the latest recommendation of the European Commission. The Communications Commission continues proactive study of competition constraints in the fixed Internet market and based on the result of analysis, will determine the regulatory framework.





With the development of broadband internet and 5G technology, the growing trend of M2M and IoT services in the world is becoming more and more clear.

M2M (Machine-to-Machine - communication between devices) is a service that transfers and connects data between devices, software applications or between devices and applications in automatic mode or with minimal human intervention.

IoT (Internet of Things) is an infrastructure that connects various devices and systems with a unique identifier, enabling data transmission and processing.

For years, technologically advanced countries around the world have been allocating a separate numbering resource for the development of these services, which plays a key role in meeting the growing demand for M2M and IoT services.

In line with market development trends, the Communications Commission ensures the efficient use of the numbering resource for electronic communications services. In 2020, the resolution of the Communications Commission came into force, according to which the numbering resource for M2M / IoT services was determined - 708xxxxxx - 729xxxxxx, and the tariff for a subscriber number was set at 0.25 GEL. The authorized persons were given a deadline to migrate all existing M2M subscribers to new numbering resources, and from February 1, 2020, the Commission began to issue new numbering for M2M / IoT services.

Due to the fact that M2M / IoT services qualitatively differ from traditional mobile services, and with the development of technologies the demand for these services increases sharply, in order to assess the expected results, it is important to conduct market monitoring and analysis independently from traditional services. Accordingly, the Communications Commission decided to allocate a separate numbering resource for M2M / IoT services based on the analysis of the current situation and the study of the best practices in European countries.

On one hand this change will allow authorized persons to efficiently register data on M2M / IoT services, develop customized tariff plans, and on the other hand the Communications Commission will be able to receive comprehensive information, and conduct analysis of its development and promote competitiveness in this market and support introduction of innovative services.

Tariff policy

In order to protect the interests of consumers and maintain affordable tariffs, the Communications Commission made an important decision that MagtiCom, Silknet and Veon Georgia (brand name Beeline) will not be able to increase tariffs for mobile services without the consent of the Communications Commission.



The new regulation adopted by the Communications Commission applies to mobile voice and internet services, as well as short text messages (SMS). The decision of the Communications Commission ensures that companies do not impose unreasonably high prices on consumer services, as well as maintain the already existing, affordable conditions.

The Communications Commission made this decision as a result of research and analysis of the market competition in the retail network services market. As part of the study, the Communications Commission examined the existing offers in the retail market segment of MagtiCom, Silknet and Beeline and conducted a detailed analysis to identify the needs of customers in the mobile services market. Research has shown that the offerings in this market, especially in the area of voice services, are not sufficiently diversified to meet customer need. Consequently, the subscriber is often forced to buy a combined package of services while does not require the full capacity of this package.

The decision of the Communications Commission was preceded by an attempt by the operators with significant market power to abuse their power and raise prices in terms of tariff offers. Unlike MagtiCom, Silknet has suspended the process following the Communications Commission's appeal. In order to protect the interests of consumers, the Communications Commission immediately began the mobile market study and ordered MagtiCom to suspend the tariff change process until the study was completed.

The Communications Commission studied the terms of existing offers in the retail segment and conducted a detailed analysis of the customer demand and requirements. The research showed that Martivi 25 is one of the most popular packages offered by MagtiCom, which is mainly used by subscribers for unlimited voice services, and the Internet volume offered by this package is insufficient for users and they have to buy additional packages. Consequently, the new 30 GEL package offered by MagtiCom to its customers, which was announced by the company as an improved version of Martivi 25, actually was leading to increased service prices, since customers still had to buy additional Internet services and, in fact, would pay an increased price for the same voice service. Accordingly, it was found that the cancellation of the most attractive offer announced by MagtiCom – Martivi 25 and the introduction of Martivi 30, clearly led to higher prices and limited choice for customers. In case of both proposals, the 30 GEL package was not popular with customers, and they still preferred the GEL 25 package. Thus, the cancellation of Martivi 25 meant limiting the choice for customers on the market and a increased price of services for a large part of subscribers.

Following the completion of the study, the Communications Commission Magticom was obliged to maintain the package.

Corporate Consumer Segment Survey

Given the challenges in the mobile and fixed internet services market, in 2020 the Communications Commission, within the powers and functions assigned to it by law, launched a study of the corporate segment and examined the terms of services offered by operators with significant market power in this segment.

The corporate segment differs significantly from the residential customers segment both in terms of demands and requirements. Therefore, it became necessary to study the compliance of the services offered to corporate clients in the market, with the requirements and obligations set out by the legislation and the respective by-laws of the Communications Commission. Based on the specifics of the corporate segment, the Communications Commission studies the combination of all the conditions developed for and offered to the customers, including: type of service, volume, quality parameters and, most importantly, price. The Communications Commission will publish the results of the survey in 2021 and disclose its vision of market challenges and their solutions.

Bulk SMS market regulation

In 2020 the Communications Commission made an important decision, to enable fair competition in the wholesale market of non-standard or so-called Bulk SMS services and to protect the interests of small and medium-sized operators,

As a result of research and analysis of competition in respective market segment, the Communications Commission has determined conditions related to non-standard types of messages, and identified the companies MagtiCom, Silknet and Beeline as operators with significant market power throughout Georgia, that have an obligation to provide services to small and medium-sized operators on non-discriminatory terms, including access to services regarding quality, tariffs and delivery time. The decision of the Communications Commission was based on the request of Global Cell to study the rationality, fairness and non-discrimination of the terms of the contract on the Bulk SMS services offered to it by MagtiCom, Silknet and Beeline.

As a result of the study, the Communications Commission introduced a wholesale regulation and established a non-discriminatory rule for setting prices of non-standard types of short text messaging services, which allows small operators to purchase A2P type SMS services at a competitive price.

Mobile communications quality control

In order to strengthen the competition in the mobile services market and improve the quality of services, the Communications Commission in 2020 began monitoring mobile services throughout Georgia.

The monitoring is carried out in accordance with the international practice and special parameters defined by the recommendations, which envisages parallel inspection of GSM / UMTS / LTE networks of all operators operating on the territory of Georgia. As a result of the monitoring, the public has the opportunity to receive detailed information, including the quality of service of a particular operator, the geographical area of network coverage, and the voice call quality. Monitoring also determines data transfer speeds and interference levels.

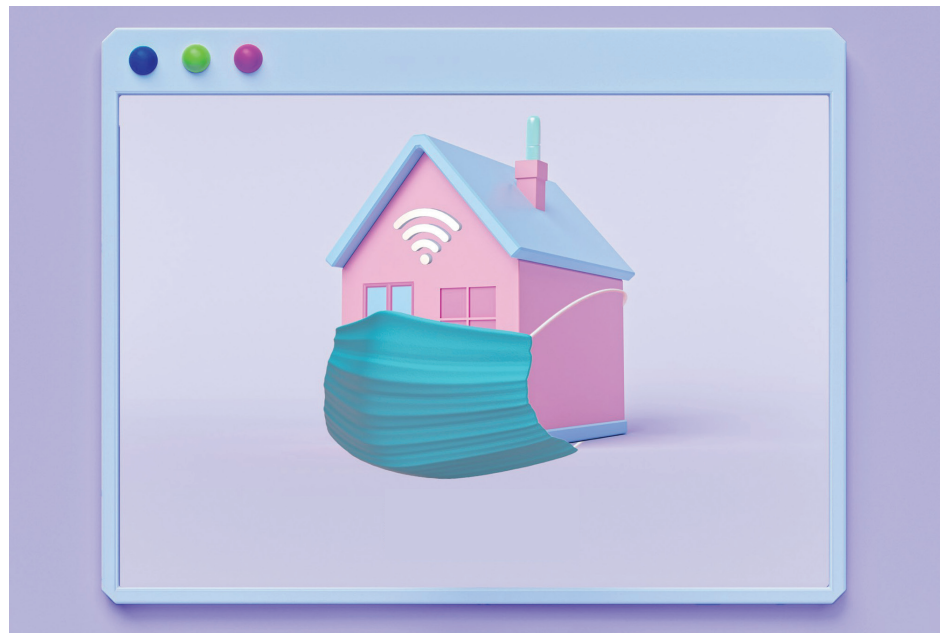
During 2020, the Communications Commission conducted a survey on the quality of mobile communication services in nine regions of Georgia and on the territory of the Autonomous Republic of Adjara. Based on the results of the study, 20 reports were prepared, which are posted on the website of the Commission for Communications.

For public awareness, the Communications Commission publishes monitoring data on social platforms, which makes it possible to analyze market trends and quality of services. Consequently, the monitoring results help companies assess the market picture and thereby improve the quality of service, and the customers have the opportunity to make an informed choice.

Impact of COVID-19 on telecommunications

In 2020, the World Health Organization officially announced the global pandemic. The reality caused by COVID-19, among others, has also affected the telecommunications market and customer behavior. Restrictions around the world have caused less damage to telecommunications businesses compared to other industries due to the increased demand for telecommunications services in conditions of lock down.

During the pandemic, the demand for both fixed and mobile internet, as well as voice and on-demand services increased significantly.



The negative consequences of the pandemic have affected all industries. Telecommunications companies are showing a decrease in revenue both in Georgia and worldwide, although the telecommunications market has proved to be more resilient in relation to other industries during the economic crisis.

Specifically, despite a sharp increase in total traffic, there has been no growth in the revenues of companies globally, especially for the mobile services.

In parallel with the increased demand for fixed Internet due to travel and flight restrictions, revenues from roaming services have decreased.

It should be noted that during the pandemic, telecommunications companies played a crucial role both worldwide and in Georgia. Throughout most of the period, the telecom sector ensured the smooth and uninterrupted reception for remote work, study, and all other services. The Georgian telecommunications market has taken important steps to support consumers, in particular, companies have offered consumers unlimited packages at affordable prices for uninterrupted communication. Telecommunications operators, in cooperation with the Ministry of Education, offered teachers, schoolchildren and students 20 MB of Internet for distance learning at a special price of 10 GEL. In addition, telecommunications companies have shown high social responsibility and have contributed substantial sums to a fund set up to prevent the spread of corona virus. In addition, the Communications Commission and the staff of the office together contributed over 600 thousand lari to the fund Stopcov.

In the conditions of the pandemic, interesting dynamics were observed in terms of traffic redistribution. Traffic increased globally from 10% to 70% during the first week of isolation, and the traditional picture changed, and instead of increased consumption in the evening, daytime traffic was almost equal to the evening data.

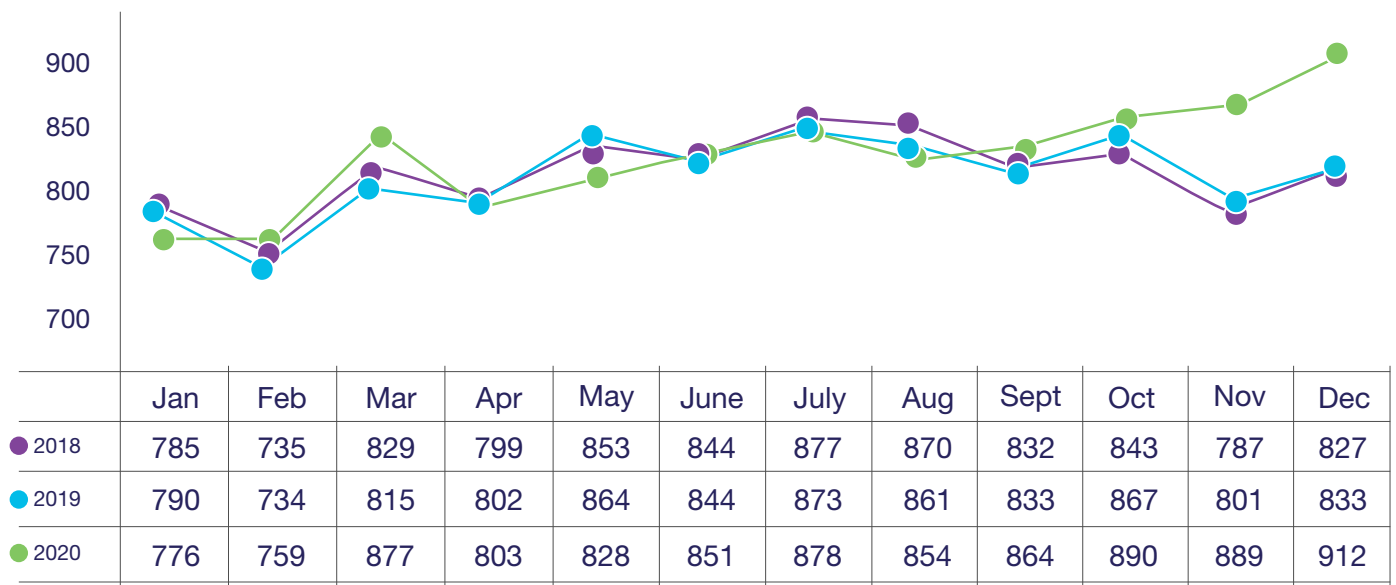
As for Georgia, the growth of mobile internet traffic during 2020 was 119%, while the consumption of fixed internet increased by 35%.

Under the conditions of Covid-19, worldwide, according to the revenues from telecommunications services, the largest decline falls on the segment of residential subscribers. Compared to the previous year, when the projected growth in revenues was supposed to be 13.9 billion USD, under the pandemic, it was changed by a decline of 11.3-14.8 billion USD.

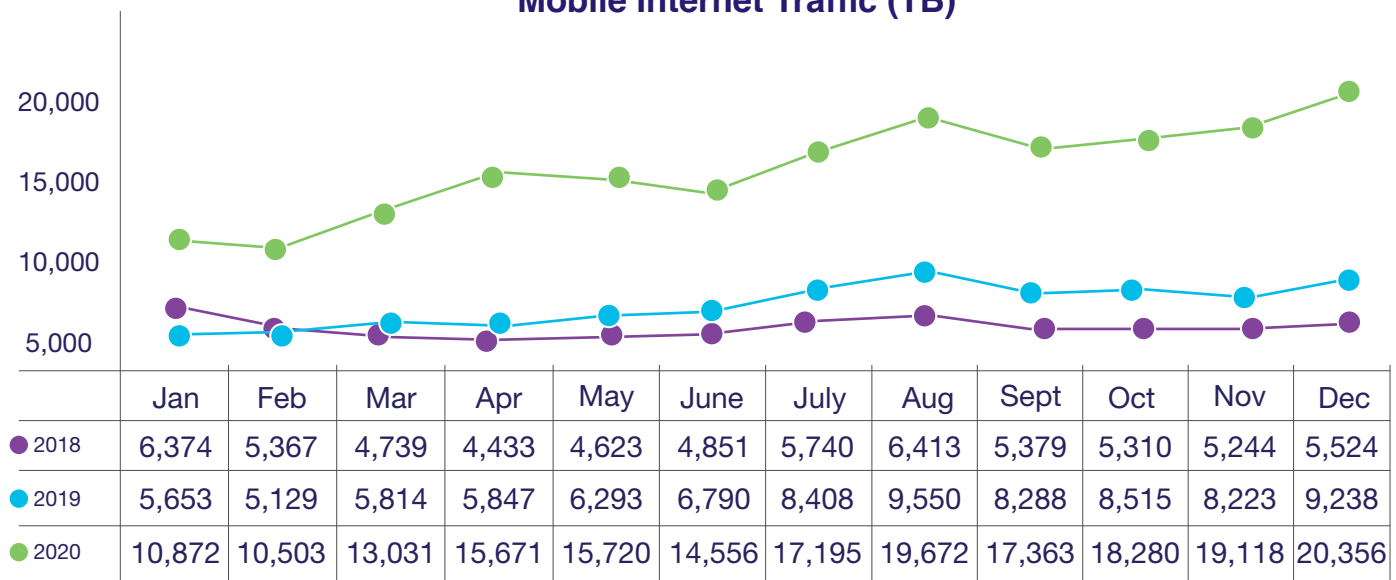
As for the Georgian telecommunications market, the decline in revenues caused by the pandemic was also reflected in the Georgian market, in particular, for the mobile services there was a decrease in revenues of up to 2%, and in the fixed market - a decrease of up to 5%.

In more detail, in Georgia, mobile voice traffic at the beginning of the pandemic, mobile and fixed Internet traffics¹ in March 2020, increased to a record level compared to the same period of the last year, which was caused by the announced restrictions, the so-called “lockdown”. The state of emergency was cancelled on May 23, and as a result, mobile voice traffic returned to normal during the summer months from June to August. And since September, traffic has increased again for both mobile voice services and for mobile and fixed internet services. This growth was caused by targeted restrictions, as well as the transition of the educational process of schools and universities to the online mode.

Voice Traffic for Mobile Services (million minutes)

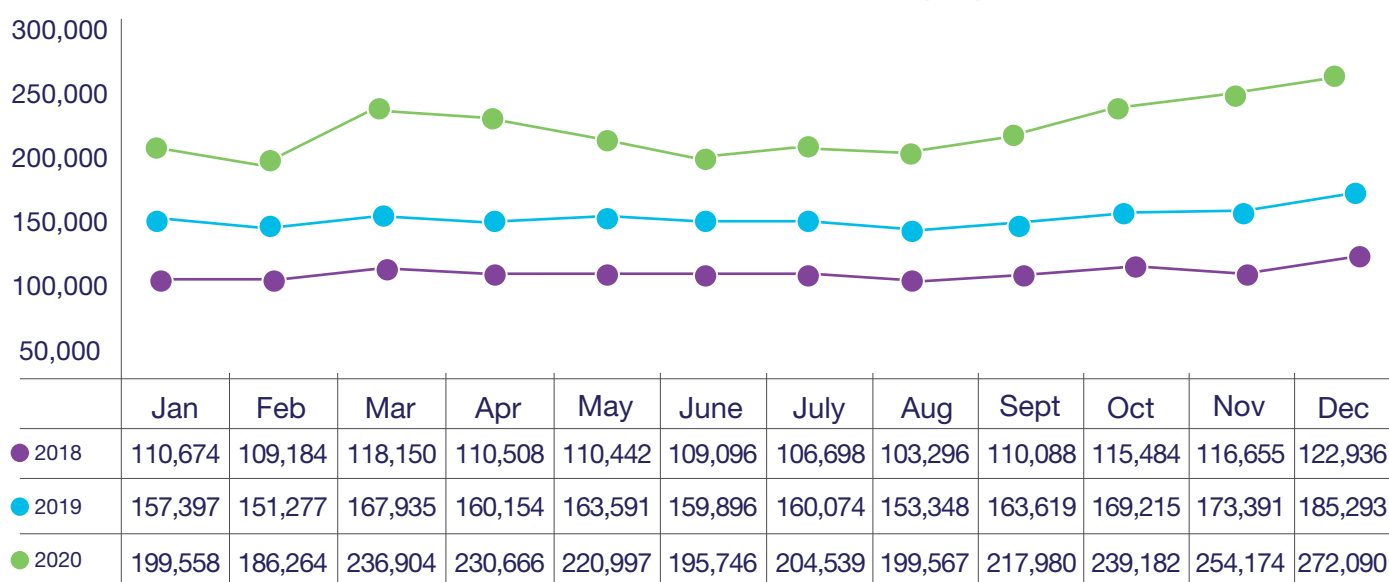


Mobile Internet Traffic (TB)

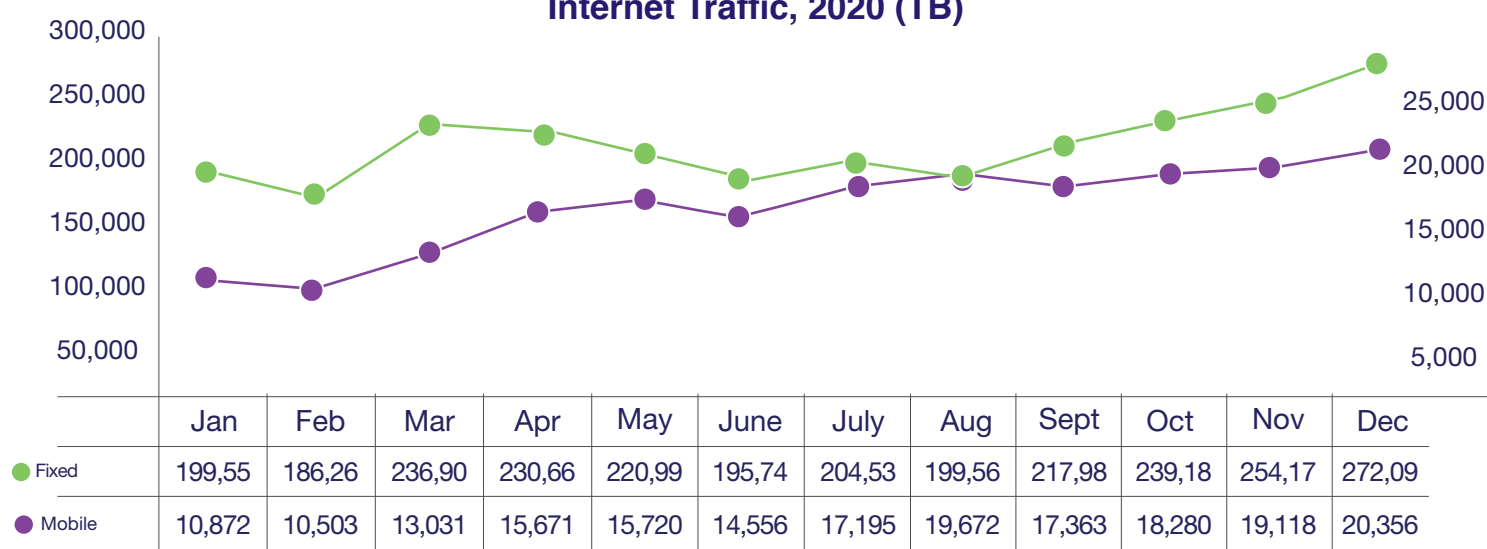


¹Fixed Internet traffic refers to traffic of five major companies (MagtiCom, Silknet, and New Net)

Fixed Services Internet Traffic (TB)



Internet Traffic, 2020 (TB)

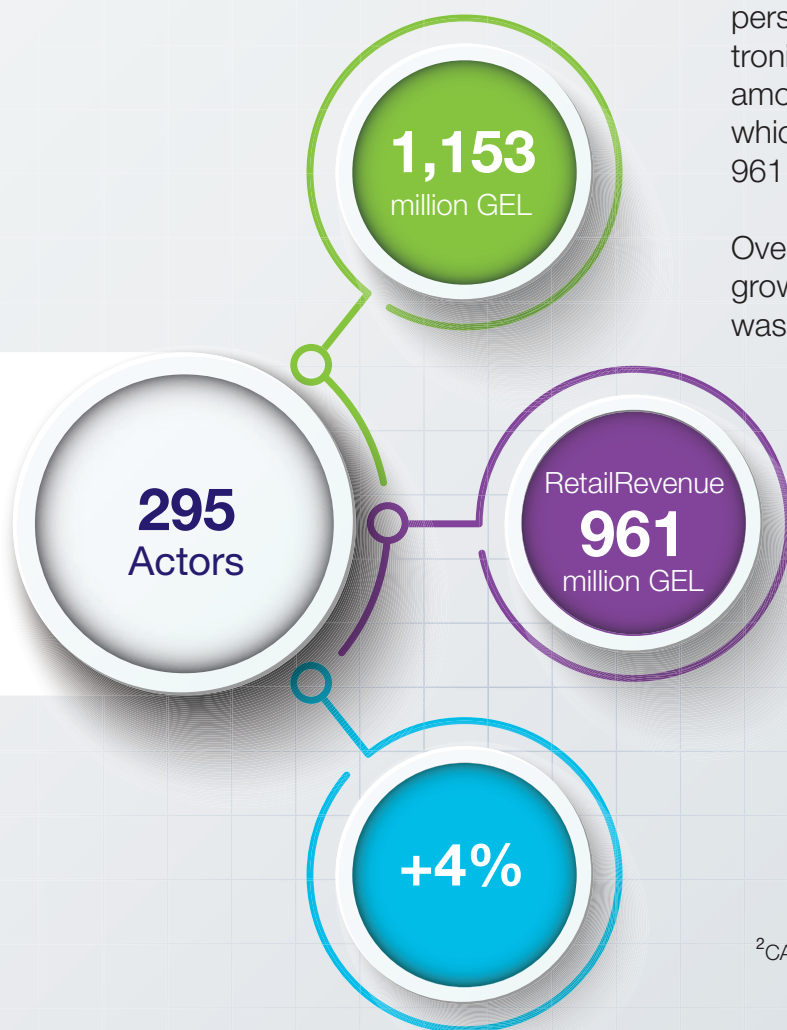


The difficulties caused by the COVID pandemic have also had a significant impact on television and on-demand services. Awareness of citizens about the conditions of the pandemic was of great importance both in the world and in Georgia. The role of TV media was particularly important in light of the fake news dissemination about the coronavirus. It is noteworthy that the media, often at the risk of their own health, constantly provided the public with information about the current situation in the world, as well as about new regulations, recommendations and rules.

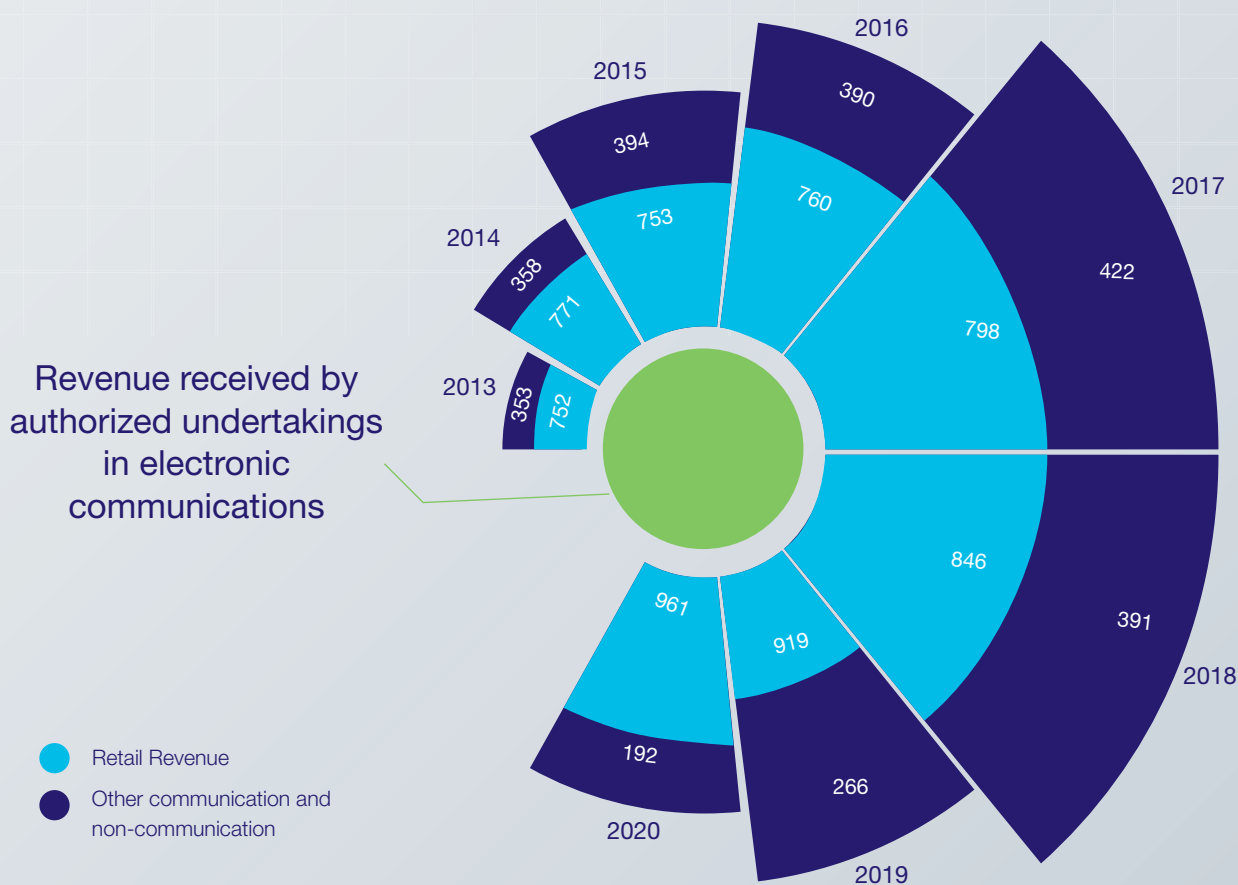
The impact of the pandemic has also affected TV advertising revenues. Advertising revenue in 2020 was 9% less than last year, due to a decrease in advertising revenue of TV Company Rustavi-2. At the beginning of the pandemic, the Communications Commission made a forecast of advertising revenues, according to which the decrease in revenues caused by the pandemic would be offset by revenue from political advertising during the parliamentary elections. The forecast was confirmed and broadcasters reported 11% overall advertising revenue growth in 2020 due to the political advertising spending during parliamentary elections.

In 2020, the revenue received by persons authorized to provide electronic communications services amounted to 1.153 million GEL, of which retail revenue amounted to 961 million GEL.

Over the last 5 years, the annual growth rate² of retail revenue was 4%.

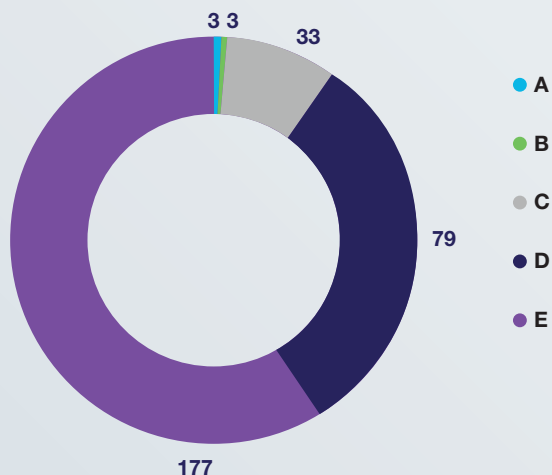


²CAGR – Compound Annual Growth Rate

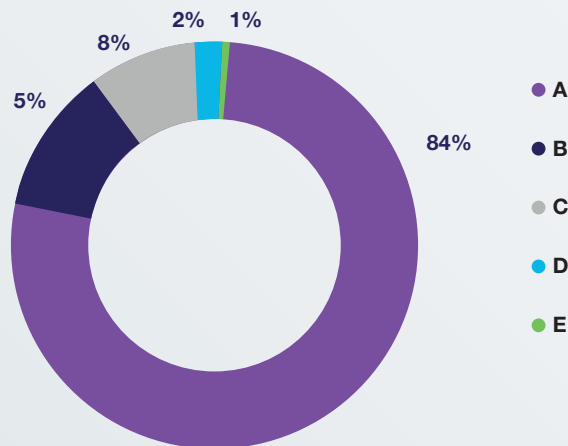


In 2020, a total of 295 actors were registered in the field of electronic communications. Only 3 entities (category A companies) received more than 100 million GEL revenue in the sector, and their combined revenue amounted to 84% of the total revenue. The combined revenue of those whose turnover was less than 100,000 GEL in 2020 (177 entities of category E) is 1%. It is also noteworthy that in 2020 one entity moved from category C to category B, namely Skytel, whose revenue exceeded 10 million GEL.

Number of persons working in the field of electronic communications according to segments



Distribution of revenues of entities operating in the field of electronic communications according to segments



³An actor is a person, which had some kind of revenue from electronic communications during the year

⁴Traditionally, we consider the following categories:

Category	Revenue received during the year
A	More or equal to 100 million GEL
B	From 10 million to 100 million GEL
C	From 1 million to 10 million GEL
D	From 100,000 to 1 million GEL
E	less than 100,000 GEL

Mobile communications⁵

These data indicate that one consumer has more than one mobile number, which means, that subscribers are well informed about available tariff plans and use a convenient network for different services.

Penetration in the mobile service market in Georgia is high and amounts to

148%⁶

The number of mobile subscribers⁷ amounted to

5.1 million at the end of 2020

⁵Data taken as of April 2, 2021

⁶The population of Georgia includes people over the age of 5 years.

⁷A subscriber is considered to be a SIM card, which has been used at least once during the quarter, or any service has been provided or a subscription fee has been paid (including employees of the company and excluding test cards).

Subscribers penetration



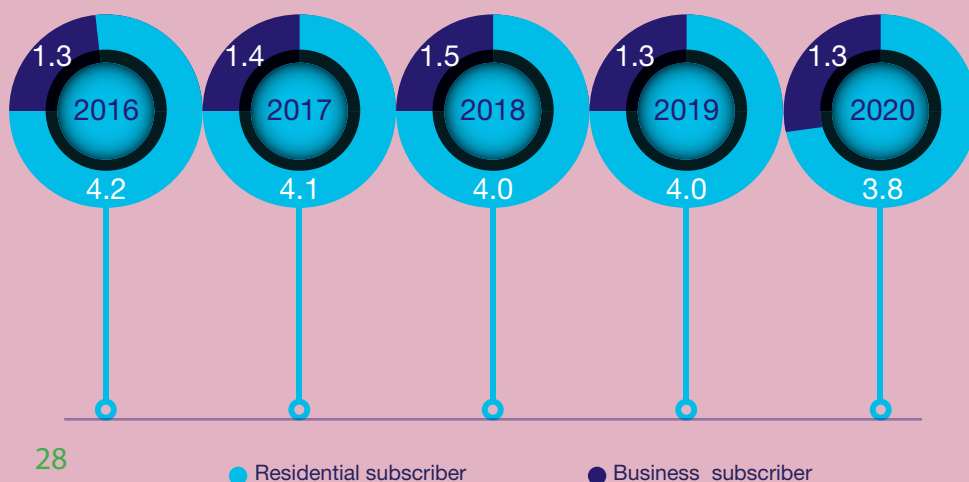
Number of subscribers (million)



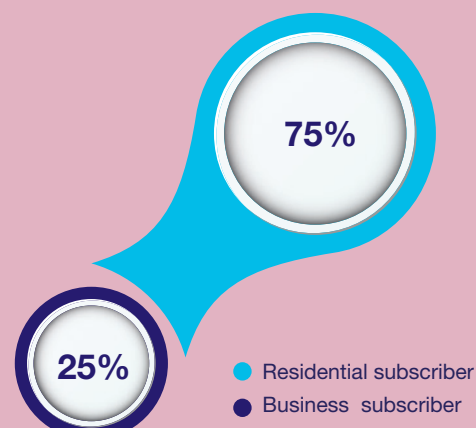
⁸The reason for the decrease is mainly attributed to the decrease of residential subscribers. Also, the number of roaming subscribers and the number of subscribers who consume more than one SIM card is reduced. In addition, Silknet has replaced its billing system.

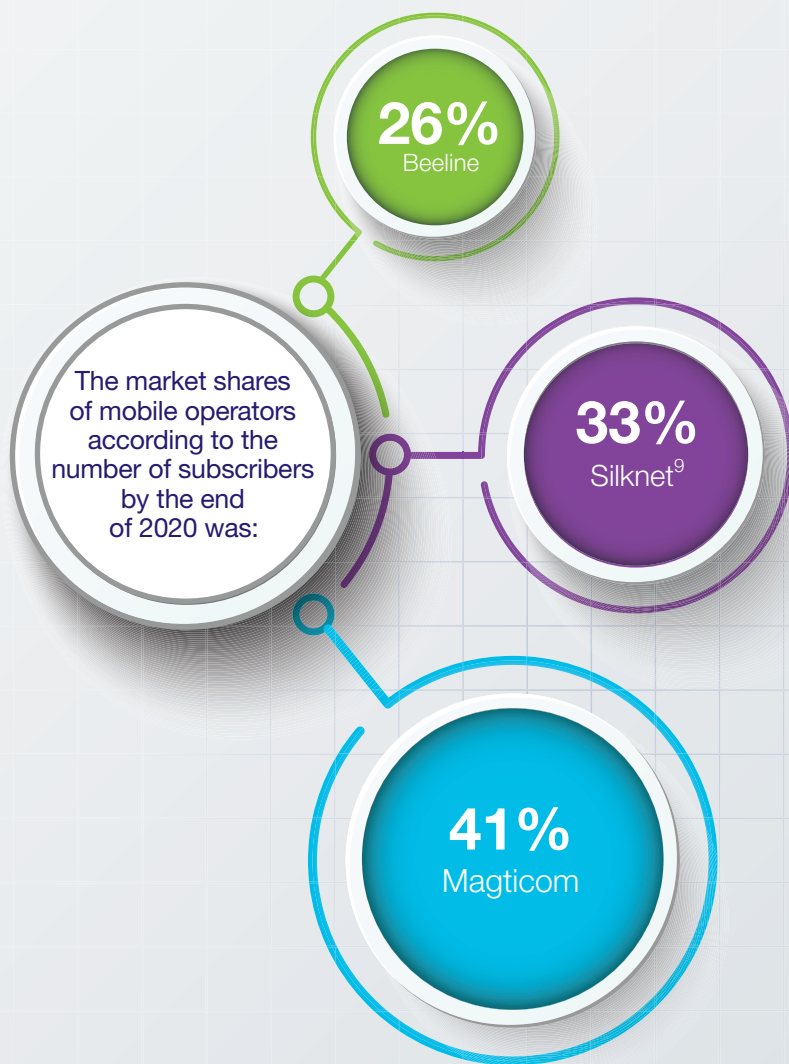
In the last quarter of 2020, the number of business subscribers amounted to 25% of the total number of subscribers, which is a total of 1.3 million.

Number of subscribers by type (million)

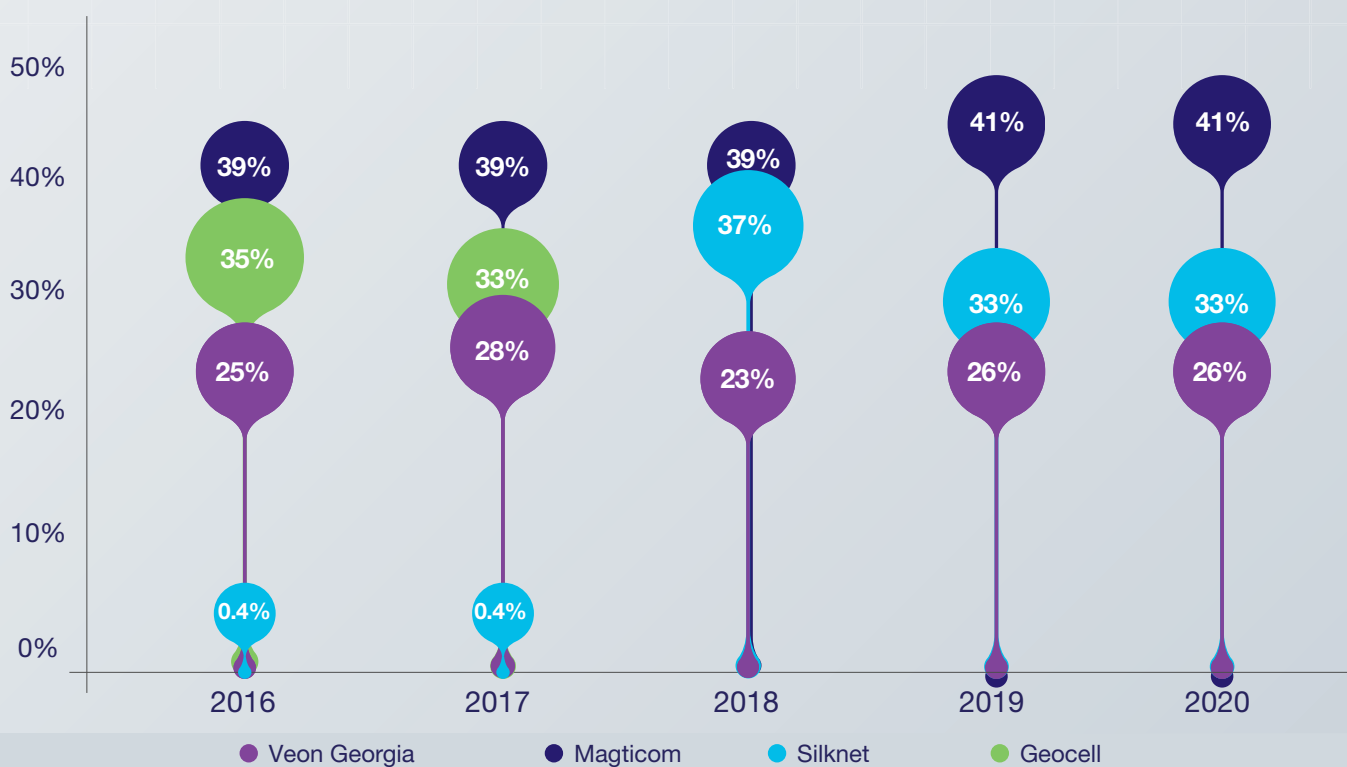


Distribution of subscribers

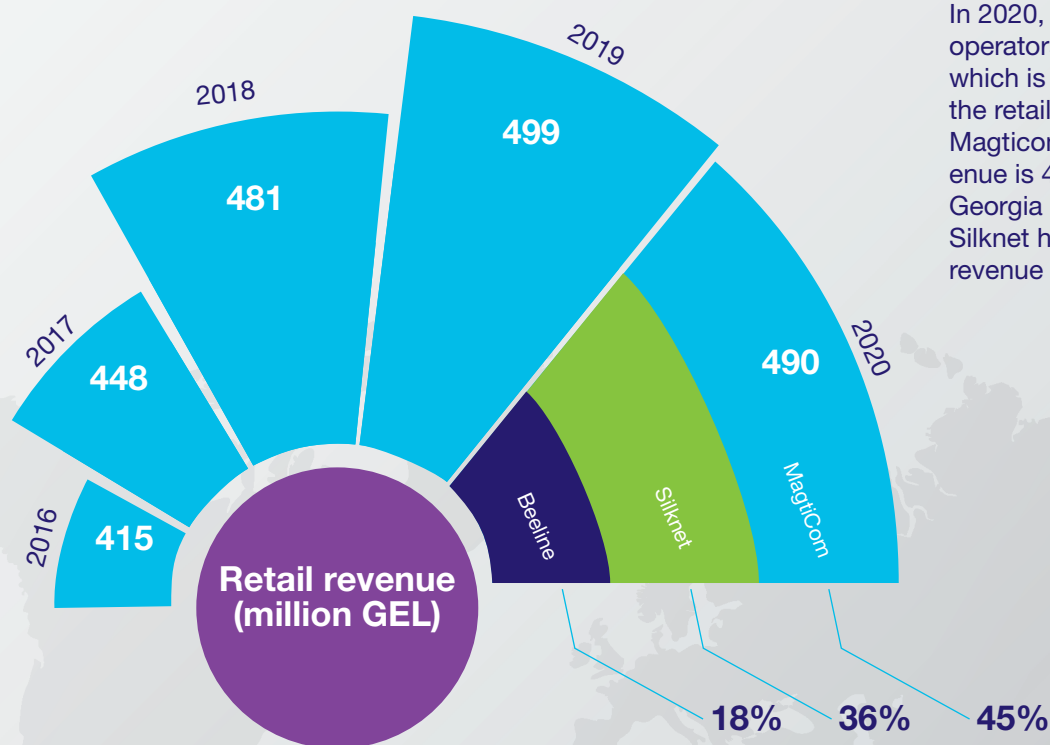




Market share by number of subscribers

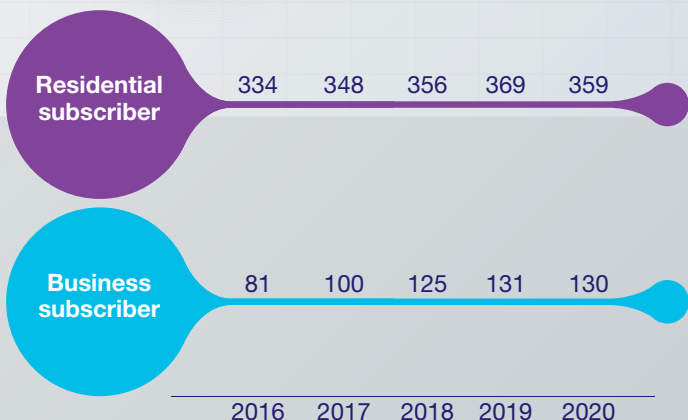
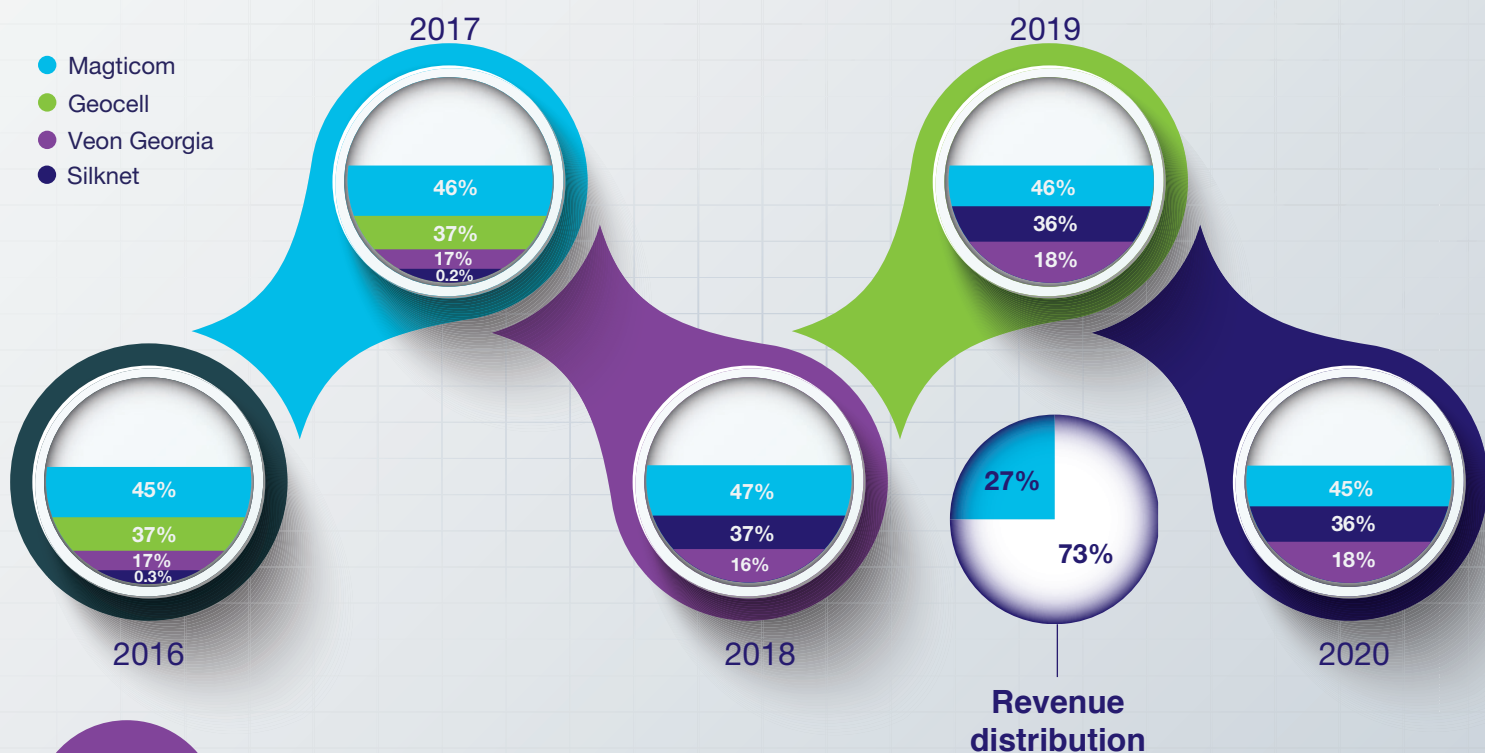


⁹At the end of 2018 Silknet acquired Geocell



In 2020, the retail revenue of mobile operators amounted to 490 million GEL, which is 1.9% - 9 million GEL less than the retail revenue received in 2019. Magticom's market share in retail revenue is 45%, Silknet - 36%, and Veon Georgia - 18%. Compared to 2019, Silknet has increased its market share of revenue (increase by 0.6%).

Market share according to retail revenue¹⁰

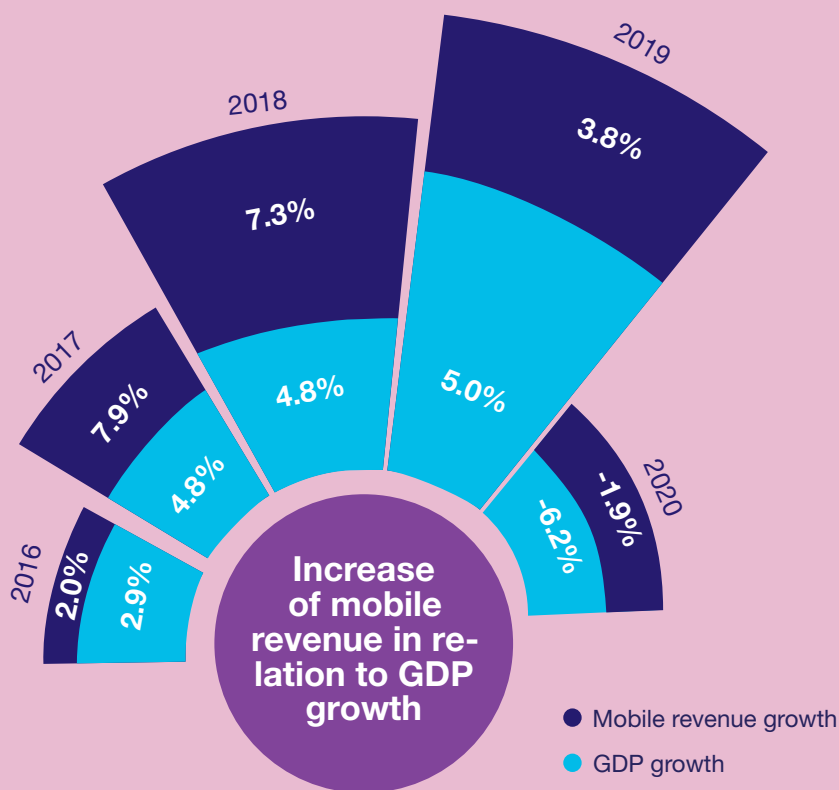


In 2020, 73% of mobile revenues were generated by residential subscribers and 27% by business subscribers. Revenues from business subscribers are still characterized by a growing trend.

¹⁰Due to rounding, the data may not add up to 100%

Mobile revenue in relation to GDP

In 2020, mobile revenues growth rate in Georgia has decreased in relation to the GDP growth¹¹ rate.



ARPU¹²

According to the data of 2020, the average revenue received from one subscriber during the month (excluding VAT) was 8.6 GEL¹³.



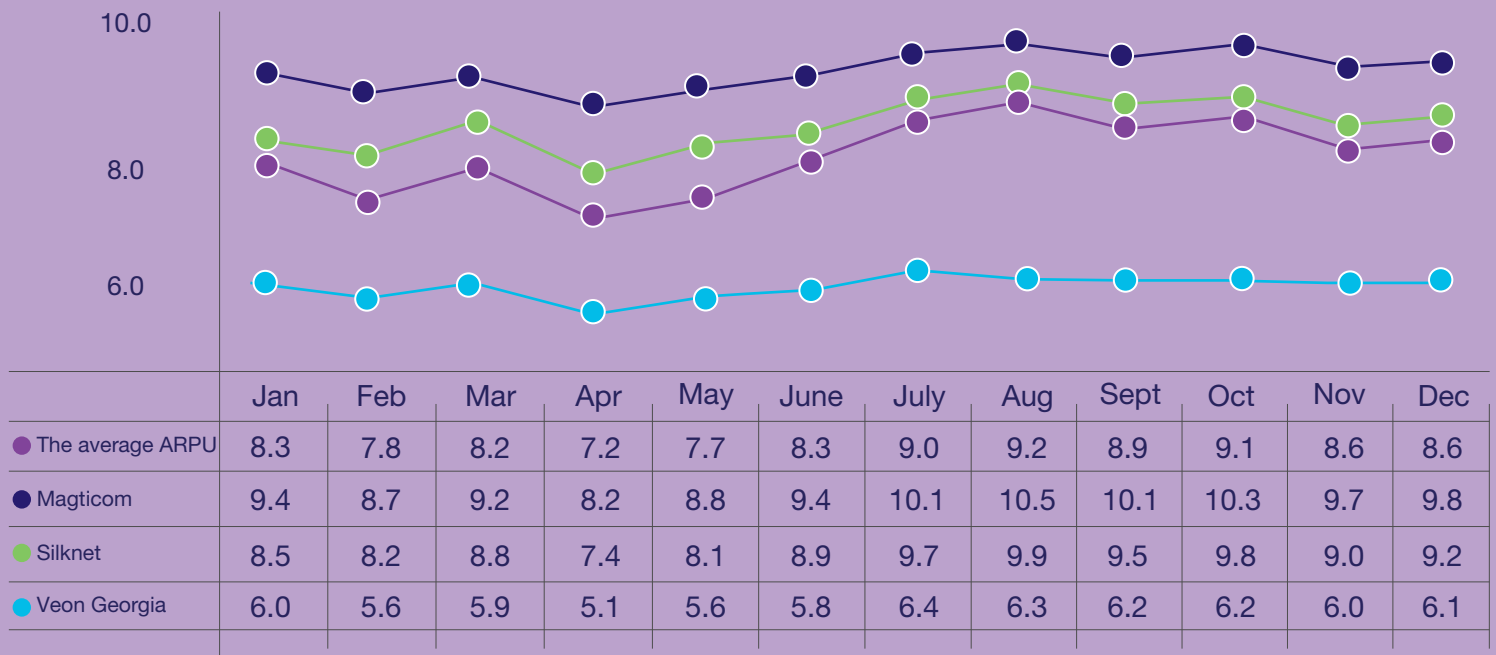
¹¹Source of data: National Statistics Office of Georgia

According to preliminary data for 2020

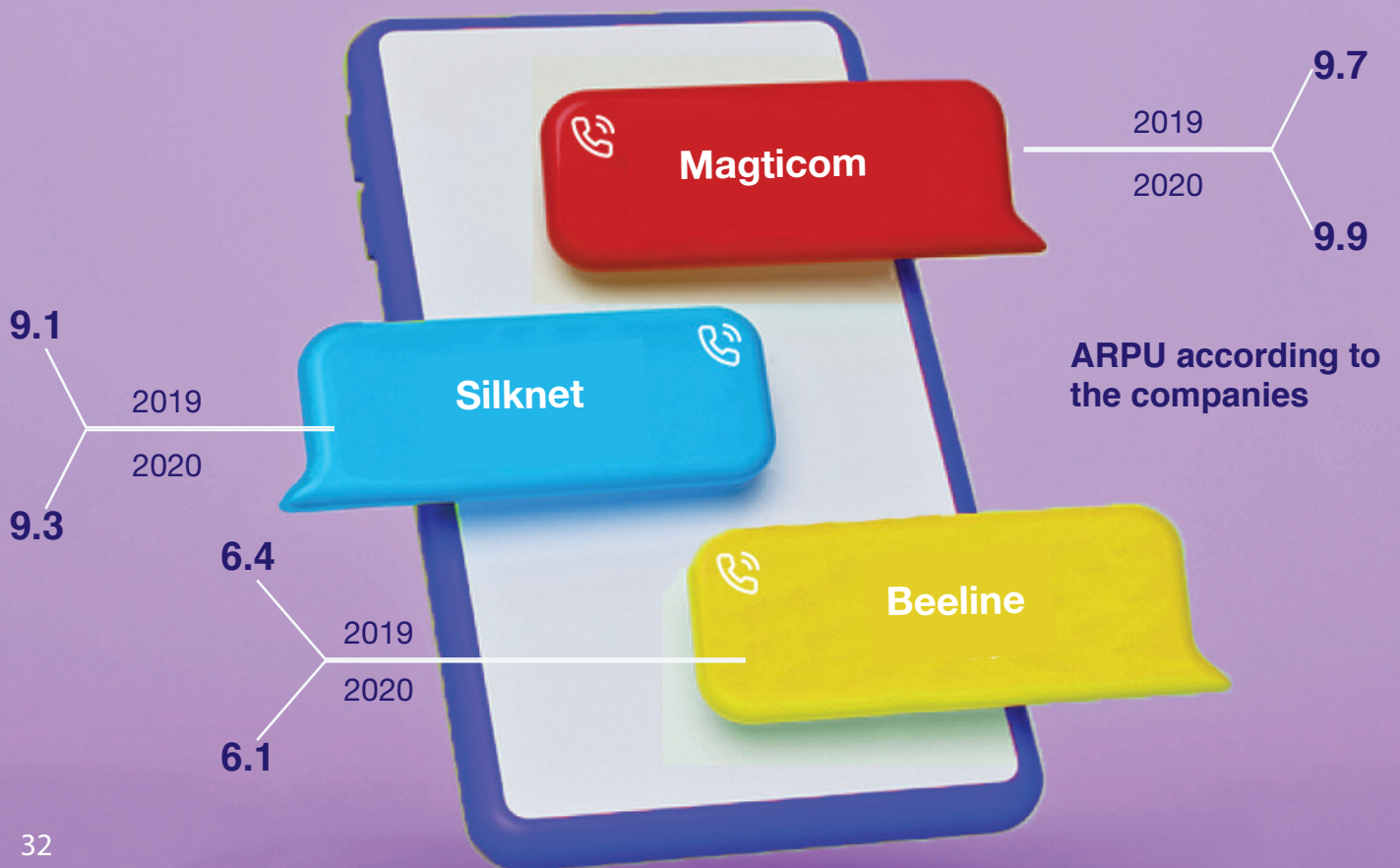
¹²ARPU – Average Revenue per User

¹³As of December 2020

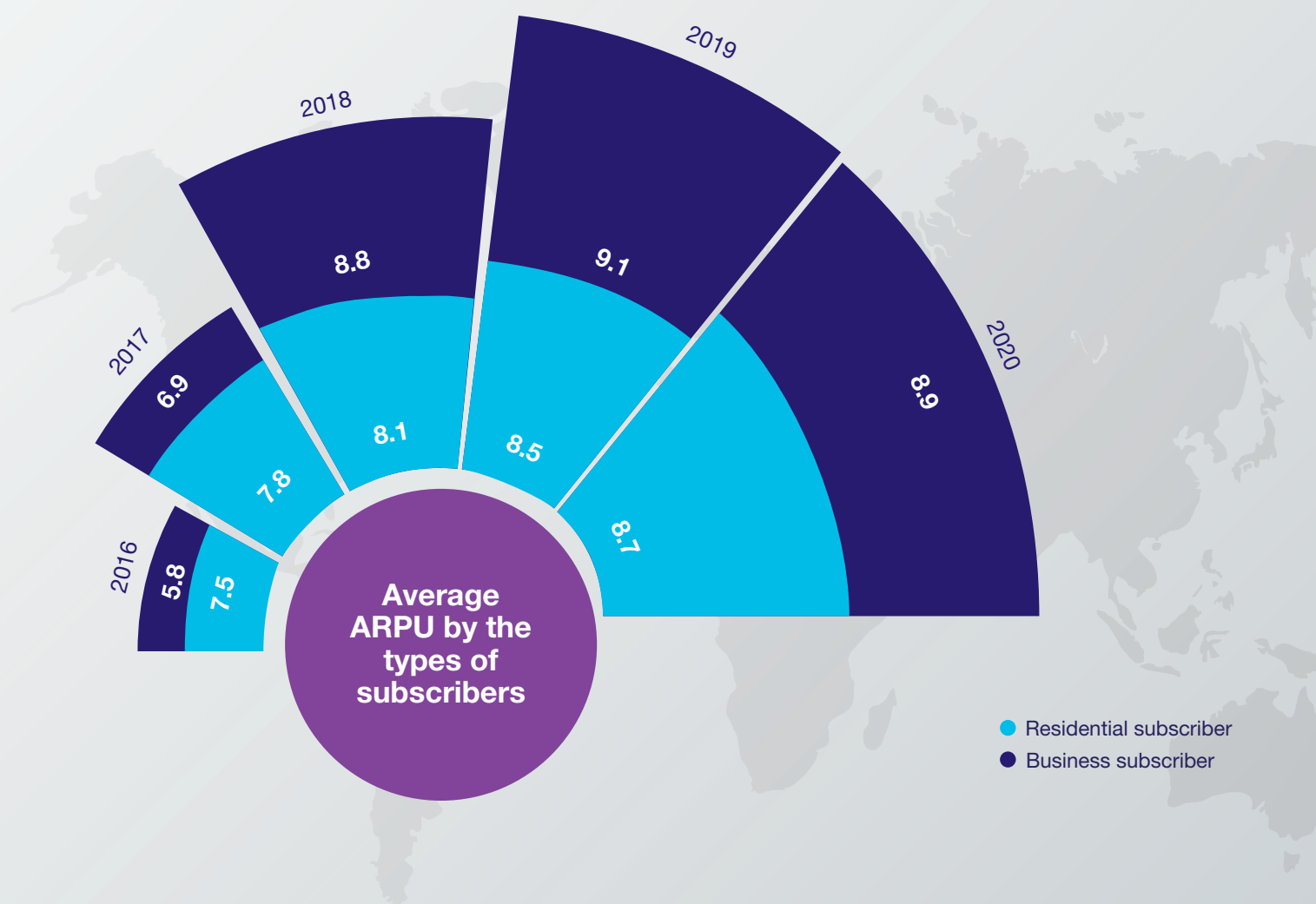
Monthly average ARPU for 2020



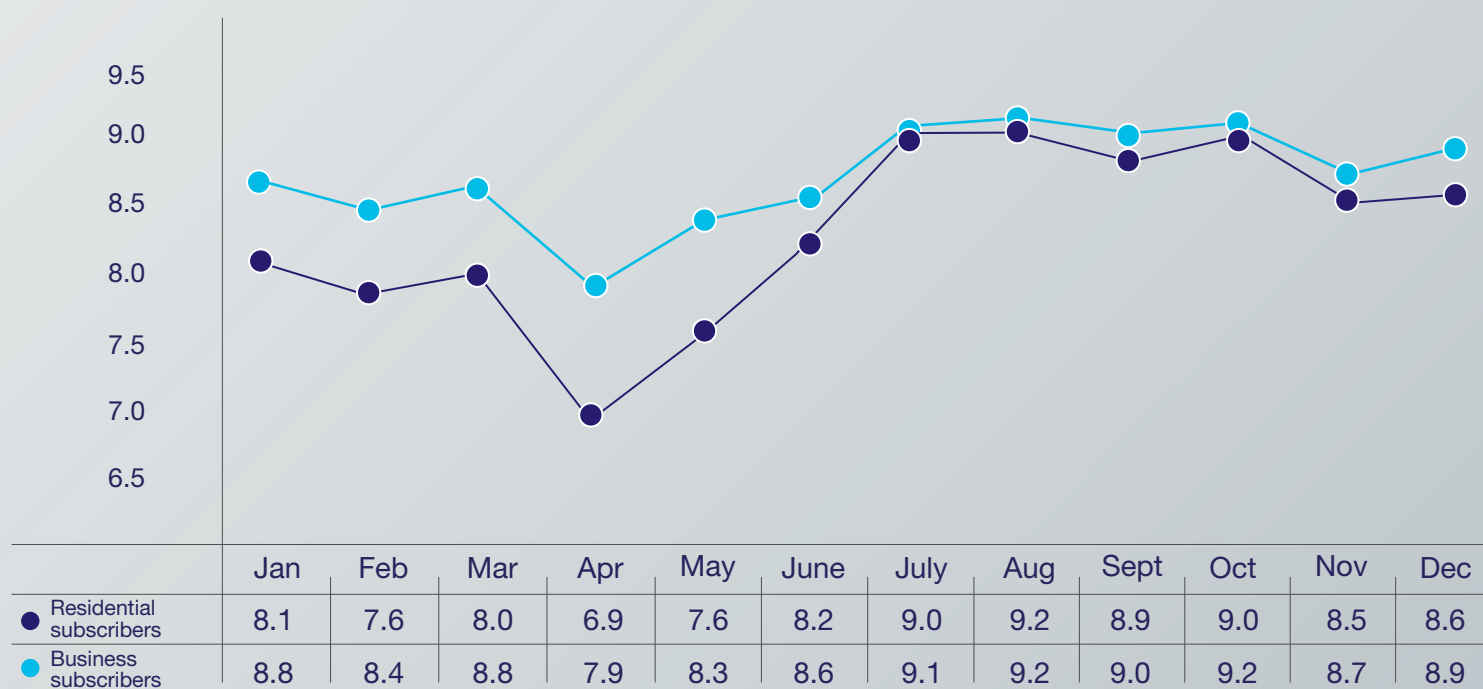
In terms of operators, according to the data of the fourth quarter of 2020, MagtiCom has the highest ARPU, Silknet and Veon Georgia subscribers spend the smallest amount on mobile communications. At the same time, the indicator of MagtiCom and then Silknet has increased compared to the same period of the previous year, while the rate of Veon Georgia has decreased.



In 2020, ARPU¹⁴ of business subscribers is increased and exceeds ARPU of residential subscribers, which is the result of tightening pricing regulation in 2018 and correcting the shortcomings associated with the consolidated tender for mobile services.



ARPU according to the types of subscribers in 2020

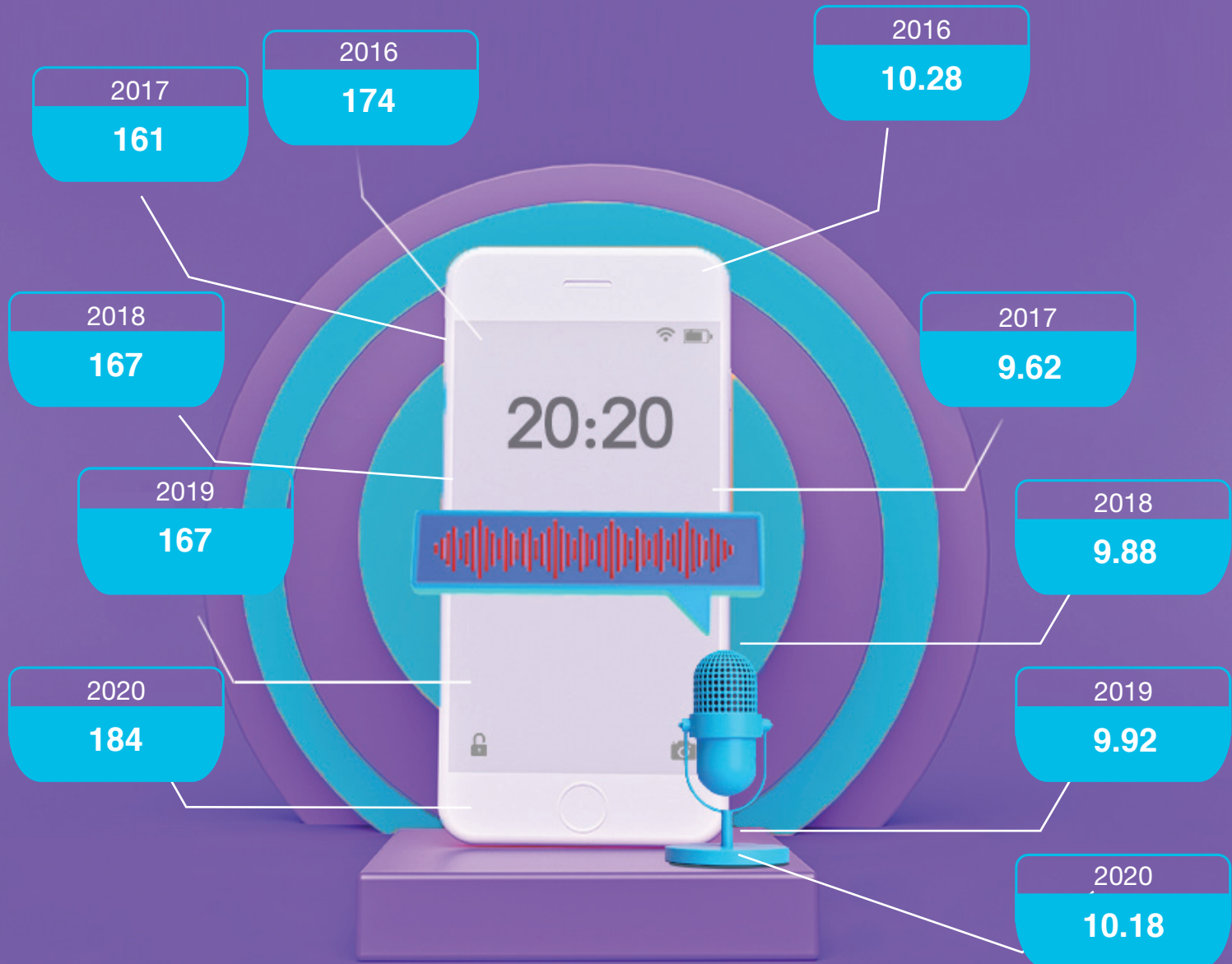


¹⁴Average ARPU of IV quarter

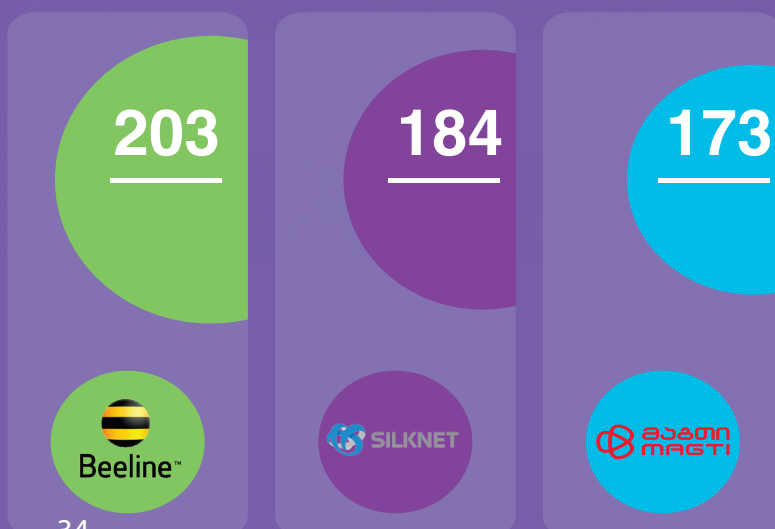
Voice Traffic and MOU

Compared to 2019, the total outgoing voice traffic increased by 2.7% in 2020 and amounted to 10.2 billion minutes. The MOU¹⁵ increased as well. The average MOU¹⁶ for 2020 was 184 minutes.

The average MOU



Voice traffic (billion minutes)



In terms of mobile operators, the MOU data for the fourth quarter of 2020 are different. On average, Veon Georgia subscribers talk most of all per month, due to the relatively low tariffs offered by the company, followed by Silknet customers, and Magticom subscribers talk least of all.

¹⁵MOU - Minutes of Use - the average number of minutes spoken by the subscriber per month (outgoing calls only).

¹⁶IVquarter average

Mobile Internet

The number of mobile internet users is growing significantly every year. From 2016 to the end of 2020, the average annual growth rate in the number of mobile Internet users was 7.1¹⁷%.

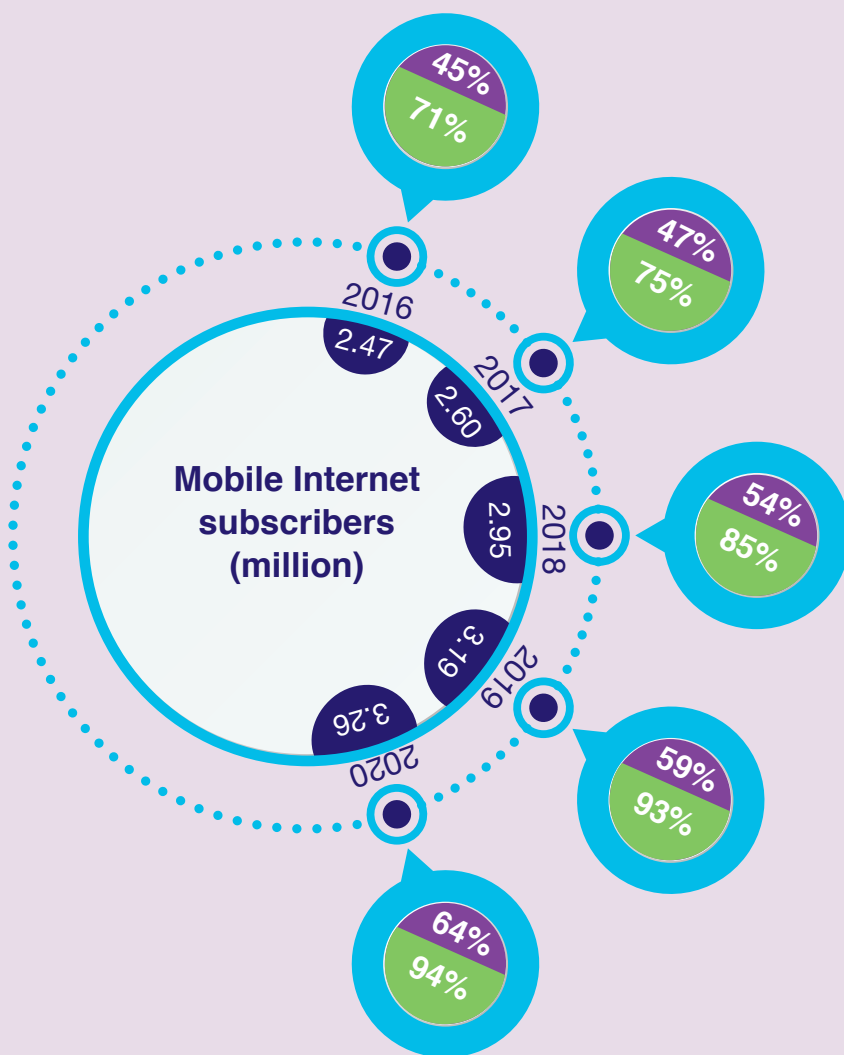
By the end of 2020, 3.3 million mobile network subscribers are already using the Internet service.



The number of mobile Internet users is growing rapidly, due to several important factors:

- With the development of modern technologies in Georgia, the consumption of mobile Internet technologies is also increasing, which is caused by the development of digital skills among the population, especially among the younger generation.
- Increased demand for access to online information;
- The behavior of mobile users in terms of telecommunications service consumption is changing dynamically;
- More and more services are being transferred to the online / digital space, which itself contributes to the growth of consumption.

¹⁷CAGR – Compound Annual Growth Rate



The penetration of mobile internet users in relation to the population of Georgia¹⁸ is even higher and by the end of 2020 it was 94%.

- Mobile Internet subscribers
- Penetration in the population
- Penetration in mob. subscribers

By the end of 2020, Silknet had the most mobile Internet users

	2016	2017	2018	2019
Magticom 1.08 million	0.93	0.98	0.98	1.01
Silknet 1.17 million	1.04	0.93	1.14	1.19
Beeline 1.00 million	0.50	0.69	0.84	0.99



¹⁸The population of Georgia includes persons older than 5 years

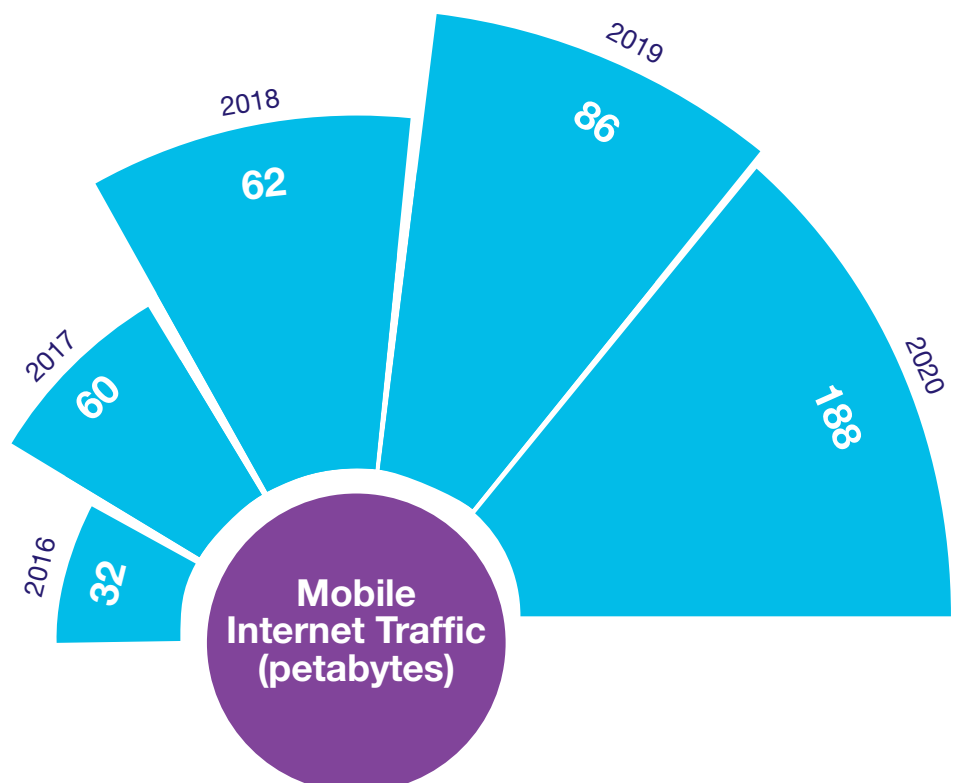
Penetration of mobile internet users according to the companies



However, in terms of companies, the share of mobile Internet users in the total number of subscribers is different. Veon Georgia is in the first place, **75%** of the company's subscribers use mobile internet. Such a high rate is due to the tariffs offered for the mobile Internet and the consumer segment. According to the same data, Silknet is in the second place with **69%**, and Magticom is in the third place with **52%**.

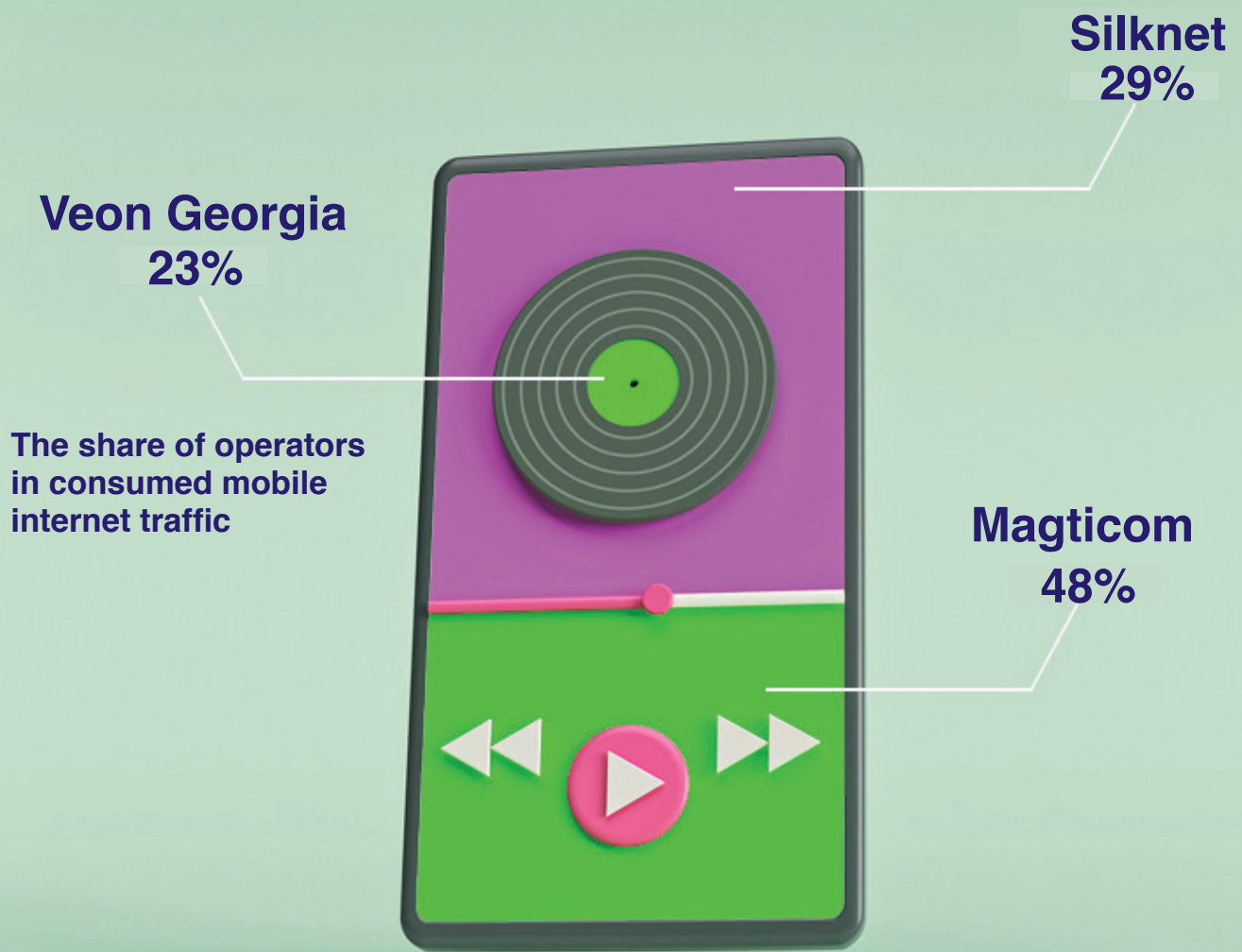
In 2020, mobile internet traffic is growing at a record pace. Mobile service subscribers have consumed up to 188 petabytes of mobile internet. This data is due to the increase in the number of mobile Internet users, as well as the increase of number of phones of a new generation on the market and the development of 4G network and services, and in addition the increased demand for the Internet due to the pandemic.

The compound annual growth rate of consumed Internet traffic from 2016 to the end of 2020 is **56%**¹⁹.

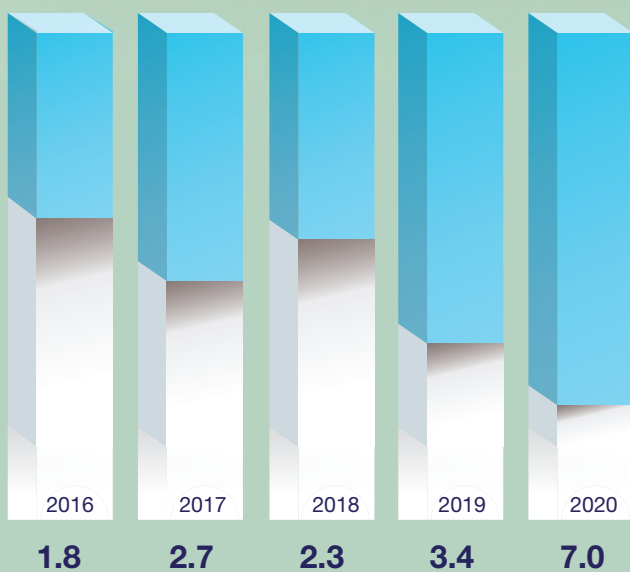


¹⁹CAGR – Compound Annual Growth Rate

In 2020, the largest amount of Internet traffic was consumed by Magticom subscribers. The average monthly consumption per subscriber is 7.0 GB, which is 107% more than the previous year. According to the data of the fourth quarter of 2020, the subscribers of MagtiCom consume the most volume of internet - 11.2 GB²⁰. Silknet subscribers use 5.3 GB of Internet every month, while Veon Georgia subscribers use 4.6 GB.



Average mobile internet usage (GB)

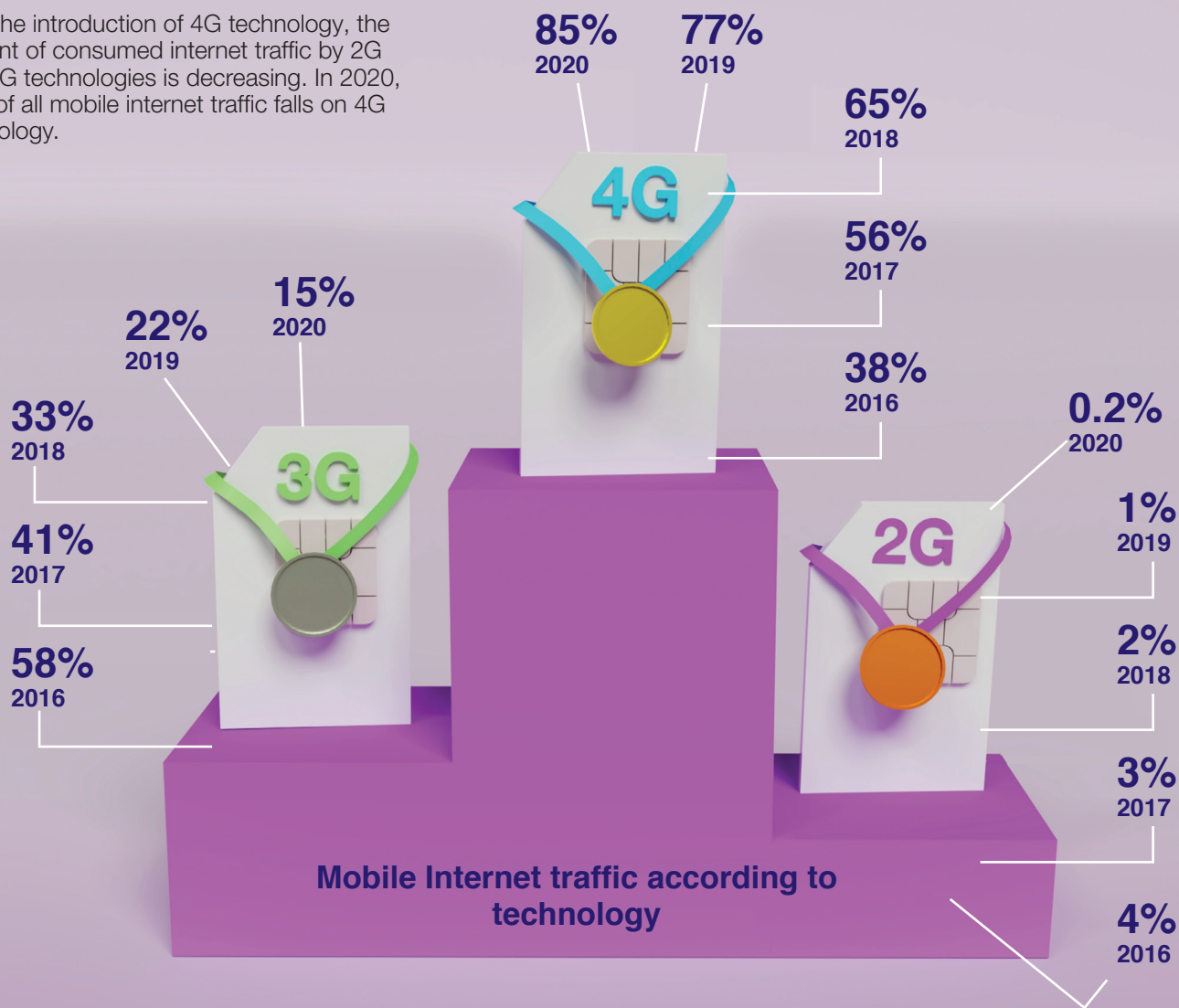


Average mobile internet usage according to companies (GB)



²⁰According to the data of the IV quarter, MagtiCom mobile service subscribers make up 33% of the total mobile Internet users, and according to the mobile internet traffic generated in 2020, MagtiCom subscribers generate 48% of the total Internet traffic.

With the introduction of 4G technology, the amount of consumed internet traffic by 2G and 3G technologies is decreasing. In 2020, 85% of all mobile internet traffic falls on 4G technology.



The share of 4G traffic in total mobile traffic

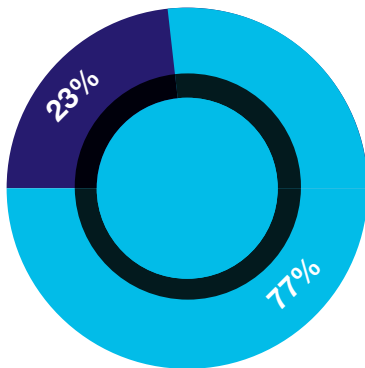
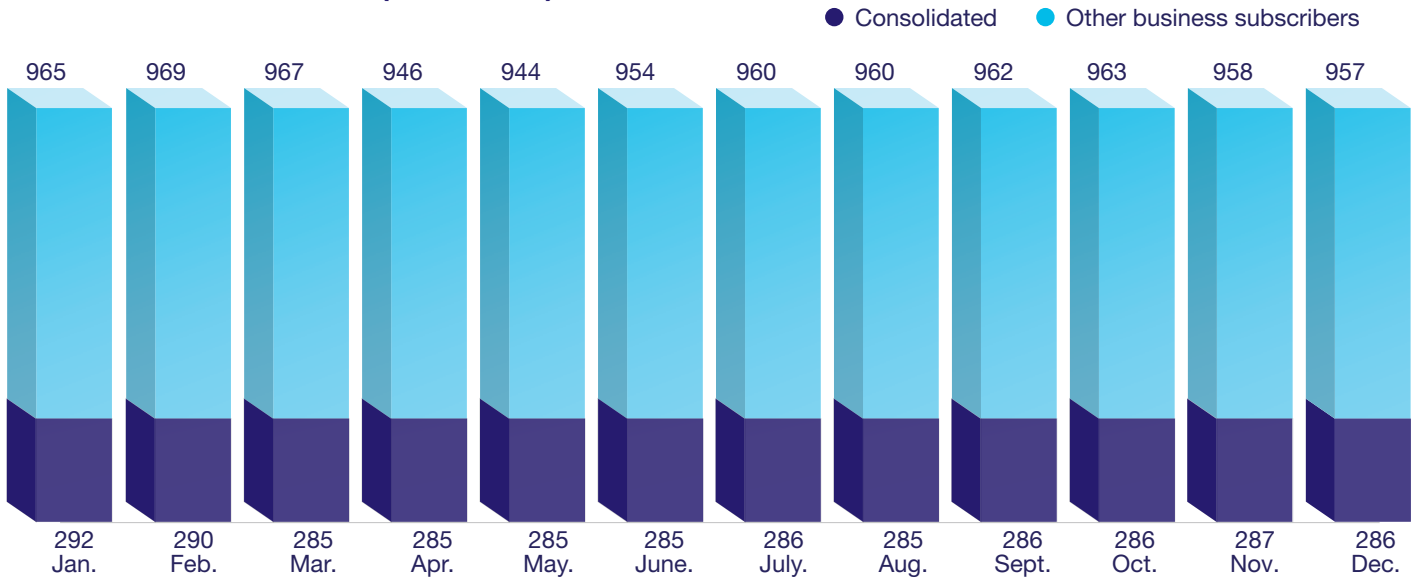
Veon Georgia has the highest mobile Internet usage with 4G technology, followed by Magticom and, finally, Silknet



The state consolidated tender

By the end of 2020, the number of active subscribers involved in the state consolidated tender was 286,000, which is 23% of the total number of business subscribers.

Business subscribers (thousand)

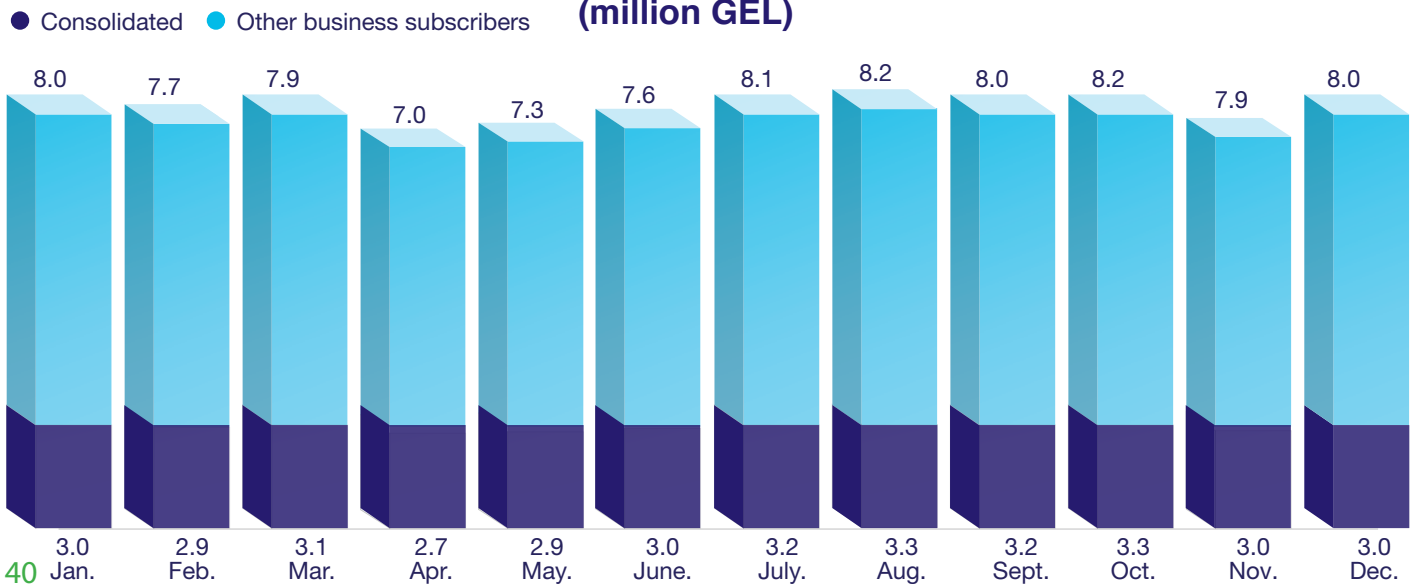


Distribution of business subscribers (thousand)

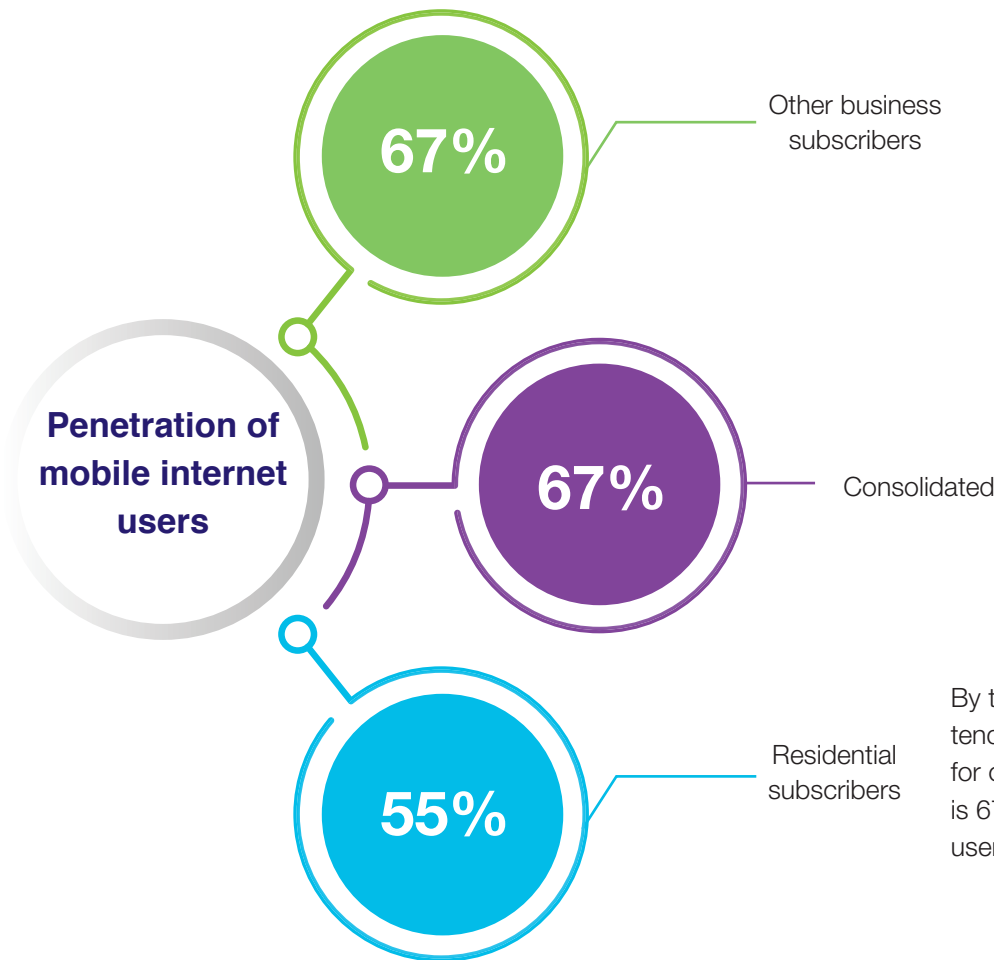
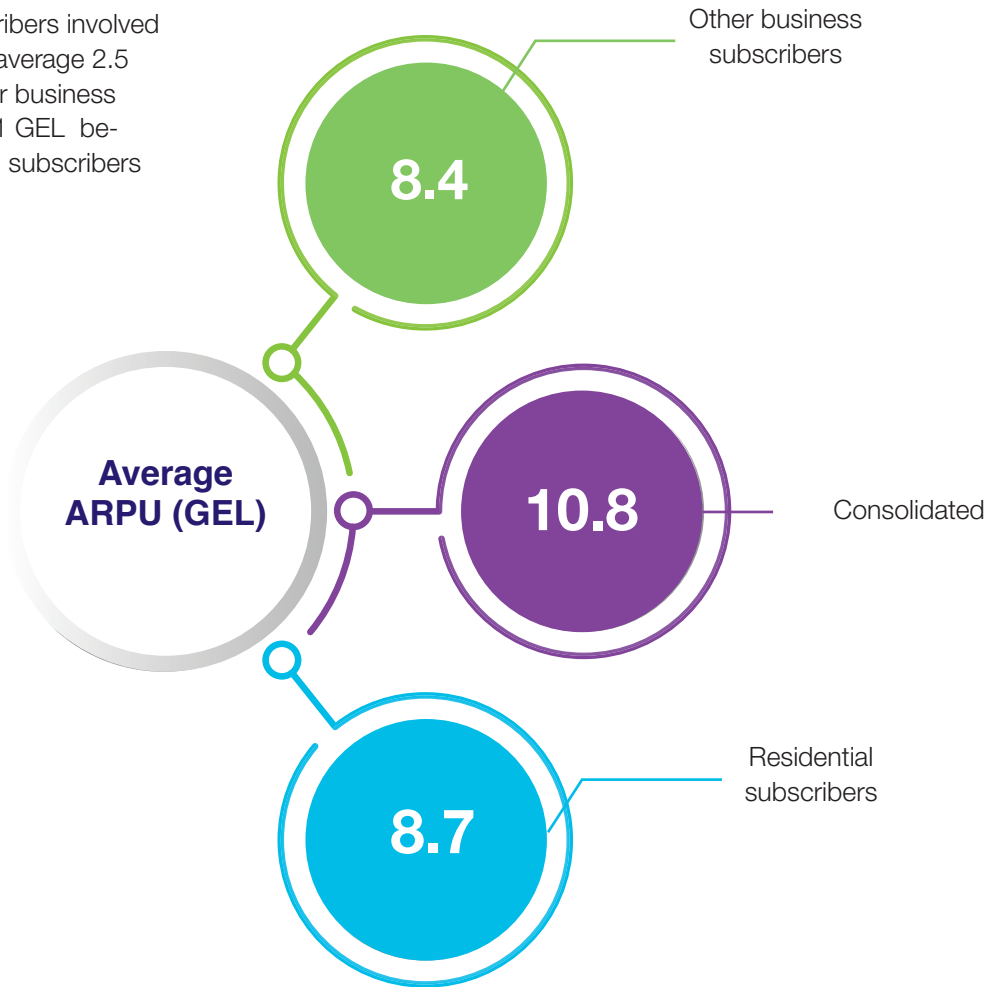
Legend: Other business subscribers (light blue), Consolidated (dark blue)

In 2020, from the total revenue of 130 million GEL received from business subscribers, 37 million GEL was received from consolidated tender subscribers.

Revenue from business subscribers (million GEL)



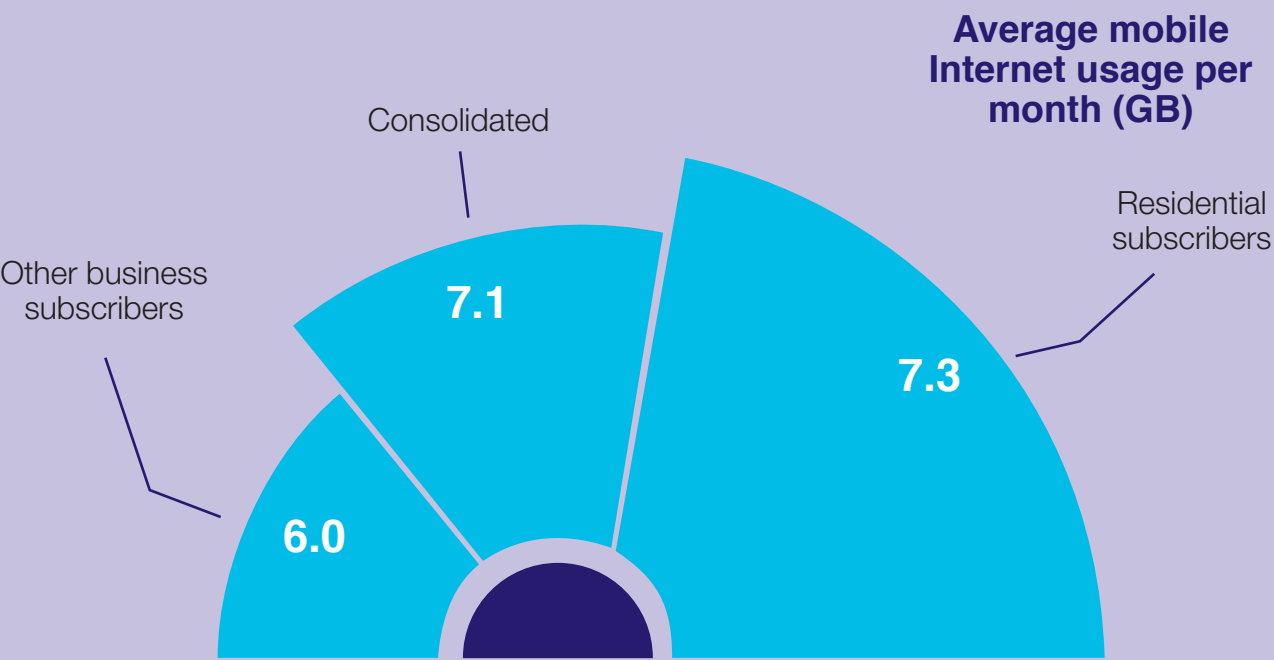
The monthly ARPU of the subscribers involved in the consolidated tender is on average 2.5 GEL higher than ARPU²¹ of other business subscribers. The difference is 2.1 GEL between the ARPU of consolidated subscribers and the residential subscribers.



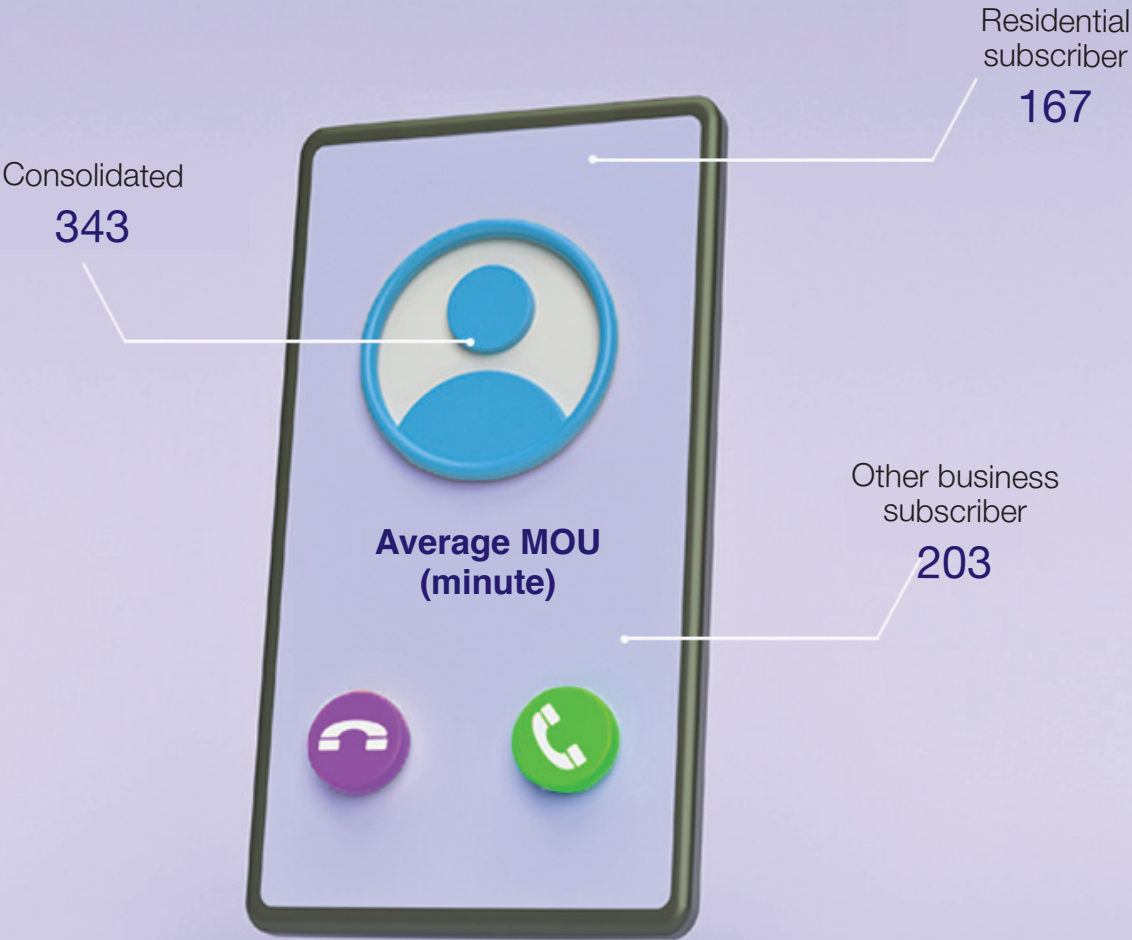
By the end of 2020, 67% of consolidated tender subscribers use mobile internet, for other business subscribers this figure is 67%. The penetration of mobile internet users in residential subscribers is 55%.

²¹IV quarter average ARPU

The consolidated tender subscribers use more mobile internet than other corporate entities. For the first time in recent years, the average monthly internet usage by one residential subscriber has surpassed the average usage of one business subscriber, as well as consolidated tender subscriber.



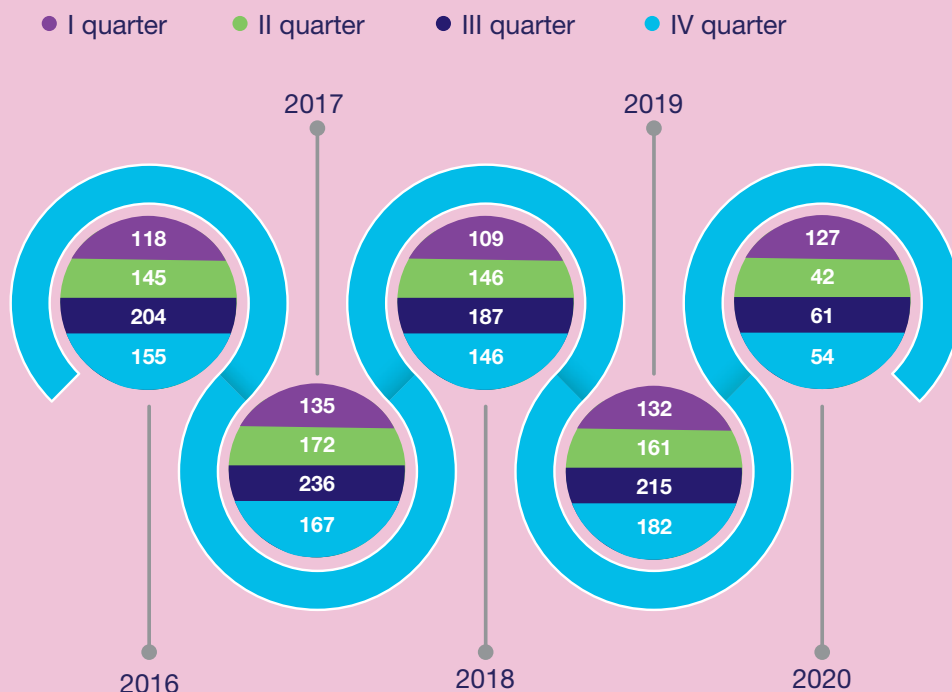
Also, consolidated subscribers talk the most. In 2020, they spent an average of 343 minutes²² per month talking on mobile phones, while other business subscribers - 203 minutes and residential subscribers - 167 minutes.



²²IV quarter average

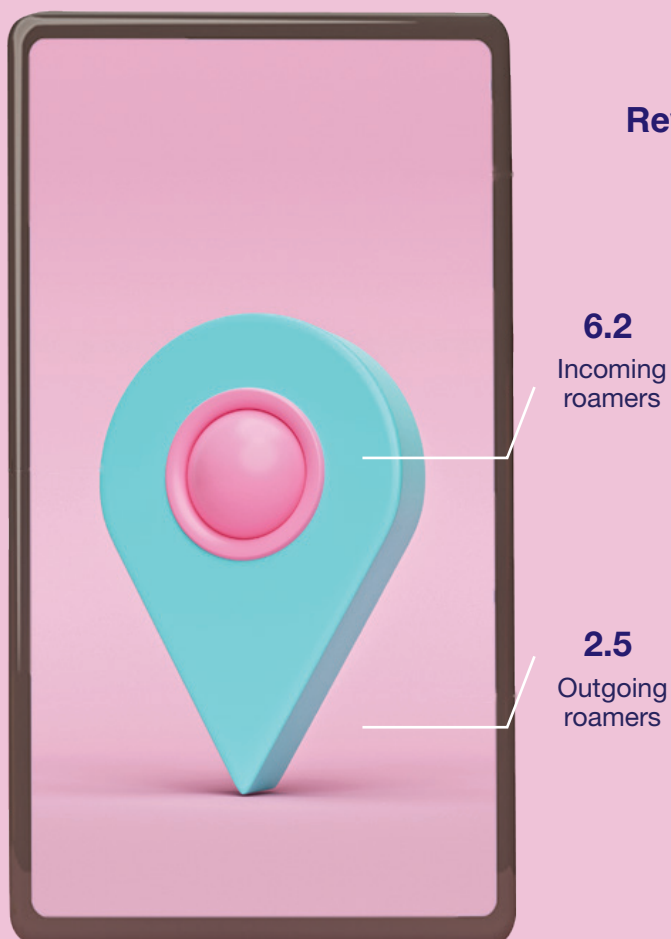
Roaming

Number of outgoing roamers (thousand)



Roaming service is characterized by seasonality. In general, most roamers are recorded in the third quarter. Compared to 2018, the number of roamers from Georgia increased by 15% in the third quarter of 2019. Although the trend of roaming usage has declined, the number of travelers from Georgia in 2019 has increased significantly, which is reflected in the increase of the number of roamers. Also, the offers of operators have been significantly improved and roaming has become more affordable due to reduced tariffs. In 2020, because of the pandemic in the world, which was followed by the closure of the borders, the number of both outbound and inbound roamers, significantly reduced.

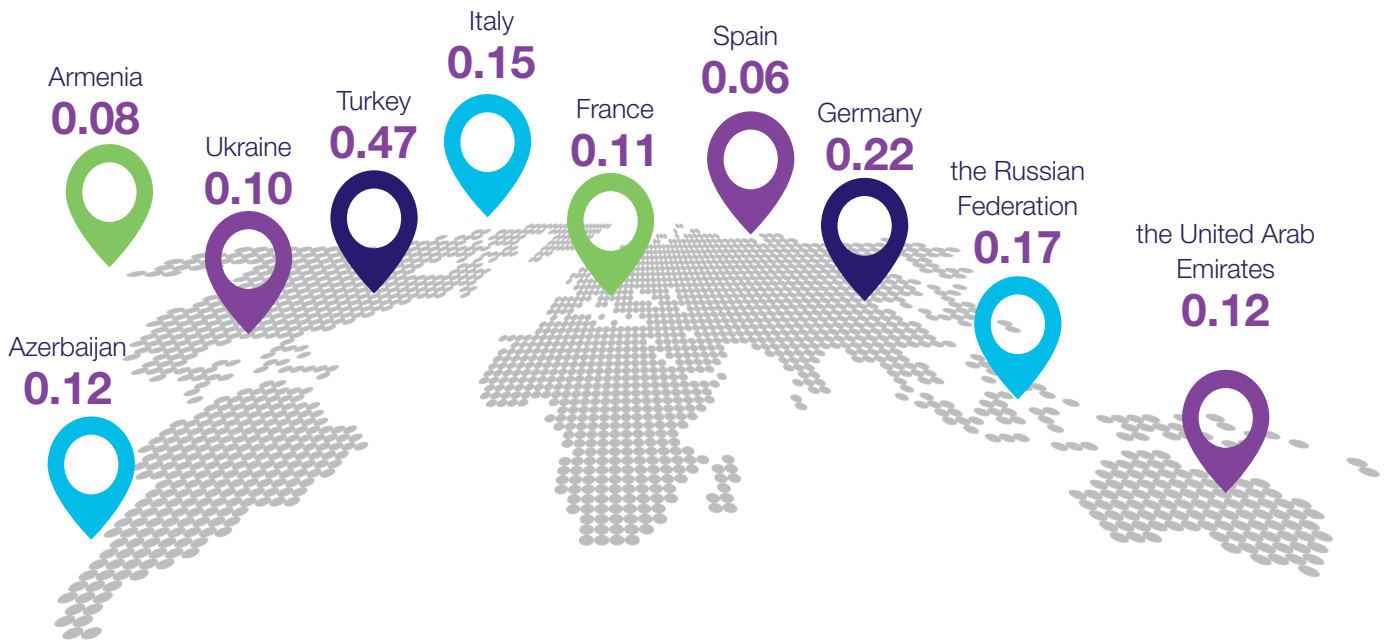
Revenue from roaming, (million GEL)



In the fourth quarter of 2020, 1% of mobile subscribers used roaming services. The total revenue from roaming services in 2020 amounted to 8.7 million GEL, which is 2% of the total mobile retail revenue.

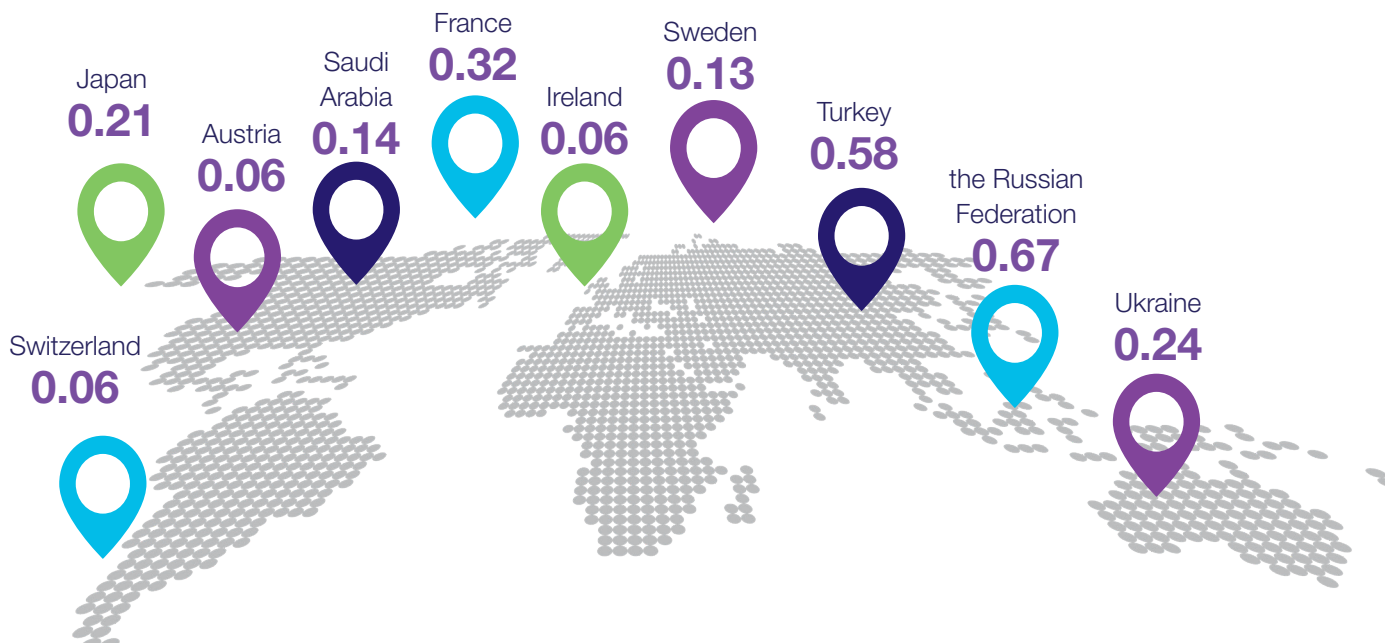
In 2020, the largest amount for roaming services – 0.47 million GEL, was spent by roamers in Turkey, which is due to the Turkey being a transit destination. The other top countries are: Germany, the Russian Federation, Italy, France, Azerbaijan, Ukraine, Spain, Armenia and the United Arab Emirates.

Top 10 countries for outgoing roamers (million GEL)



In 2020, during their stay in Georgia, the largest amount for mobile services – 0.7 million GEL, was spent by roamers from the Russian Federation. The list of the top countries is: Turkey, France, Ukraine, Japan, Saudi Arabia, Sweden, Ireland, Austria and Switzerland.

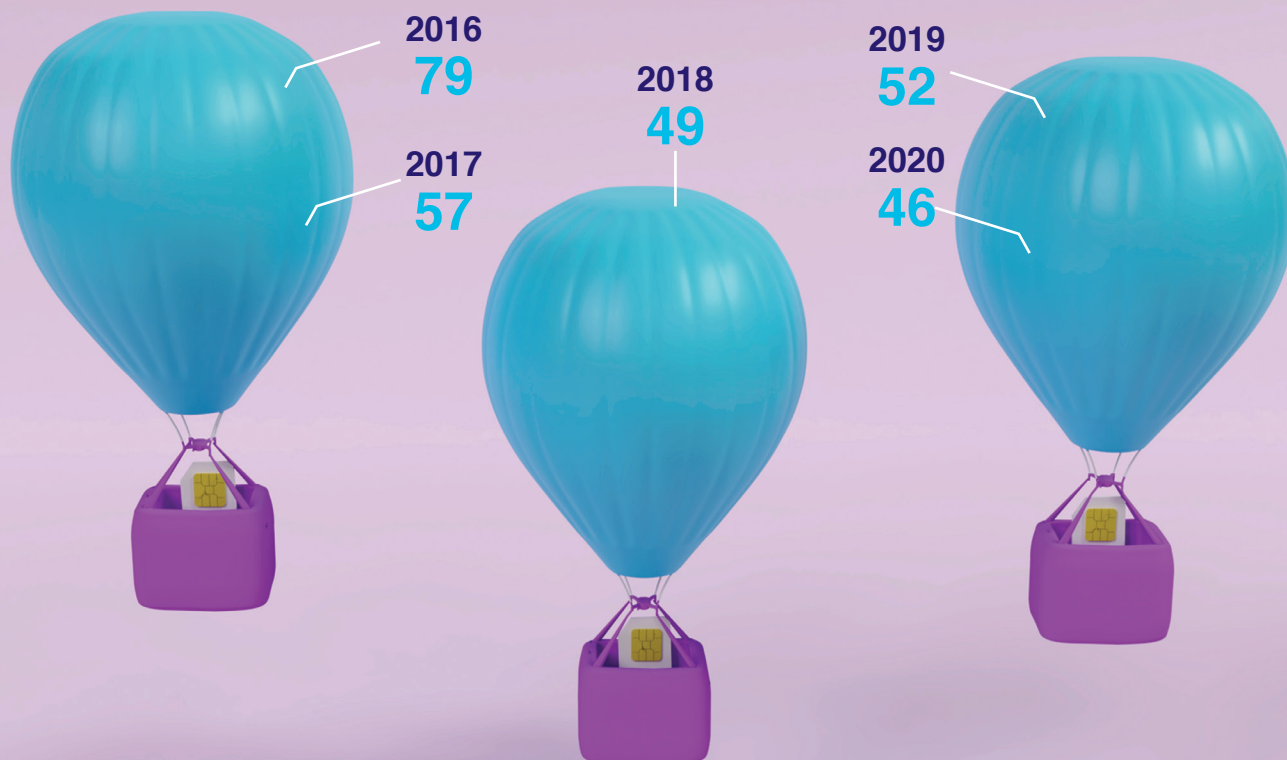
Top 10 countries for inbound roamers (million GEL)



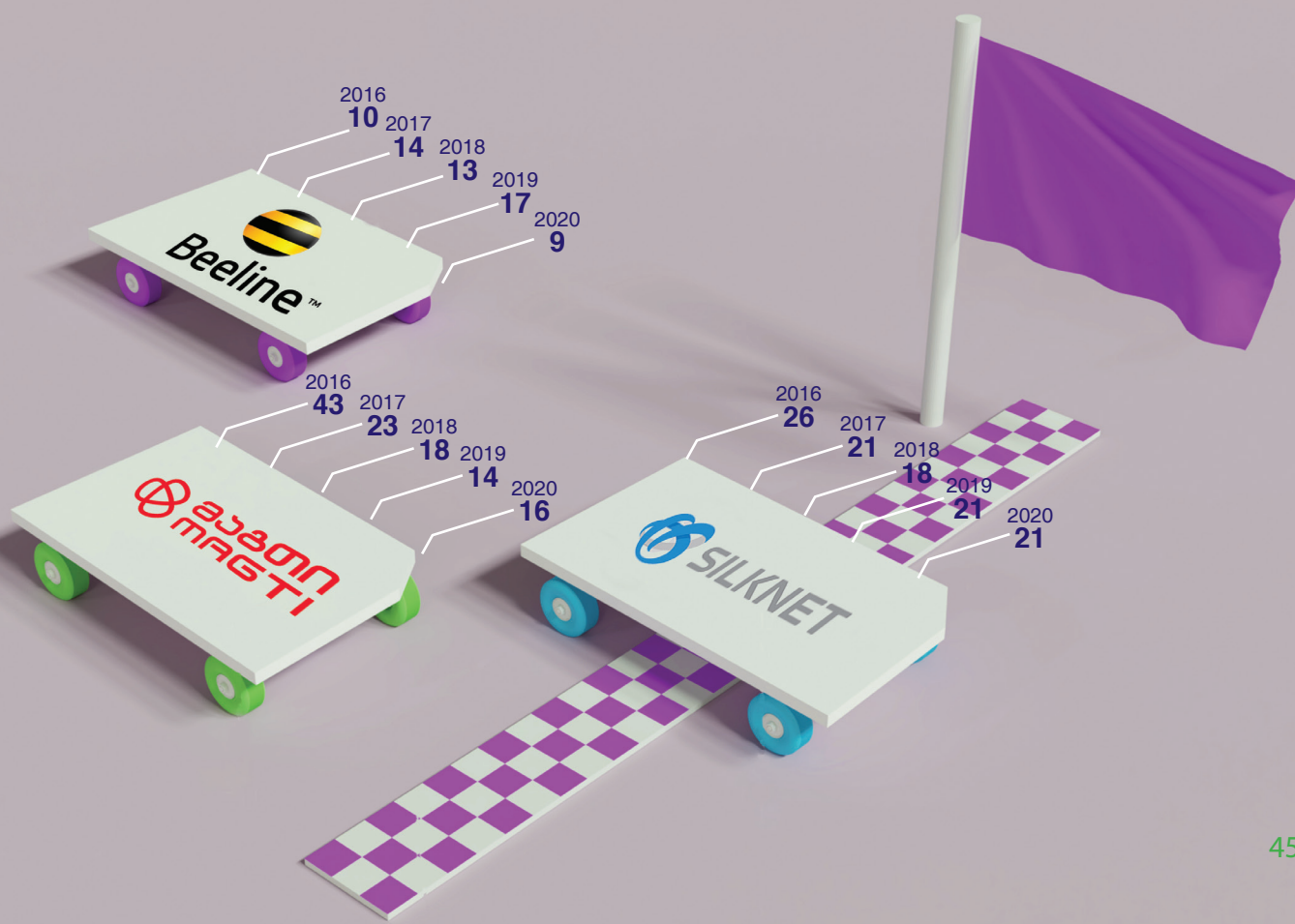
Mobile number portability

In 2020, 46 thousand numbers were ported within the mobile operator networks, which is 6 thousand less than in 2019.

Quantity of ported numbers (thousand)



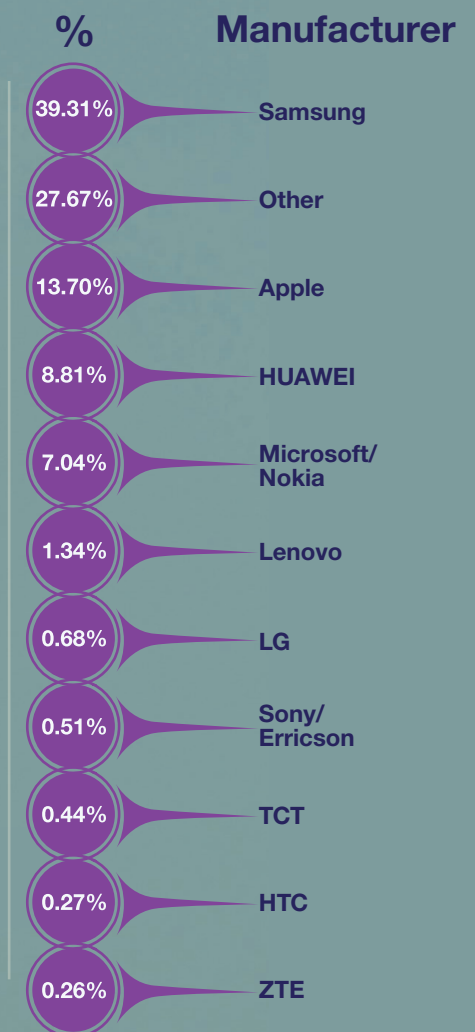
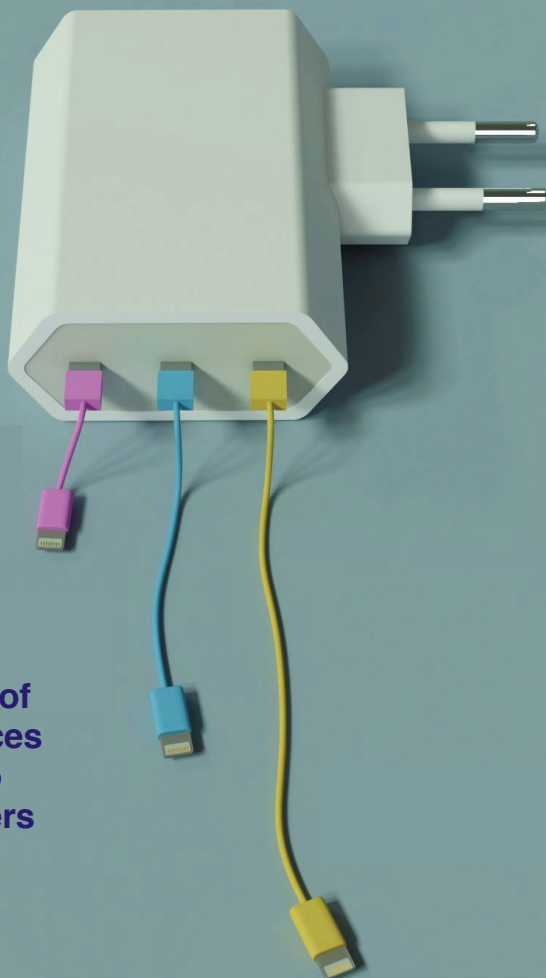
Quantity of subscribers ported-out (thousand)



Portability according to the operators (thousand)



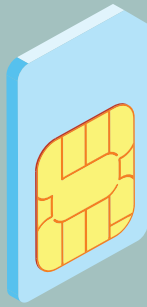
Distribution of mobile devices according to manufacturers



Important indices of mobile communications in 2020

The penetration of mobile users in relation to the population of Georgia is

148%



5.1

million SIM cards



The subscribers talk on a mobile phone for an average of

184 minutes per month

Average mobile internet usage is

7.0 GB per month

Mobile subscribers spend on average of

8.8 GEL per month

8.7

Residential subscribers

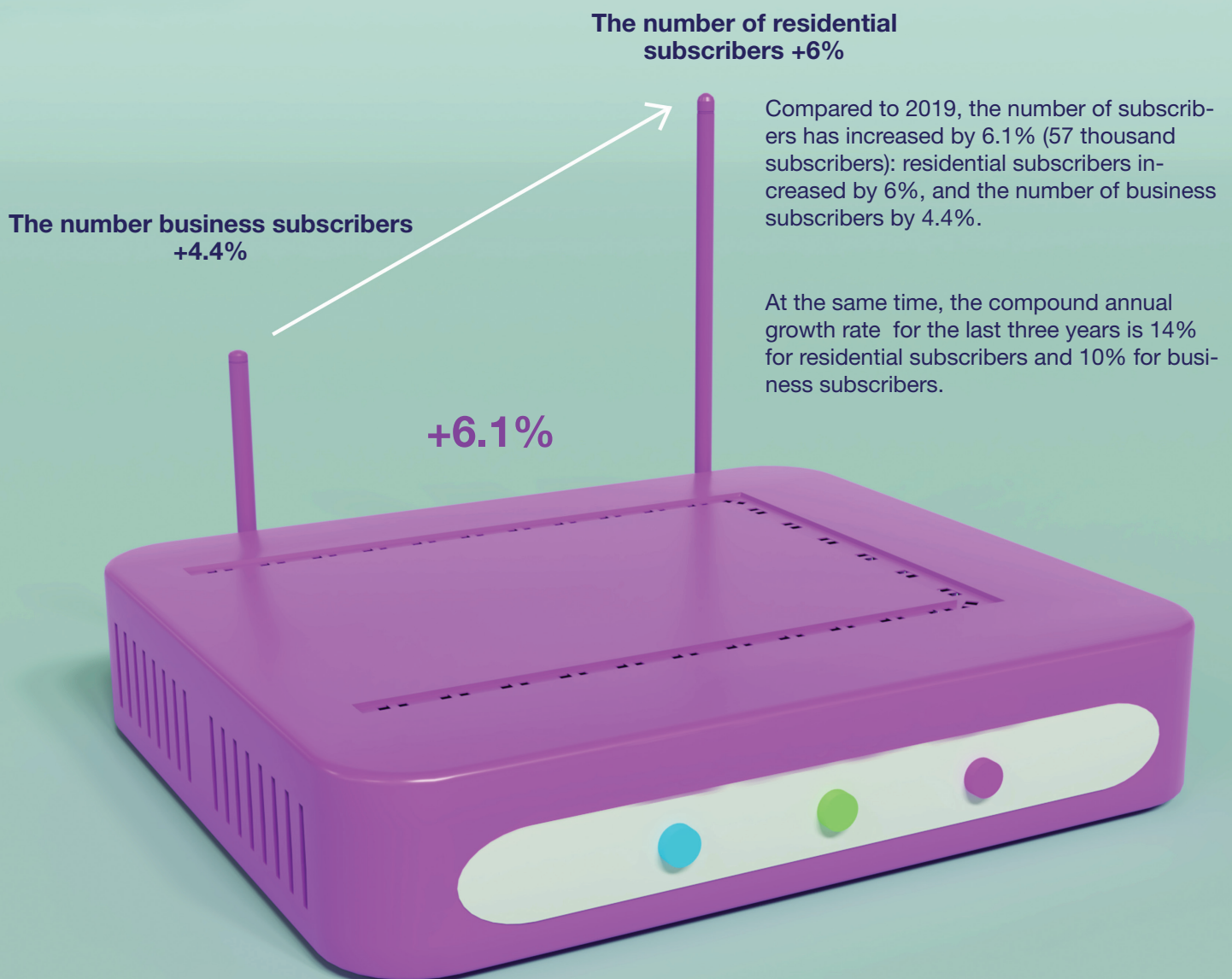
8.9

Business subscribers

Fixed broadband internet²³

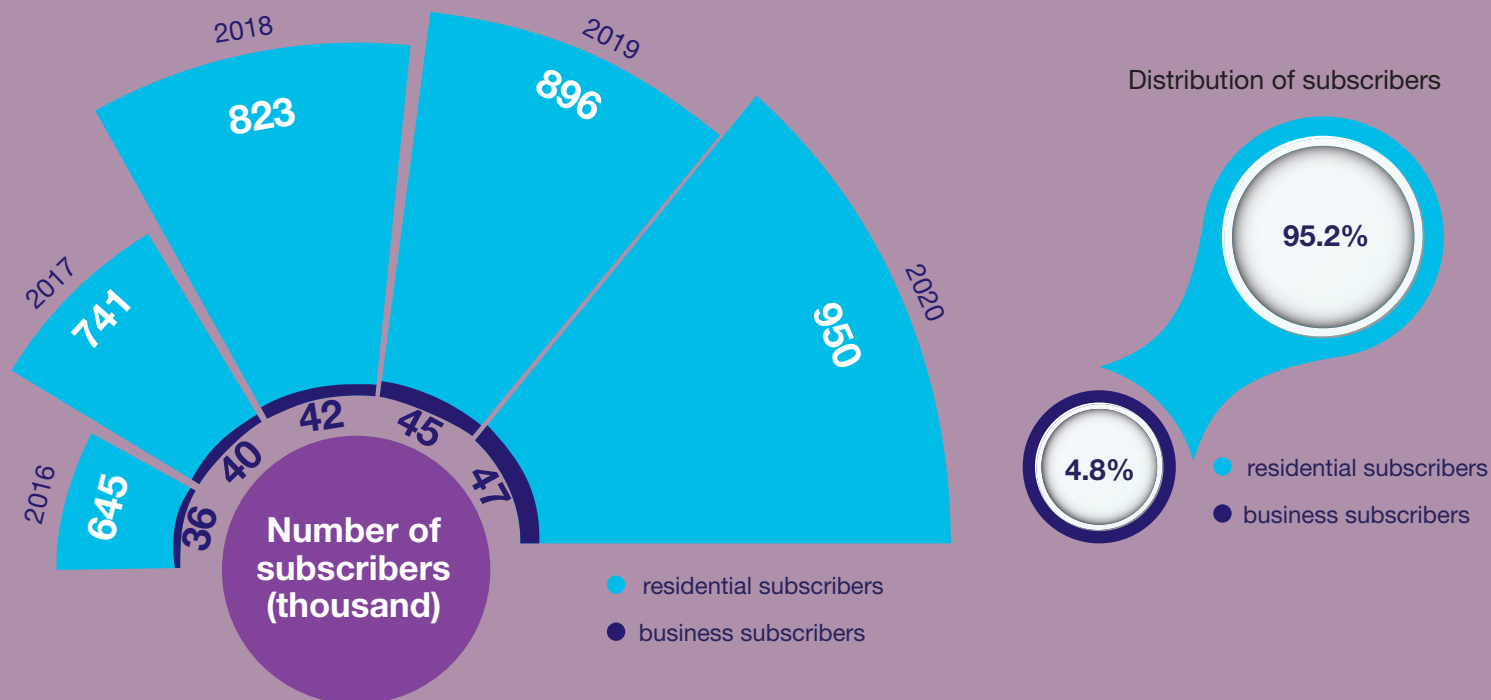
Fixed broadband internet service in Georgia is characterized by a growing trend in terms of both the number of subscribers and the revenue. FTTx technology is developing and its penetration is increasing in the total number of subscribers. In 2020, as well as last year, the number of subscribers increased more in the rural areas than in the capital. The broadband internet service market in Tbilisi is almost saturated. In rural towns and villages, especially where the FTTx network is being constructed, the number of fixed broadband subscribers is growing significantly.

In the fourth quarter of 2020, the number of subscribers of the fixed broadband Internet reached one million, in particular, it amounted to **998** thousand subscribers.



²³According to ITU, this is the Internet connection technology that allows data to be transmitted at a speed of 256 kb/s or more.

²⁴CAGR – Compound Annual Growth Rate



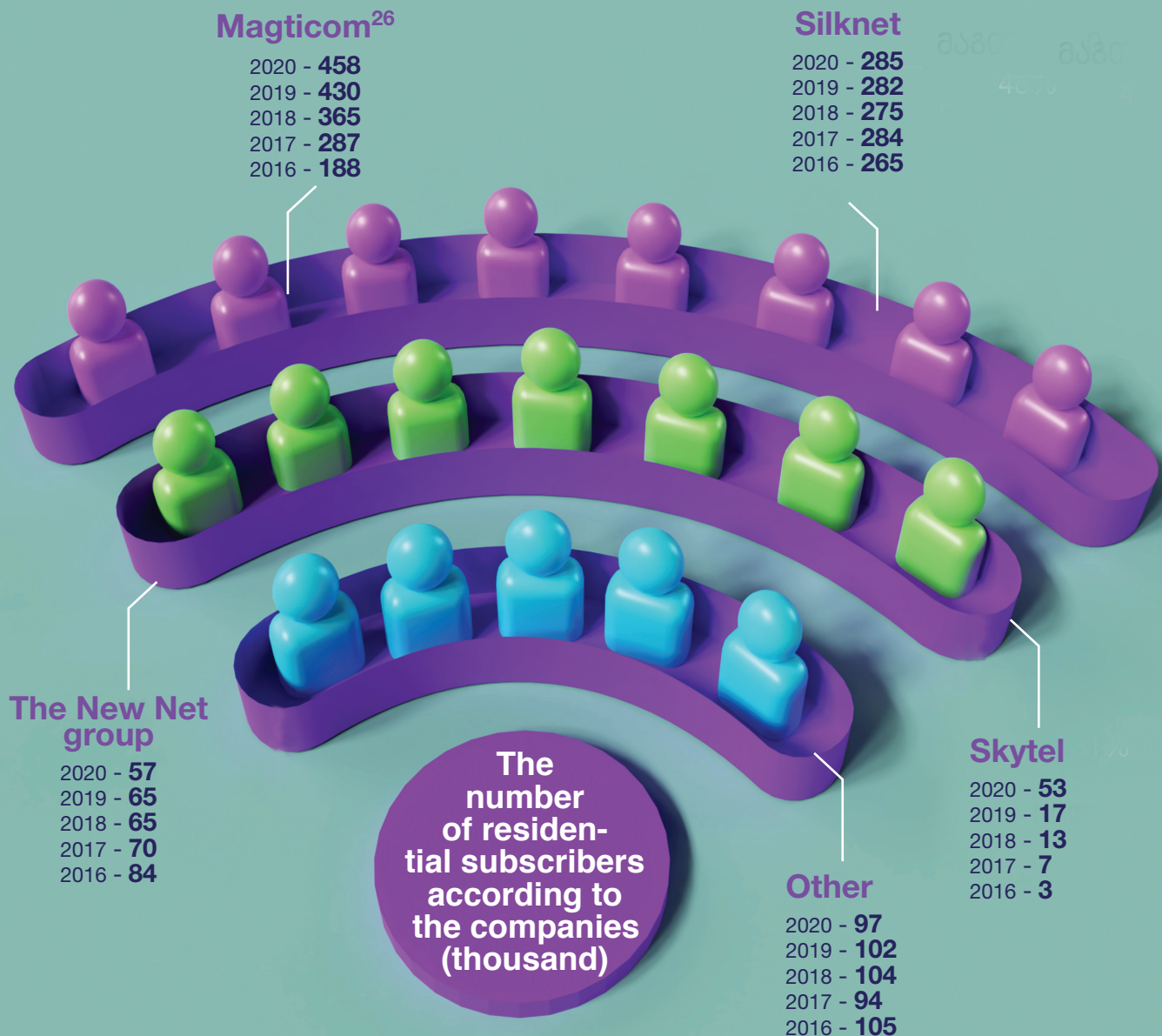
The number of residential subscribers increased by **54** thousand in 2020 and reached **950** thousand according to the data of the fourth quarter. Accordingly, the penetration of fixed broadband Internet subscribers per household increased and this figure reached **85.7%**.

Subscriber penetration per households



²⁵Fixed broadband Internet residential subscriber number ratio per the number of households in the country, in percentage terms

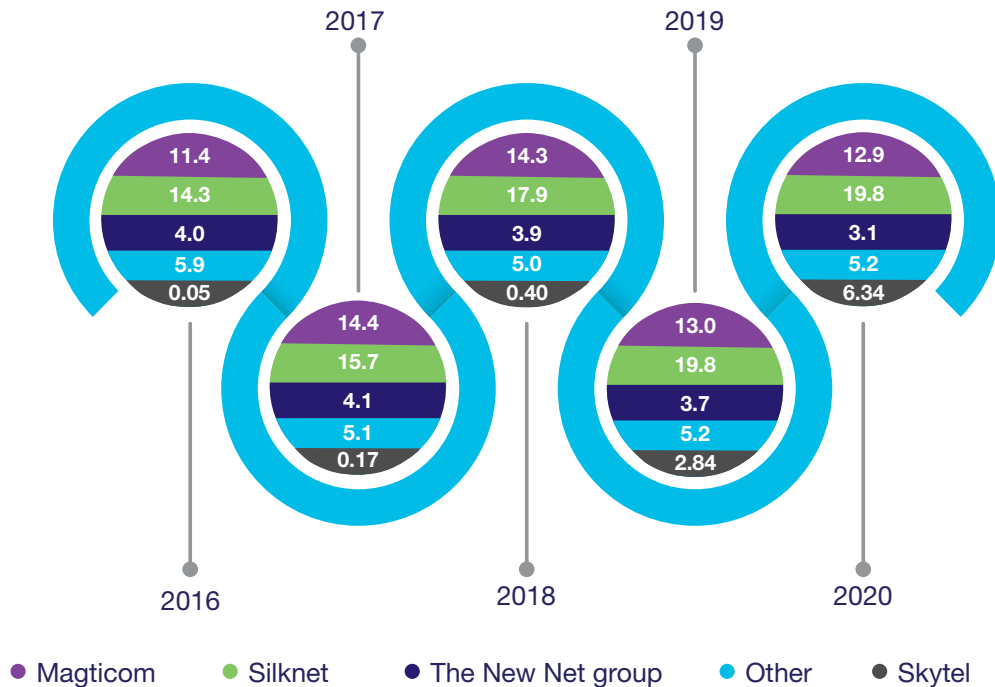
In 2020, compared to the previous year, Skytel had the largest percentage increase in the number of residential subscribers - 211%. The reason for this is the mergers / acquisitions carried out in the company during 2020, namely: Micronet , AirConnect , MAXNET . and Trialeti-Net merged. MagtiCom is on the second place with 6.5% growth . Silknet took the third place according to the number of residential subscribers. In 2020, the number of its subscribers increased by 1%.



²⁶The number of MagtiCom subscribers in 2016 includes the number of retail subscribers of Delta Net; The New Net group includes the number of subscribers of New Net, Akhteli and the Georgian Central Communications Corporation. They are interdependent, affiliated entities.

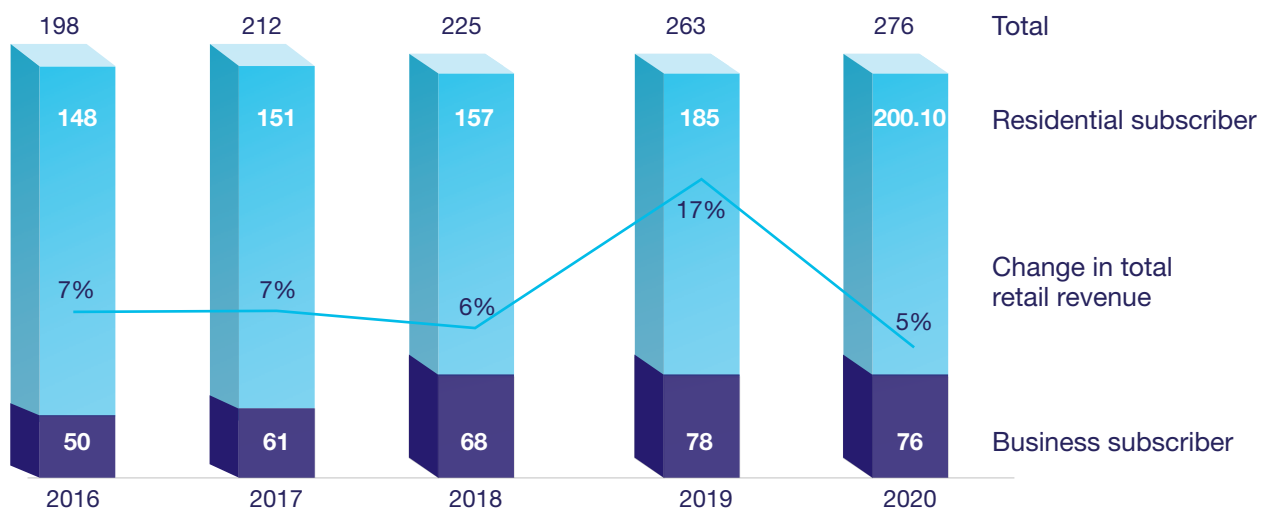
In 2020, the number of Silknet business subscribers amounted to 19.8 thousand in the fourth quarter. The company ranks first in terms of the number of subscribers of this type. It is followed by Magticom with 12.9 thousand subscribers. At the same time, in 2020, the number of business subscribers of Skytel has significantly increased.

The number of business subscribers according to the companies (thousand)



In 2020 retail revenues from fixed broadband Internet increased by 5% and amounted to 277 million GEL.

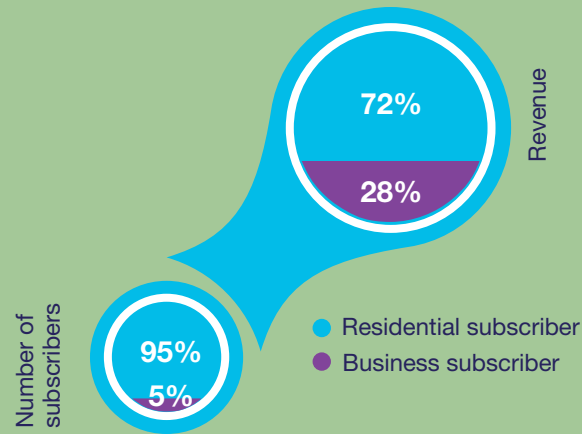
Retail revenue (million GEL)



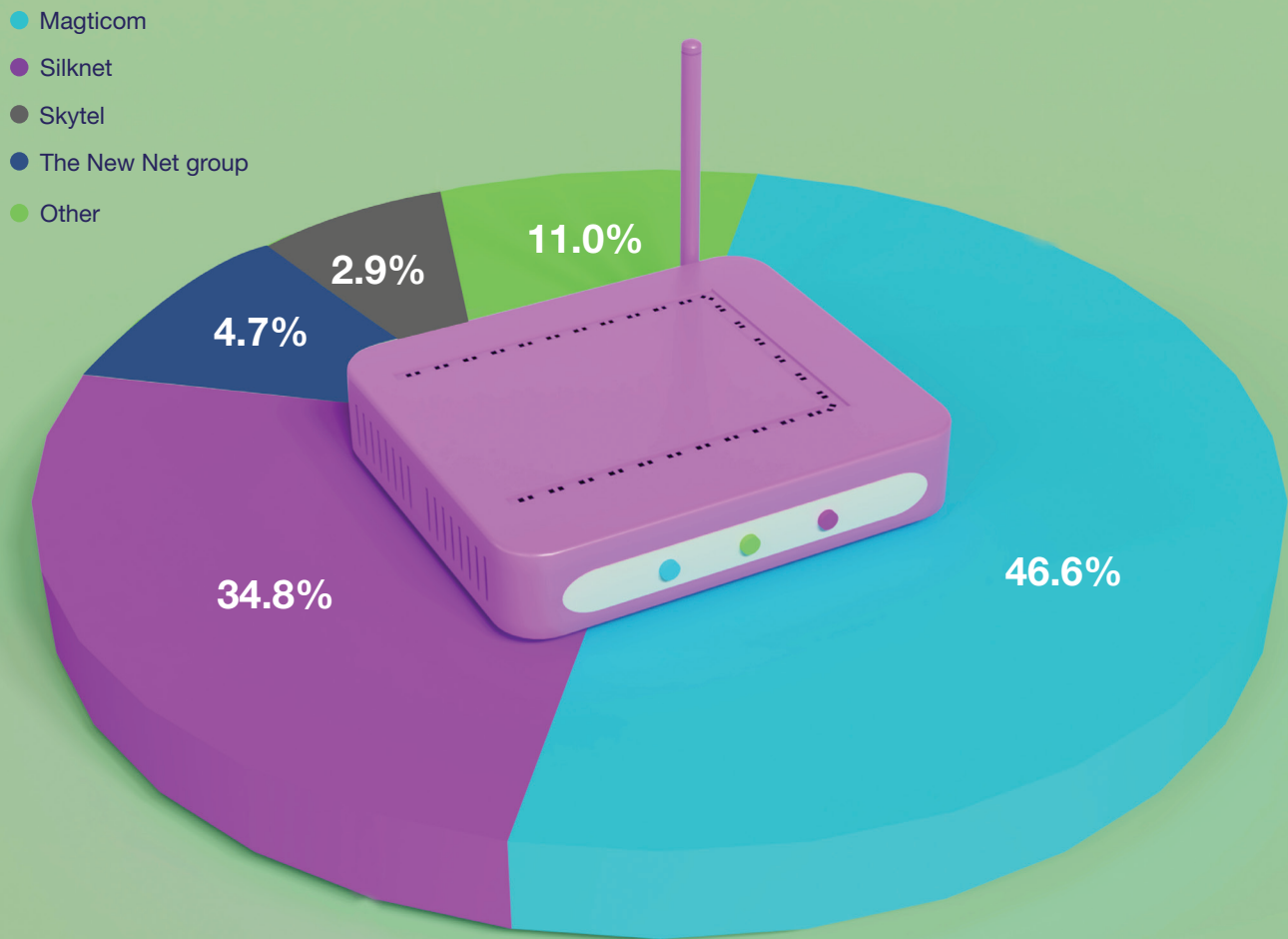
The revenue received from the residential subscribers is 72% of the total amount, while the number of the subscribers of this type is 95% of the total market. This indicates that the business subscribers' service fee is significantly higher than the subscription fee paid by the residential subscribers.

It should be noted that from 2020, 89% of the revenue is generated by four market players, while in the previous years same share was distributed among 3 companies. And the remaining 13.8% is distributed between 318 companies. Magticom holds 46.6% of the market in terms of revenue, Silknet - 34.8%, New Net Group - 4.7%, and Skytel - 2.9%.

Distribution of revenues and subscribers according to the type of subscribers

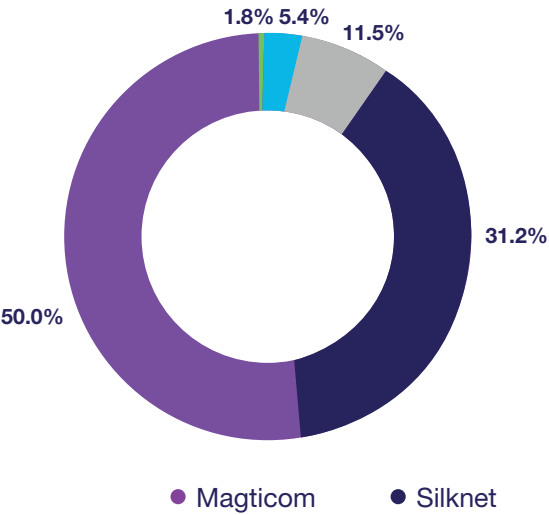


Distribution of revenues according to the companies

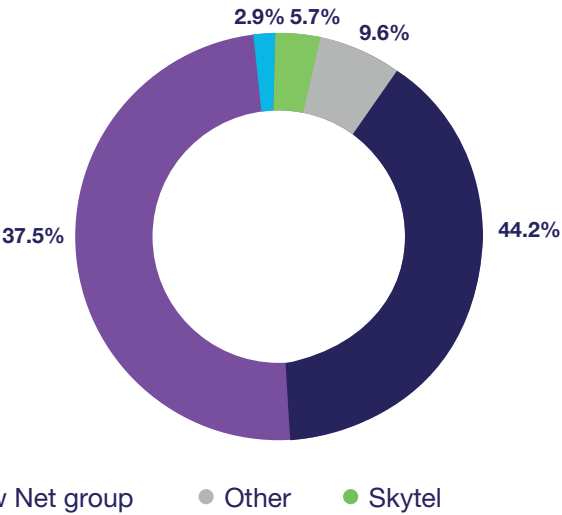


According to the shares of revenues received from residential and business subscribers, taken separately, the distribution according to the residential subscribers is as follows: Magticom’s share is 50%, Silknet – 31.2%, while distribution by business subscribers is: Magticom – 37.5% and Silknet – 44.2%.

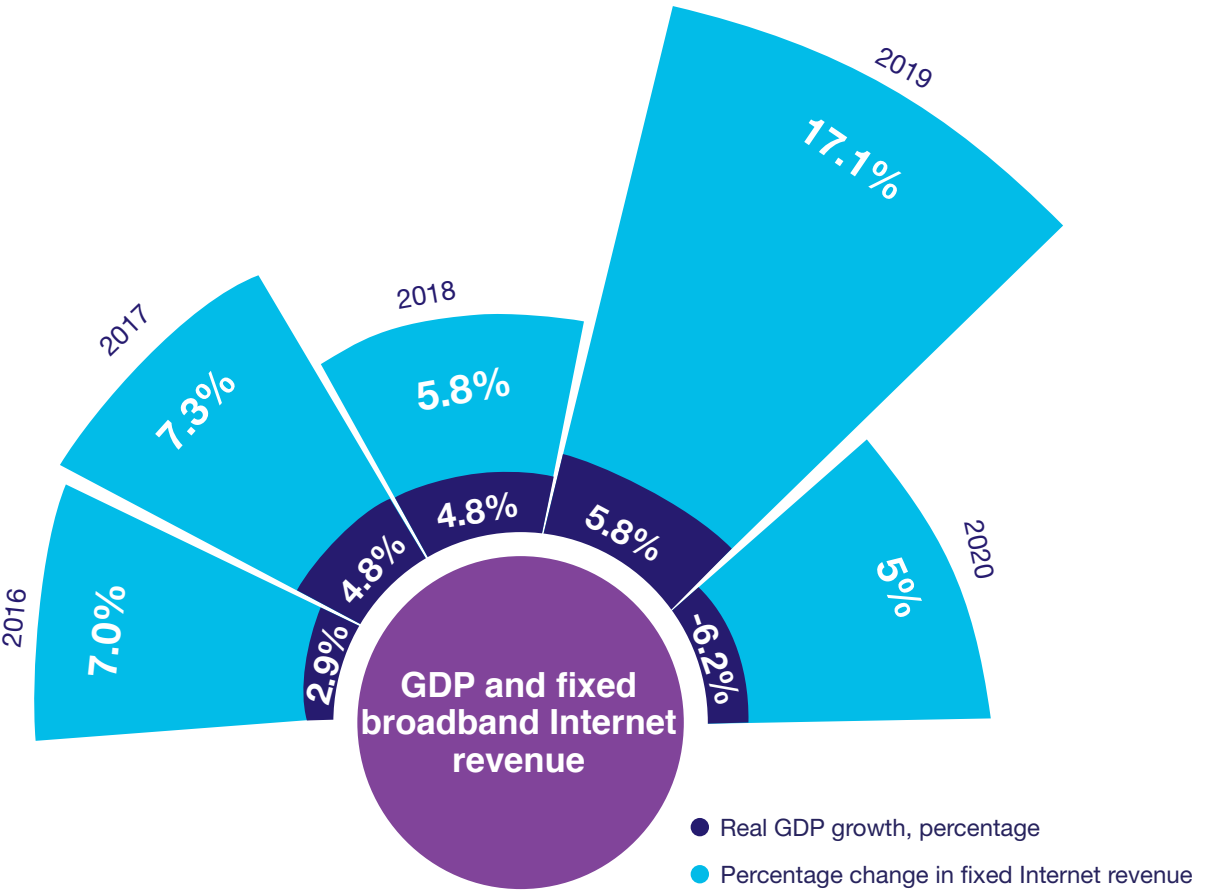
Distribution of revenues received from residential subscribers



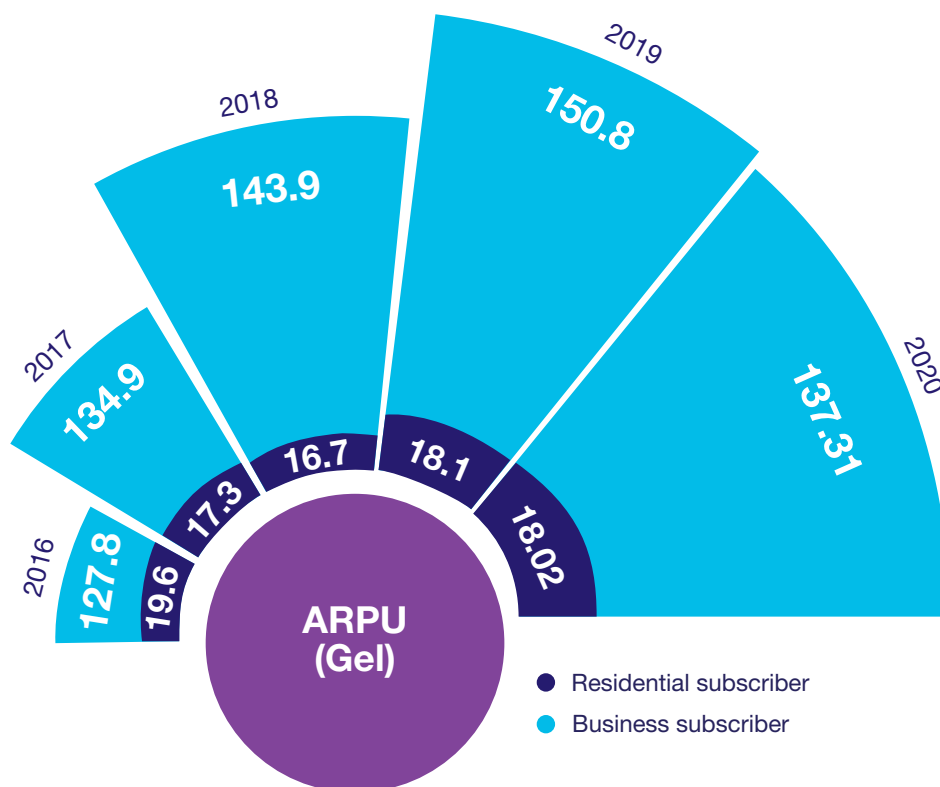
Distribution of revenues received from business subscribers



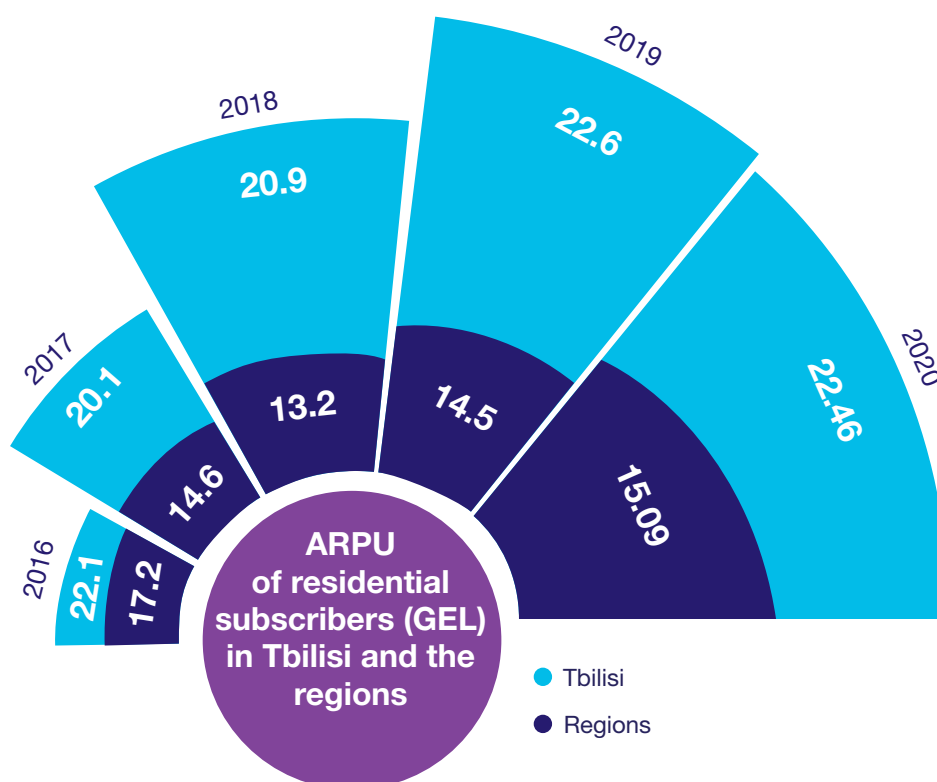
Fixed broadband Internet revenue and GDP growth rates in 2020 are significantly different compared to the previous year.



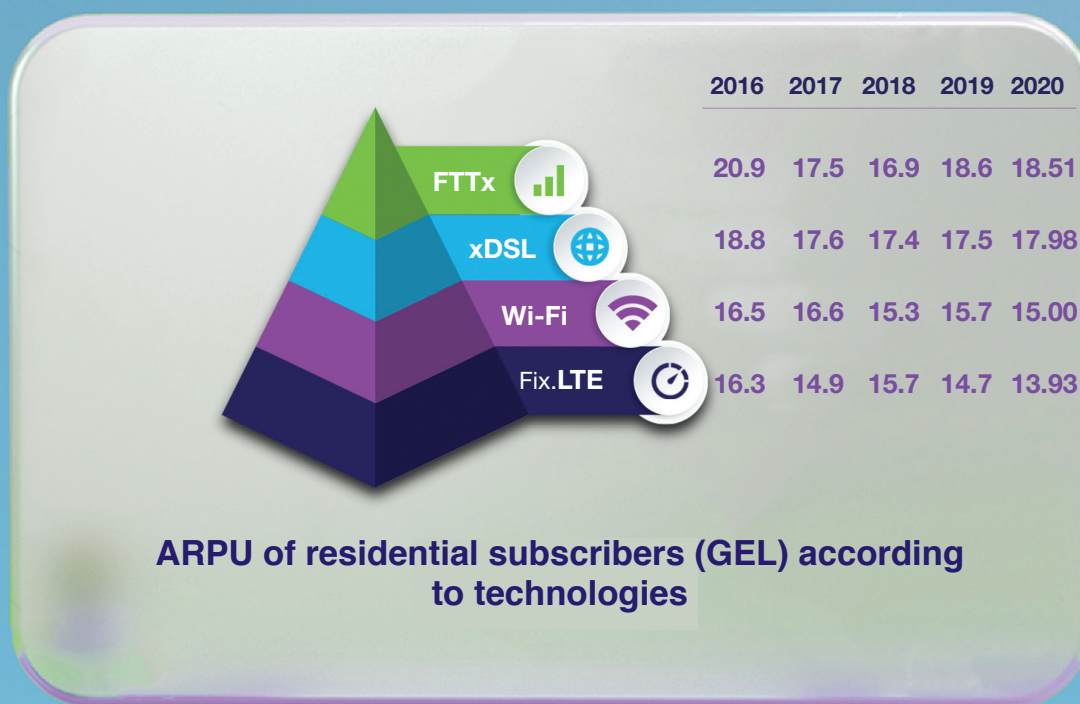
In the fourth quarter of 2020, the residential subscribers' ARPU (Average Revenue per User) amounted to 18.2 GEL. ARPU of business subscribers is reduced, which amounts to 137.31 GEL.



According to the data of the fourth quarter of 2020, ARPU of the residential subscribers in Tbilisi exceeds the ARPU of regions by 67%. The average monthly revenue received from one subscriber per month in the capital has hardly increased, while in the regions it increased by 4%.



ARPU of the residential subscribers is the highest for FTTx technology and it costs 18.51 GEL. The average cost of a subscriber for xDSL technology is 17.98 GEL per month, for Wi-Fi - 15 GEL, and for fixed LTE technology - 13.93 GEL.



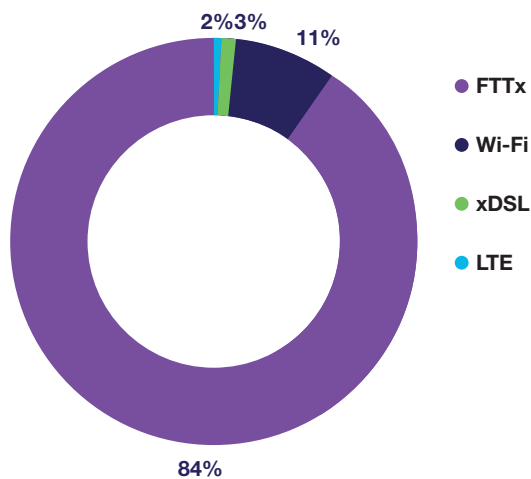
According to the latest data of 2020, 160 entities provided fixed broadband services . The services of FTTx technology was provided by 74 companies, WiFi technology - 127 companies, xDSL - 8 companies, fixed LTE technology – 1.

Most of the residential subscribers (84%) used FTTx Internet, followed by Wi-Fi technology - 11%, xDSL - 3% and fixed LTE - 2%.

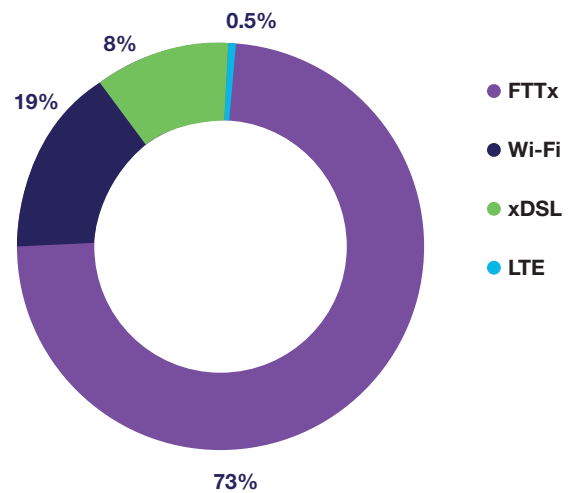
²⁷Includes companies that had at least 1 subscriber

In 2020, the penetration of FTTx technology subscribers per households in Georgia amounted to 75%.²⁸ The distribution of business subscribers by technologies slightly differs. Here Wi-Fi and xDSL technologies have relatively larger share than in the residential subscribers segment.

Distribution of residential subscribers according to technologies

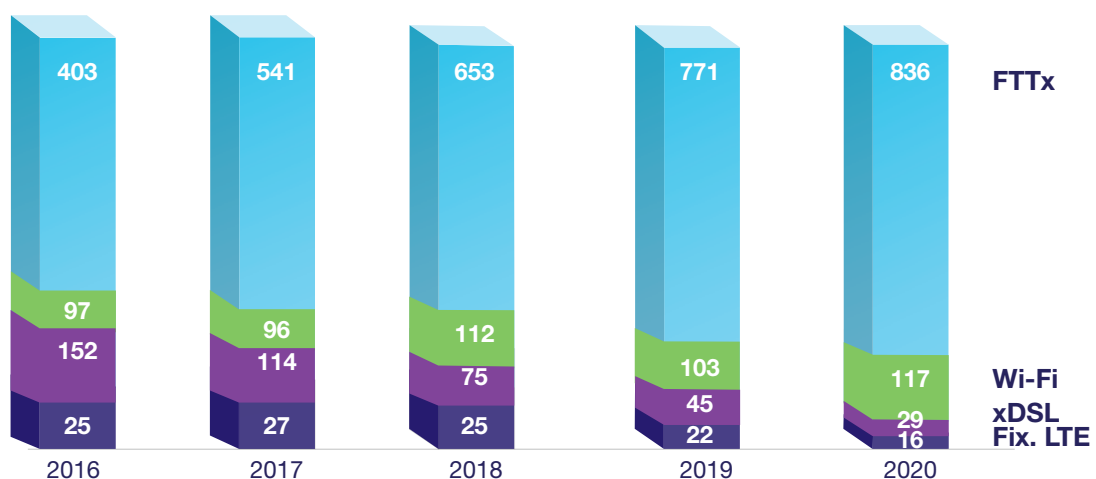


Distribution of business subscribers according to technologies



During the last 5 years, the compound annual growth²⁹ rate in the number of subscribers (residential and business subscribers) of FTTx technology was 15.6%. According to the number of subscribers, the second place is occupied by Wi-Fi technology, however, compared to the previous year, it has decreased by 5.8% due to the development of the FTTx network and, consequently, its accessibility. Since 2016, the number of xDSL subscribers decreased on average by 36.7% per year.

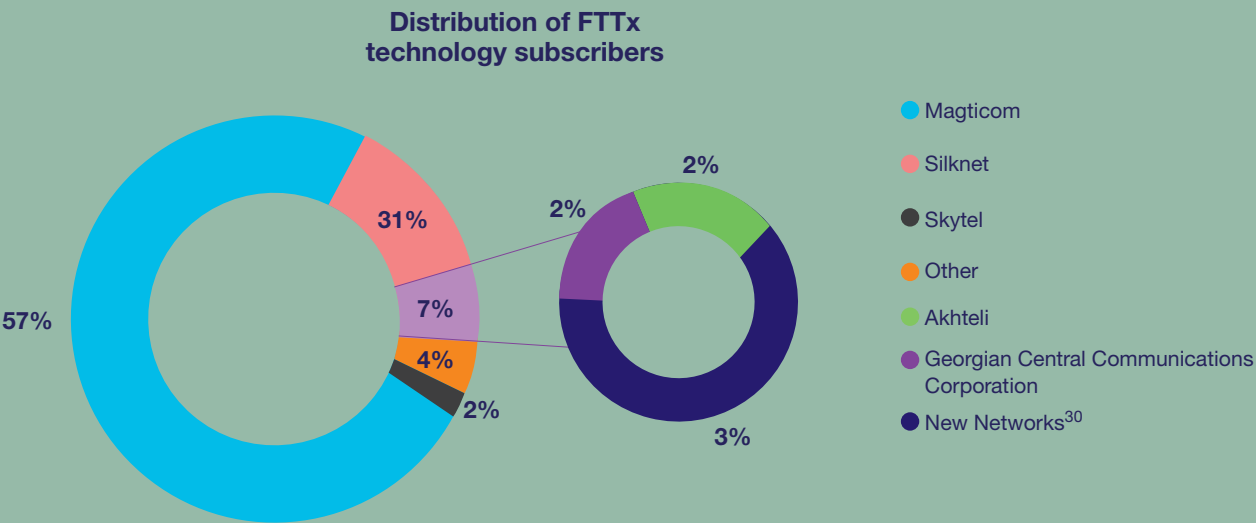
Number of subscribers according to technologies (thousand)



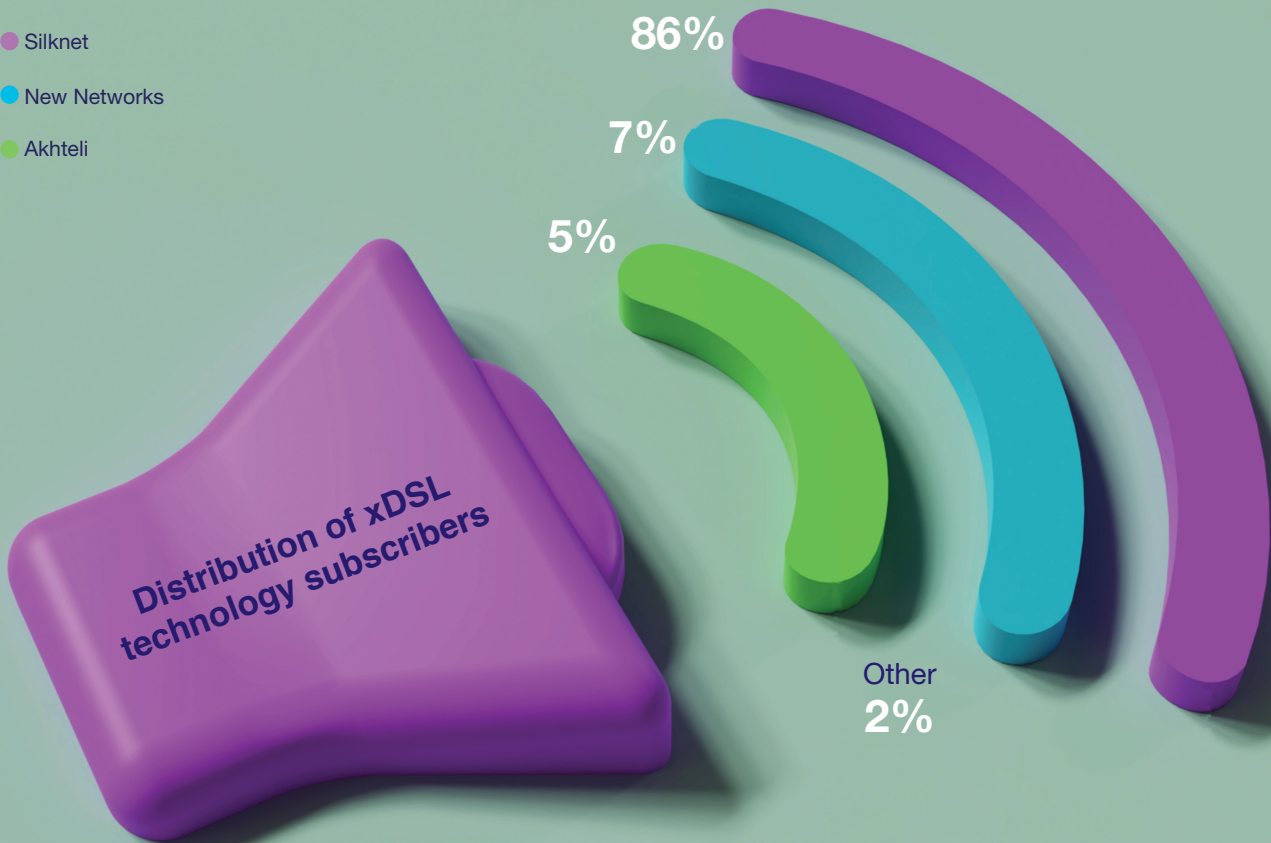
²⁸The number of fiber optic technology residential subscribers divided by the number of households

²⁹CAGR – Compound Annual Growth Rate

According to the data of the fourth quarter of 2020, 57% of (residential) subscribers of FTTx services used Magticom services, 31% - Silknet, and the share of other operators was in total 11.4%.



As for xDSL technology, 86% of the subscribers were Silknet users, 7% of New Networks, 5% of Akhteli, and the share of all other operators was 2% in total.

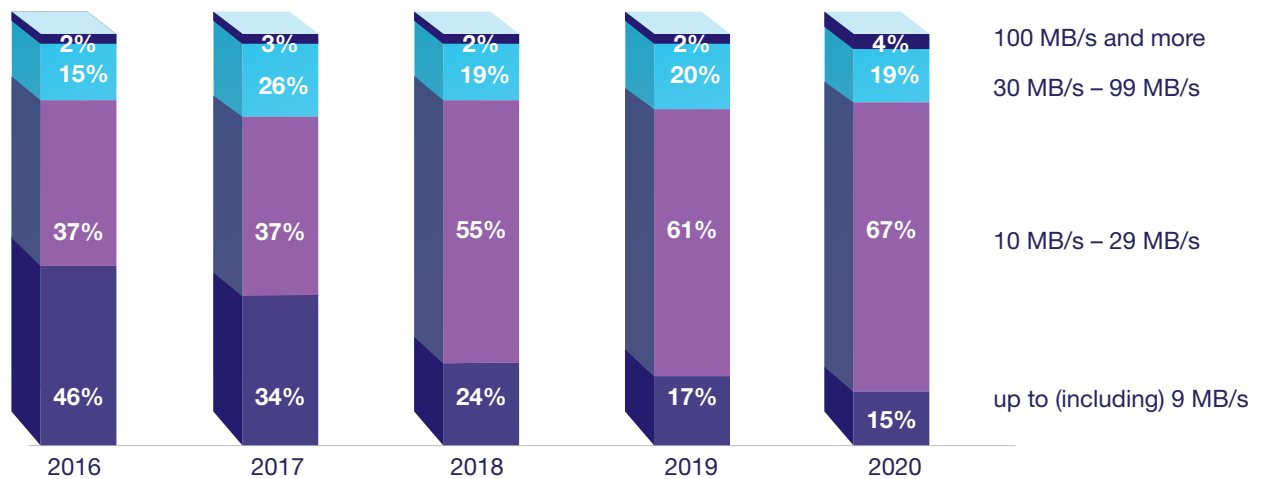


³⁰New Net, Akhteli and Georgian Central Communication Corporation are interdependent and affiliated entities

Unlike FTTx and xDSL technologies, the number of ISPs providing services through Wi-Fi technology is much higher (127 companies). As of the fourth quarter of 2020, SkyTel has the largest share of subscribers of this technology - 36%.

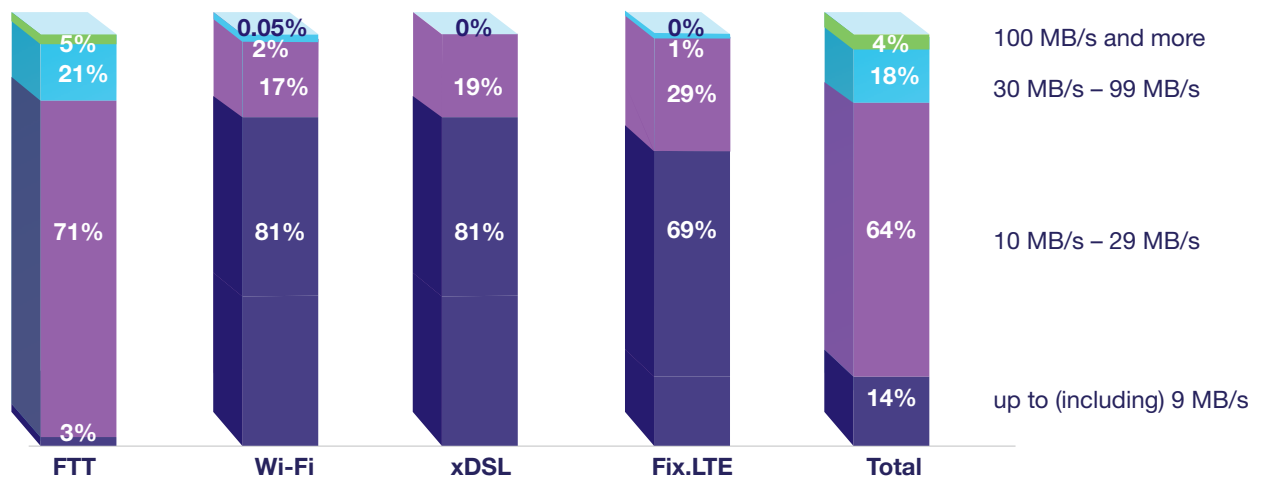
The development of FTTx technology allows subscribers to access high speed Internet services. At the end of 2020, the largest number of subscribers in Georgia used internet services with the declared speed range from 10 Mb/s to 29 Mb/s. The share of these subscribers was 67%. Accordingly, the share of subscribers with a speed range of up to 9 Mb/s is decreasing.

Distribution of the number of subscribers according to the declared speed ranges



The share of subscribers with a speed range from 10 MB/s to 29 MB/s is higher in FTTx technology and reaches 70%. In LTE, Wi-Fi and xDSL technologies, the range from 1 MB/s to 9 MB/s prevails, which is due to the limitations and technical capabilities of these technologies.

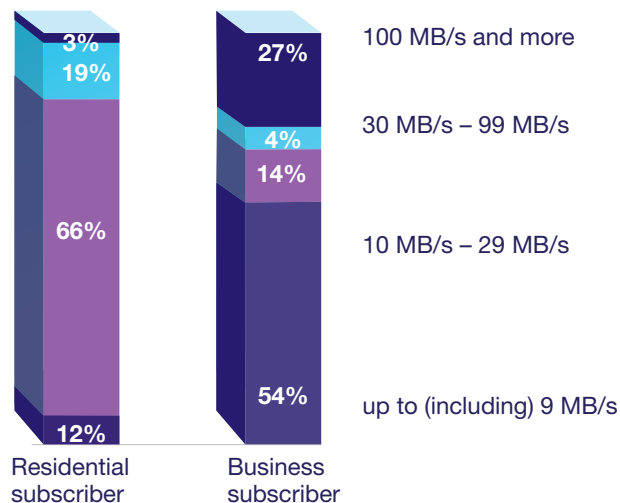
Distribution of the number of subscribers according to technologies and speeds



³¹When analyzing speeds in a fixed broadband Internet service, we mean the speeds declared by the Internet service companies offered to subscribers.

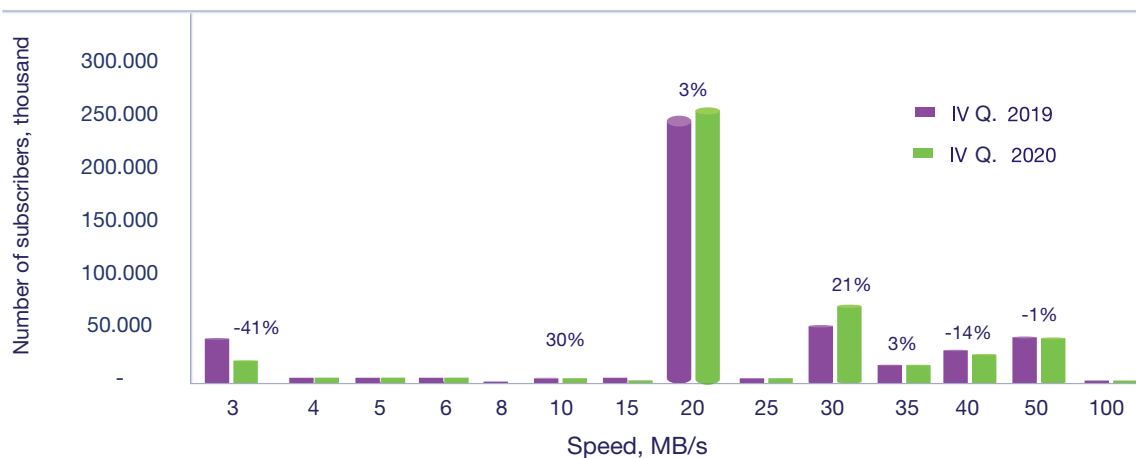
The distribution of the number of business and residential subscribers according to the speed range of Internet services is different. For business subscribers, the prevailing range is up to 9 MB/s (54%), and for residential subscribers - from 10 MB/s to 29 MB/s (66%). It should be noted that in case of business subscribers, a company declares speed of access to global Internet resources.

Distribution of the number of residential and business subscribers according to the declared speeds



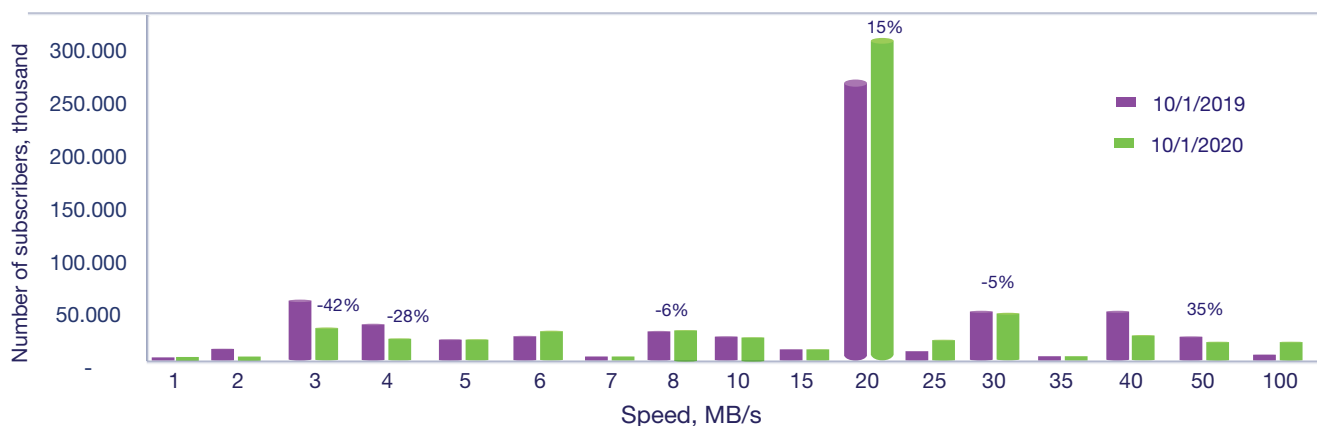
The analysis of the distribution of declared speeds by residential subscribers (separately and not by ranges) shows that in 2020 the most popular Internet package in Tbilisi is 20 Mb/s. The number of subscribers using Internet speed of 30 Mb/s increases, which is mainly caused by changes in tariff plans by companies.

Distribution of residential subscribers according to the maximum speeds of the package - Tbilisi



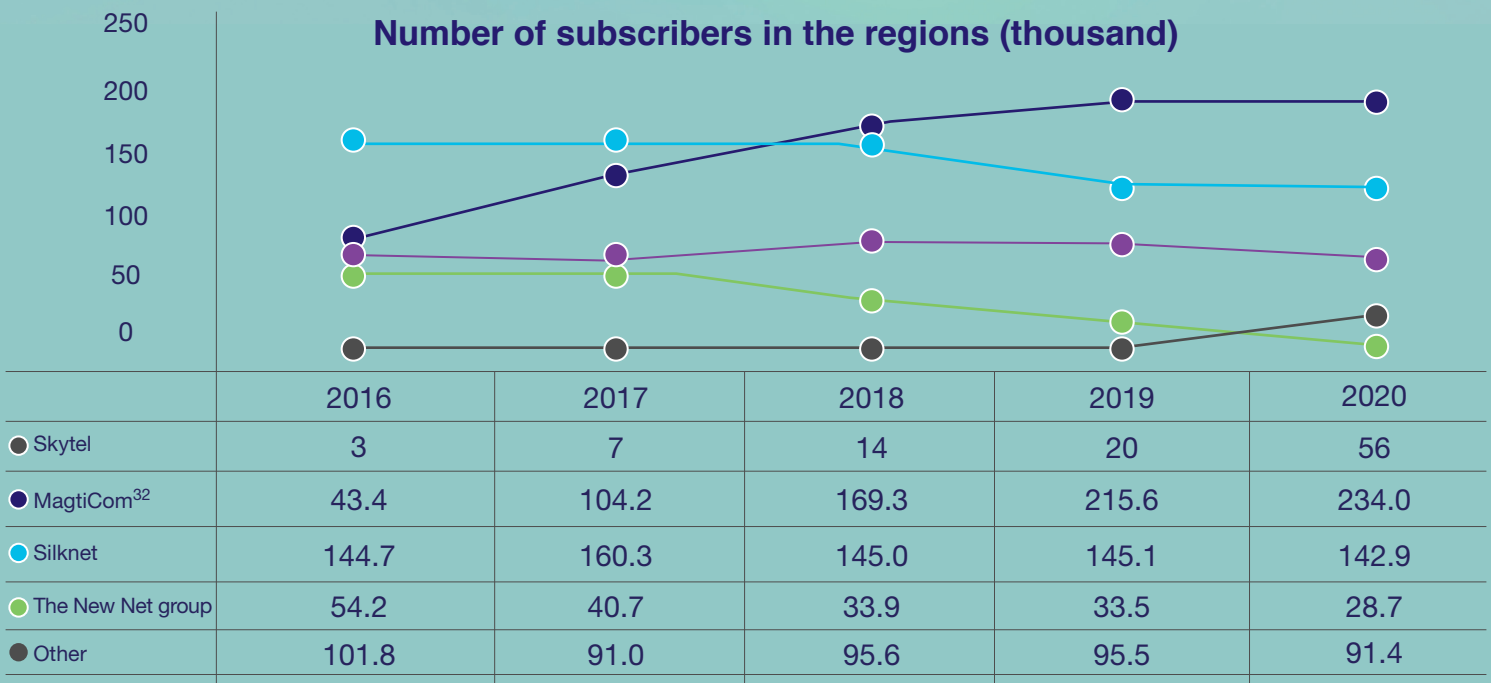
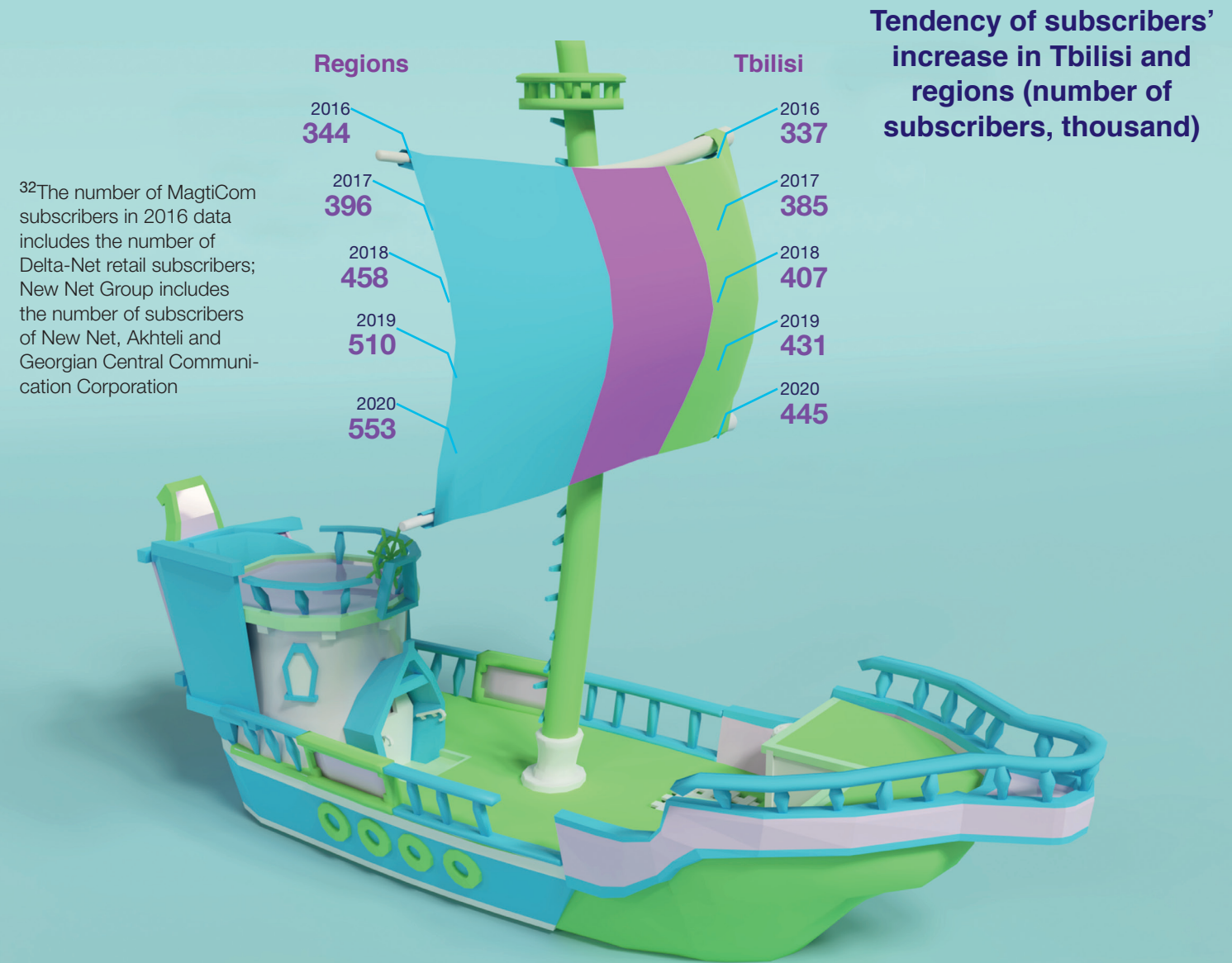
Demand for high-speed Internet is growing in the regions. The number of subscribers using 20 Mb / s Internet service reached 322 thousand.

Distribution of residential subscribers according to the maximum speed of the package - regions



As of the fourth quarter of 2020, 445 thousand (45%) of the subscribers of fixed broadband Internet are in Tbilisi and 553 thousand (55%) in the regions.

In 2020, compared to the previous year, there was 8.2% increase of the number of subscribers in the regions, while the number of subscribers in Tbilisi increased by 3.2%. This increase is attributed mainly to MagtiCom.



As of the fourth quarter of 2020, the Internet penetration (The ratio of the number of subscribers per the number of households, in percentage terms) in Tbilisi is 122%³³. For these reasons, the penetration of the Internet, is high in Adjara - 110%, which is mainly caused by high internet consumption by subscribers in Batumi. The lowest rates in the regions are in Racha-Lechkhumi and Kvemo Svaneti.

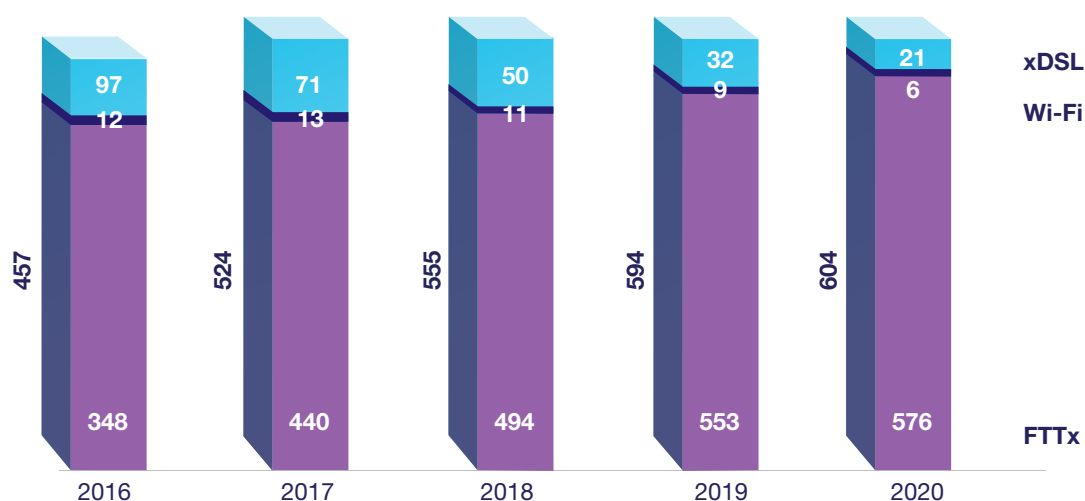
The penetration of broadband internet services in Tbilisi and regions



³³main reasons are: the Internet services available in rented / leased real estate, households having more than one subscription, actual residency is higher than registered residents, SMEs subscribing to residential tariff plans

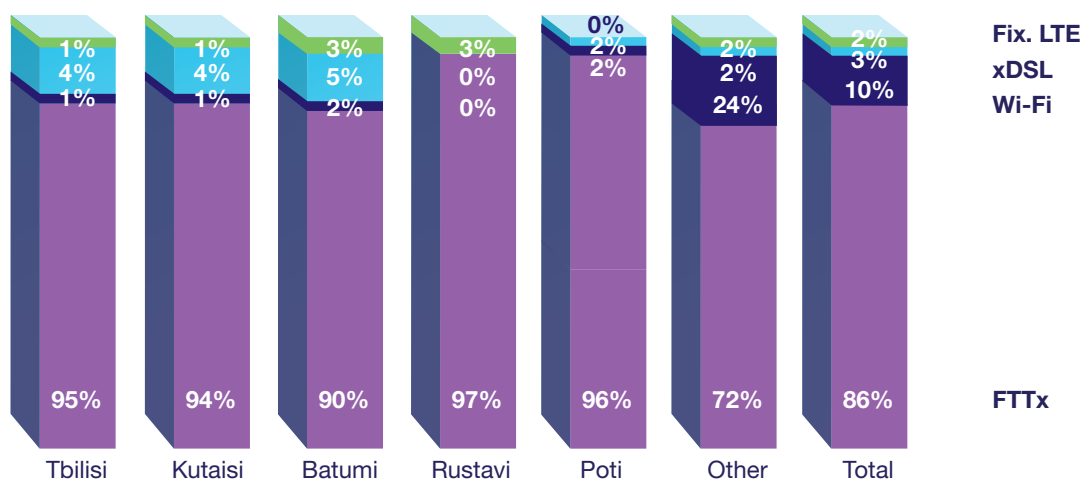
By the end of 2020, the number of fixed broadband Internet subscribers in five large cities of Georgia (Tbilisi, Kutaisi, Batumi, Rustavi and Poti) was 61% of the number of subscribers in the country. The development of FTTx has significantly reduced the number of xDSL technology subscribers in these cities, while the share of fiber-optic subscribers was 95%.

Number of subscribers according to technologies³⁴ (FTTx, xDSL and Wi-Fi) in 5 big cities of Georgia (thousand)



It should be noted that the share of FTTx technology subscribers in all five big cities is more than 86% of the total number of broadband Internet service subscribers, and the largest share is recorded in Rustavi and Poti - 97% and 96%.

Distribution of subscribers according to technologies in 5 large cities of Georgia and other settlements



³⁴There is no LTE technology in the diagram, as in the 2016-2017 data, this technology is not segregated according to settlements

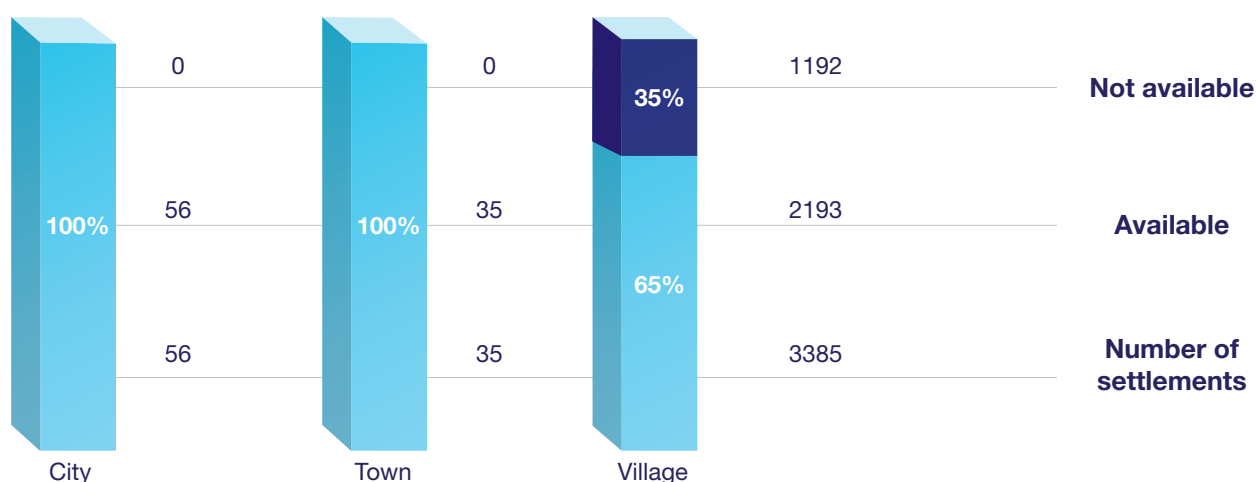
Most of the FTTx subscribers - 50%, are in Tbilisi. A total of 68% of users of the mentioned technology come from five large cities of Georgia (Tbilisi, Kutaisi, Batumi, Rustavi and Poti) and 32% from other cities, towns, and villages. The main reason for this distribution is the limited access to the relevant infrastructure in the rural areas, however the progress is noticeable. The share of subscribers outside the 5 largest cities of Georgia in the number of FTTx technology subscribers was 28% in 2019, and in 2020 this figure amounted to 32%.

Distribution of FTTx subscribers



Fixed broadband internet is available³⁵ in all cities and towns of Georgia. As for the villages, there are 3,385 villages in Georgia, of which 65% have at least one internet service subscriber.

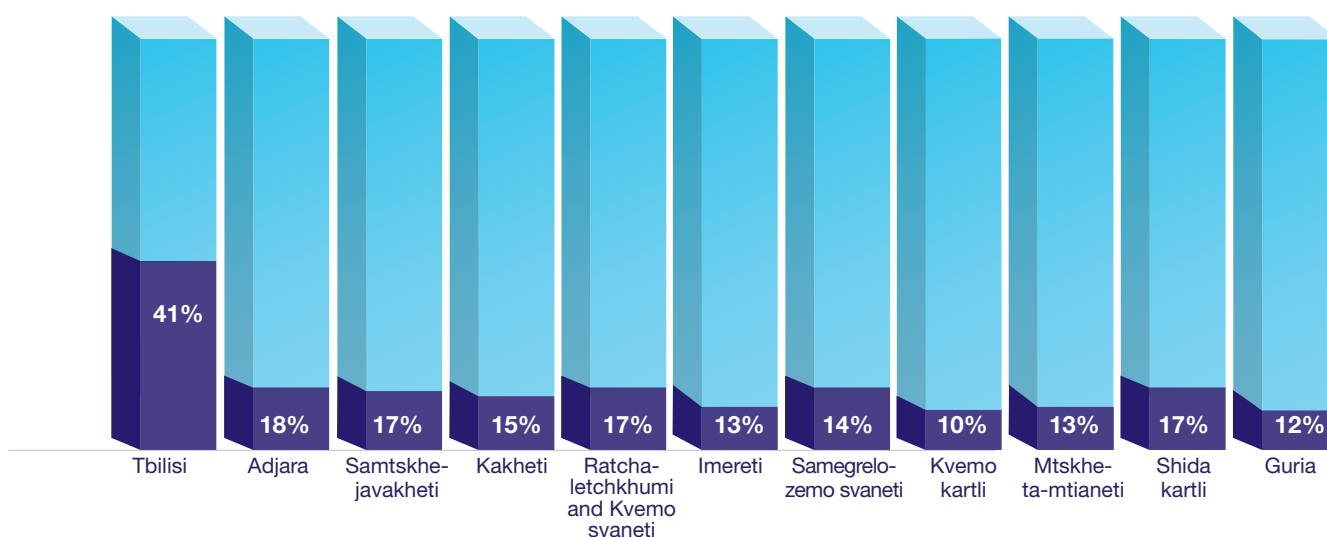
Internet access in settlements (table shows the number of settlements)



The number of business entities³⁶ operating in Georgia is about 196 thousand, while the number of business subscribers of fixed broadband Internet is 47 thousand. This means that only 24% of business entities have internet services. The reason of this situation may be that services offers for business subscribers are much more expensive than similar services for residential subscribers. Consequently, small and medium-sized business entities prefer to subscribe to residential tariff plans.

According to these data, 38% of business entities operating in Tbilisi have Internet services.

The number of existing business entities and distribution of fixed broadband internet among them



● Has no internet	45,444	14,807	4,428	9,340	1,097	20,775	11,029	12,300	4,625	7,314	3,980
● Has internet	31,968	3,314	918	1,659	225	3,237	1,734	1,335	721	1,457	519
Number of active business entities	77,412	18,121	5,346	10,999	1,322	24,012	12,763	13,635	5,346	8,771	4,499

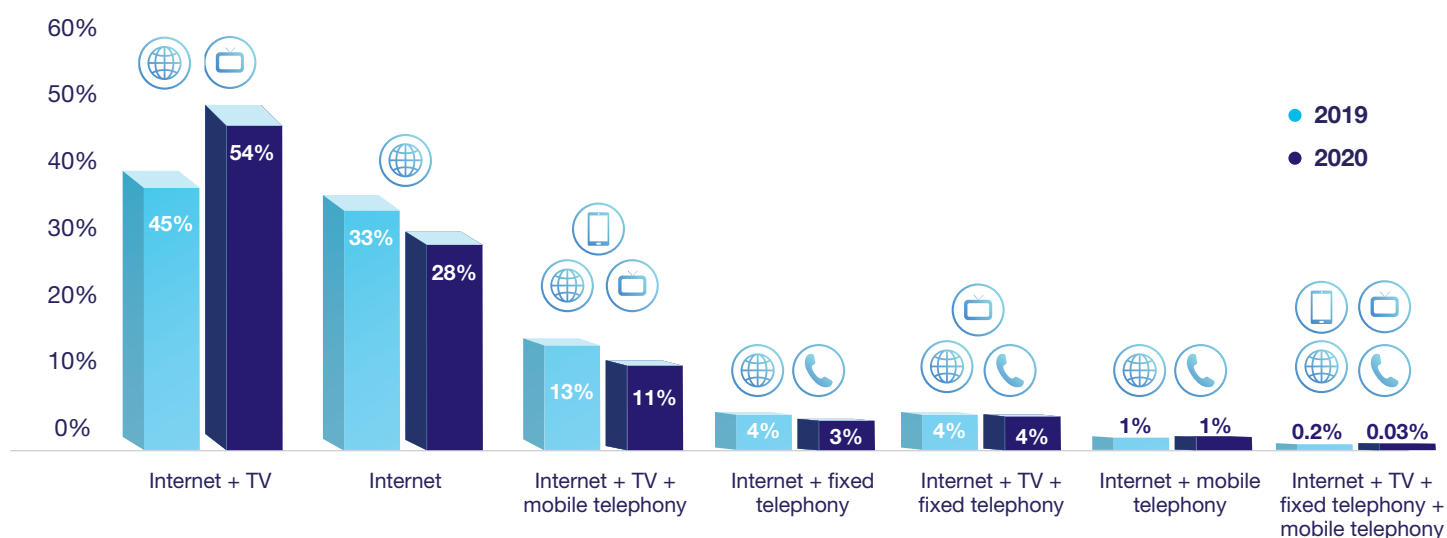
³⁵Availability means the existence of at least 1 subscriber of fixed broadband internet in the settlement (residential or business subscriber)

³⁶Source: National Statistics Office of Georgia

Usage of bundled services

In addition to the broadband Internet available in Georgia, subscribers also enjoy other services provided by the same service provider. Bundled services are mainly offered to the subscribers by Silknet, Magticom and New Net Group. The usage of Internet services combined with Pay TV (IPTV technology), fixed telephone services (PSTN and VoIP) and mobile services by December 2020 has not changed from previous year: The largest share of subscribers (54%) along with Internet services uses PayTV services . Triple play bundles are dominated by the combination of Internet, television and mobile services (11%). However, the total number of triple play subscribers is reduced; Quadruple play bundles of one provider are used by a very small number of subscribers (0.03%).

Consumption of fixed broadband internet in combination with other services (subscribers of Silknet, Magticom, New Network Group)



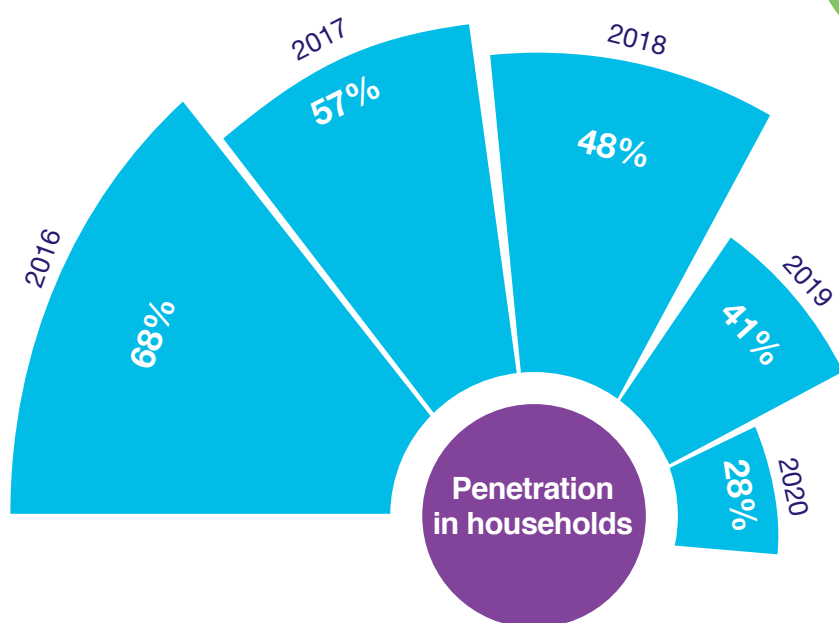
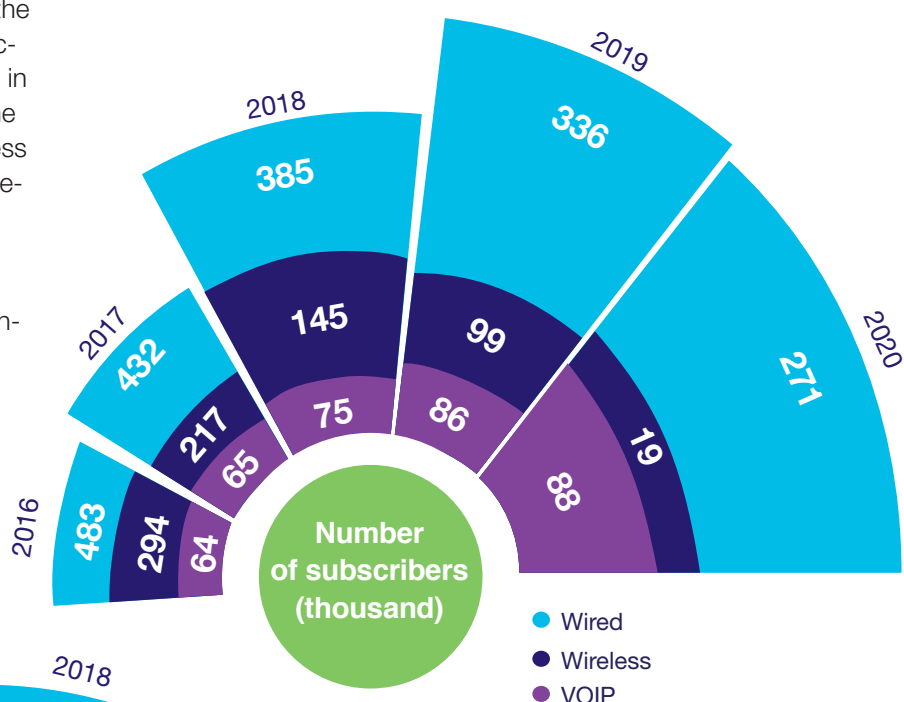
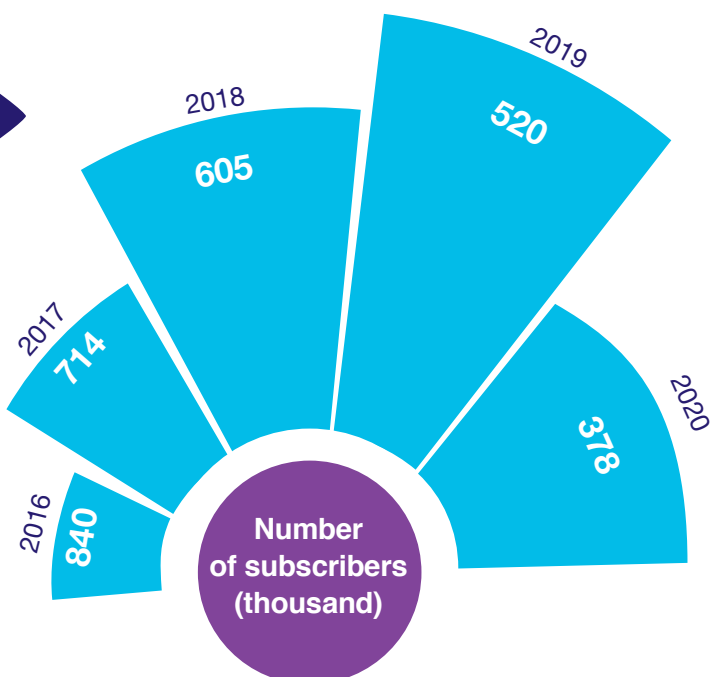
³⁷The analysis covers residential subscribers of Silknet, Magticom and New Net Group

Fixed telephone service³⁸

Wired, wireless (CDMA) and VoIP (Voice over Internet Protocol) technologies were used in the fixed telephone market in Georgia. According to the data of IV quarter of 2020, in total 25 companies were operating in the fixed telephone market. Fixed wired technology was provided by 9 authorized undertakings, wireless – 2 authorized entities, and VoIP - 24³⁹ authorized entities.

In the fourth quarter of 2020, the number of fixed telephone subscribers amounted to 378 thousand. Compared to the same period in 2019, the number of subscribers decreased by 27% (141 thousand subscribers). The decrease in the number of fixed telephone subscribers (respectively, revenues and traffic) is a common trend in the whole world, which is mainly a result of the development of mobile services, Internet access and consequently the growth of OTT (Over-The-Top) services.

The number of subscribers has decreased on wired and wireless technology, while VoIP technology has increased.



The penetration of fixed telephone subscribers among households is 28%⁴⁰ as of the fourth quarter of 2020. Last year, the figure was 41%. Unlike the conditions of mobile services, if the subscriber does not use a fixed service, the phone number / line will not be canceled in a short period of time, which more or less helps to maintain the number of subscribers. Otherwise, this figure would be even lower.

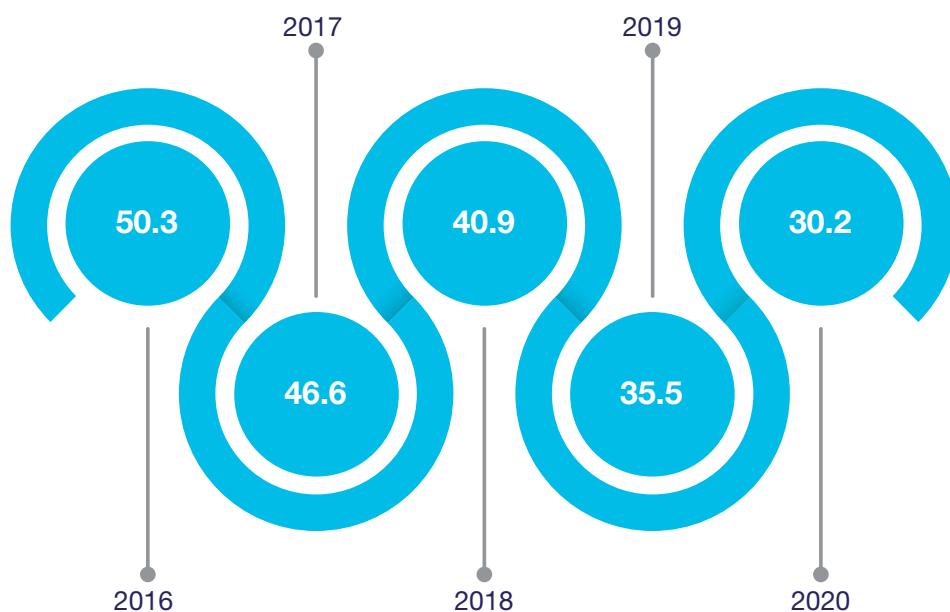
³⁸Data taken as of March 5, 2021.

³⁹Some companies use simultaneously several technologies. Consequently, the sum of the number of operators by technologies does not equal the sum of the total number of operating operators

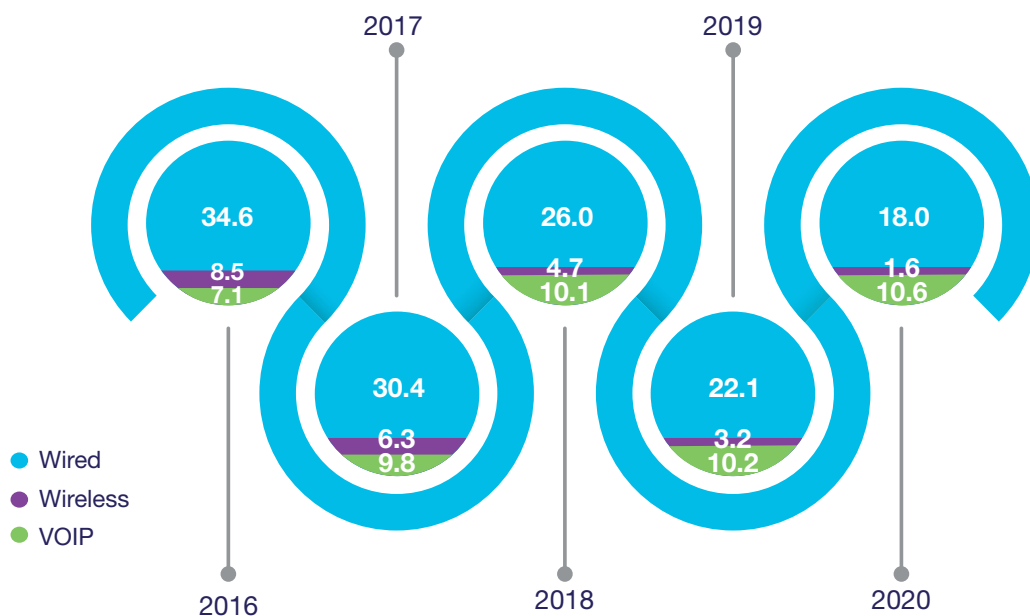
⁴⁰The number of residential subscribers using fixed telephone services is correlated with households in the country

The total retail revenue of fixed telephone services is characterized by a downward trend. Only revenue from VoIP technology has increased slightly.

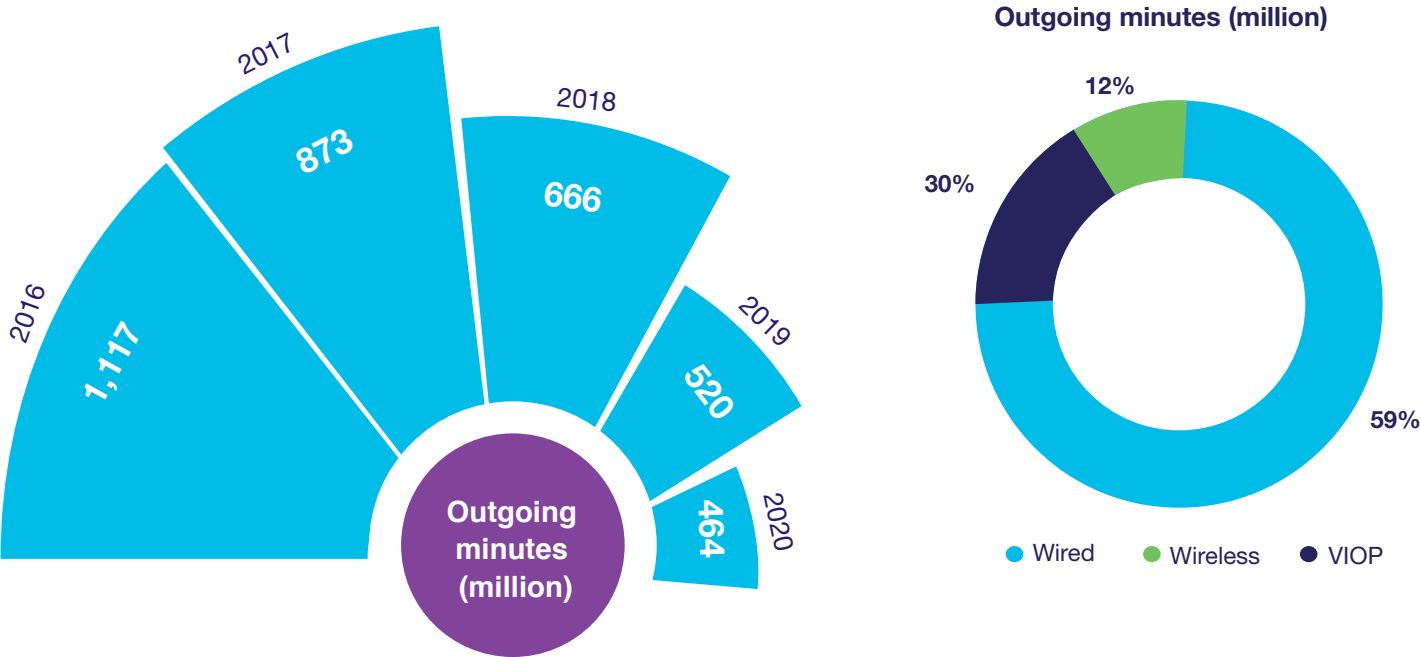
Retail revenue (million GEL)



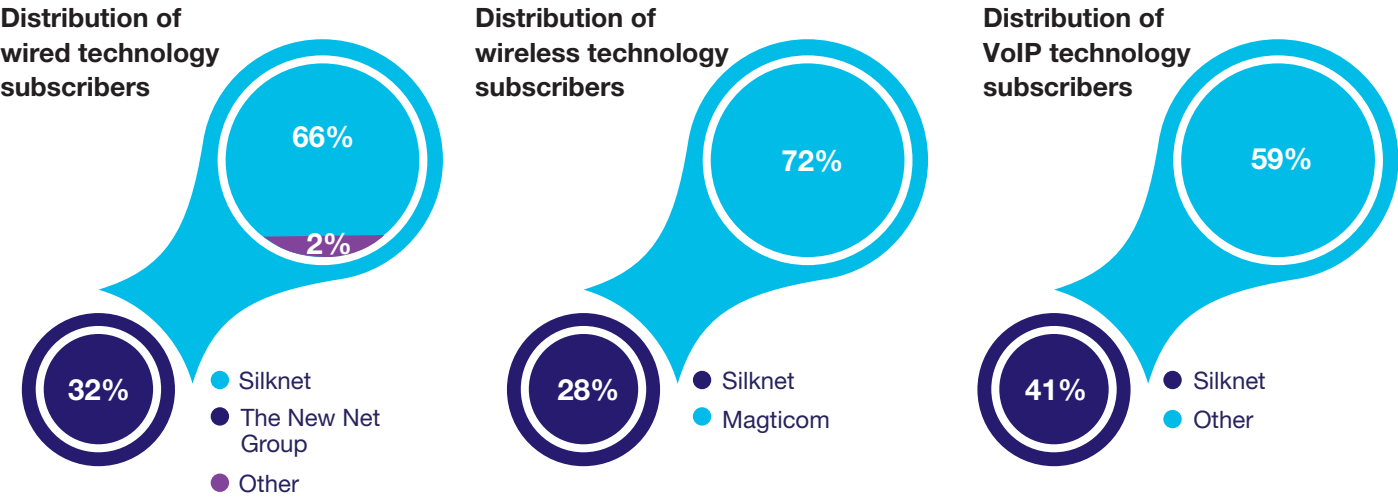
Retail revenue according to the technologies (million GEL)



The trend of declining outgoing traffic on fixed telephone services continues as well. While in 2019 it was 520 million minutes, in 2020 it was reduced by 11% to 464 million minutes.



Silknet is leading according to the number of fixed wired and VoIP telephone subscribers. Magticom has a dominant share in fixed wireless technology. Besides Silknet, relatively large market players in VoIP technology are Geonet, Inex Phone and Myphone.



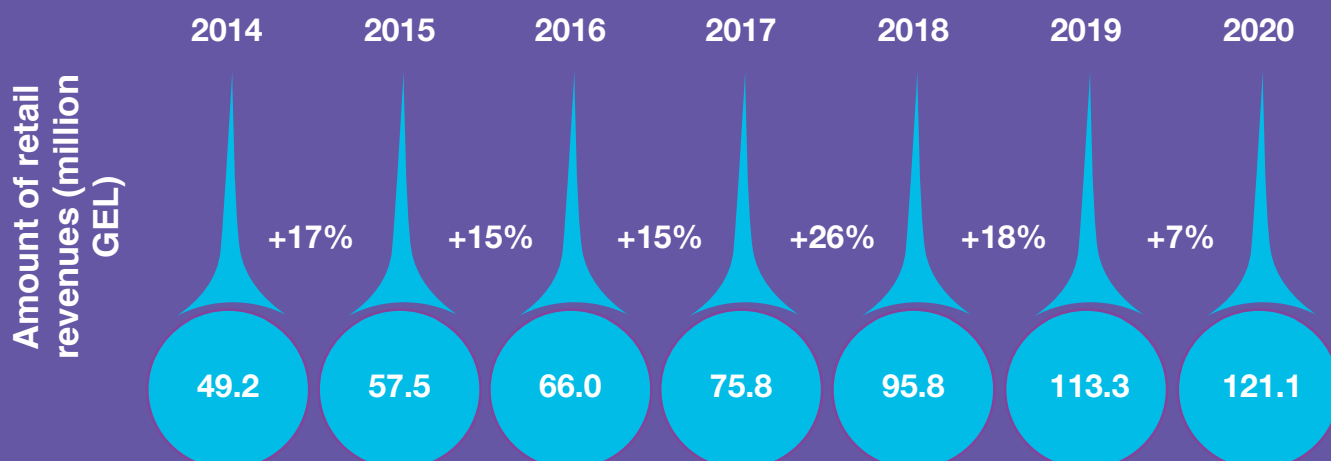
Broadcasting transit⁴¹

According to the data of the last quarter of 2020, 732.4 thousand subscribers used broadcasting transit service, which is 0.2% (1.2 thousand subscribers) more compared to the corresponding period of the previous year. Since 2014 the annual average growth rate of the number of subscribers is 8.3%.

	Number of subscribers (thousand)	Subscriber penetration
2014	461.9	41.6%
2015	476.1	42.9%
2016	486.4	43.9%
2017	612.2	55.2%
2018	694.4	62.6%
2019	730.8	65.9%
2020	732.4	66.0%

Accordingly, the subscriber penetration has also increased - the penetration of broadcasting transit subscribers has reached 66.0% per households⁴².

The annual amount of retail revenue from broadcasting transit amounted to 121.1 million GEL, which is 7% (7.8 million GEL) more than the previous year's figure. The annual average increase in retail revenues is 14% since 2014.

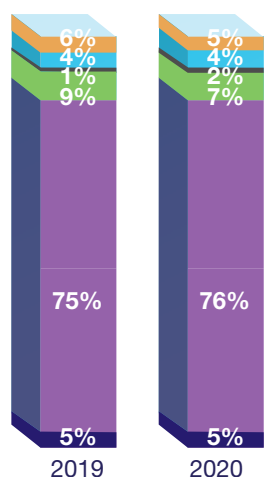


⁴¹Data are presented as of March 1, 2021

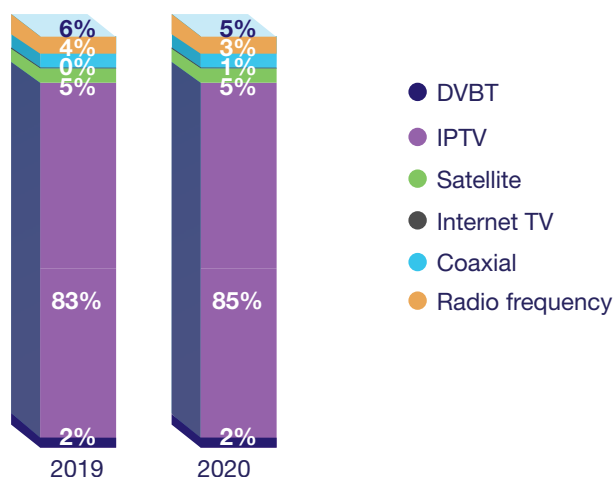
⁴²The ratio of the number of Pay TV (broadcasting transit) subscribers divided by the number of households in the country

According to the data of the last quarter of 2020, IPTV technology is still the most popular means of Pay tv service. Compared to the previous year, its share increased by 1% and became 76%. IPTV's retail revenue also increased by 2% in total revenue and is 85%.

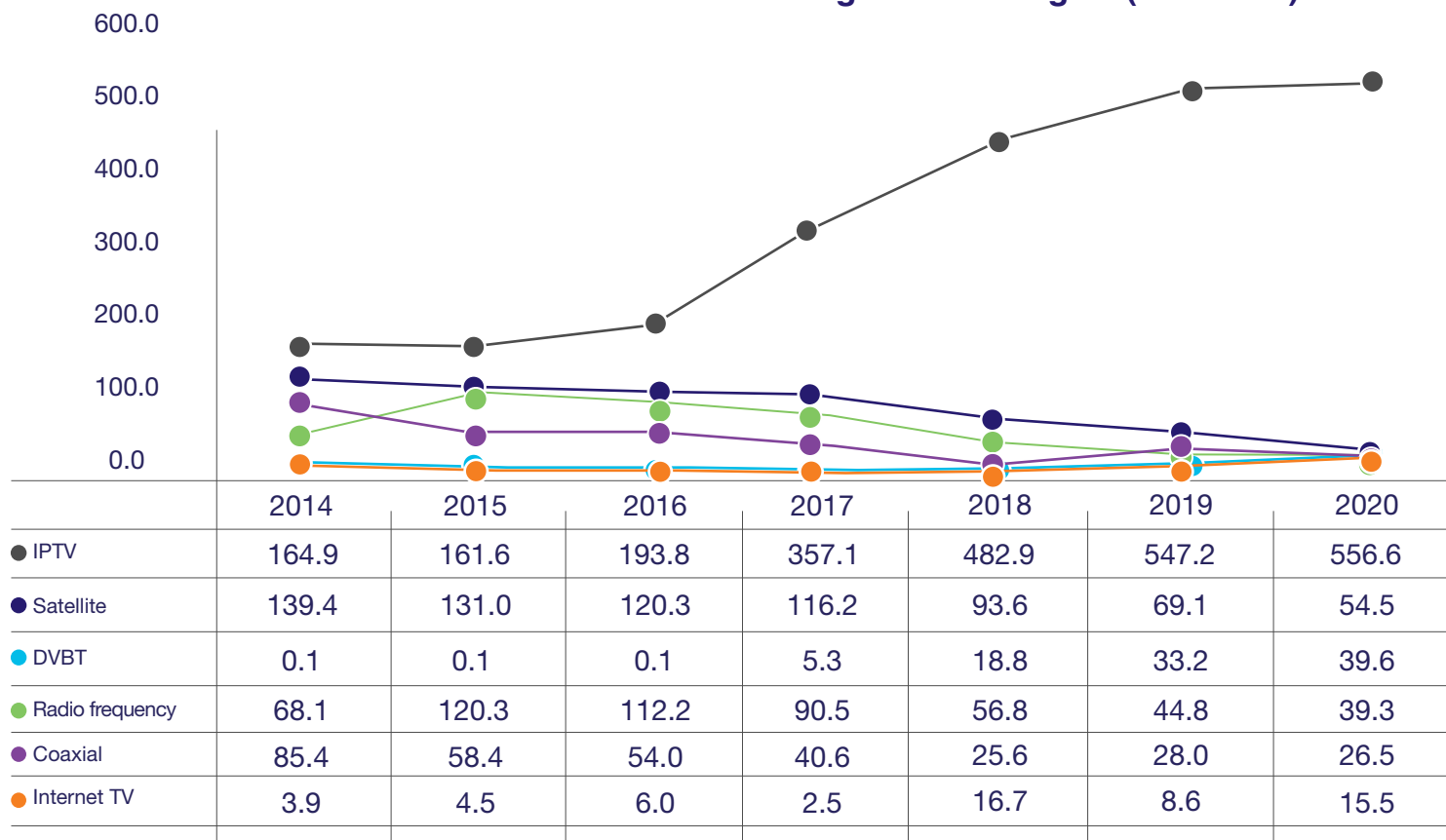
Distribution of subscribers according to technologies (IV quarter data)



Distribution of retail revenues according to technologies

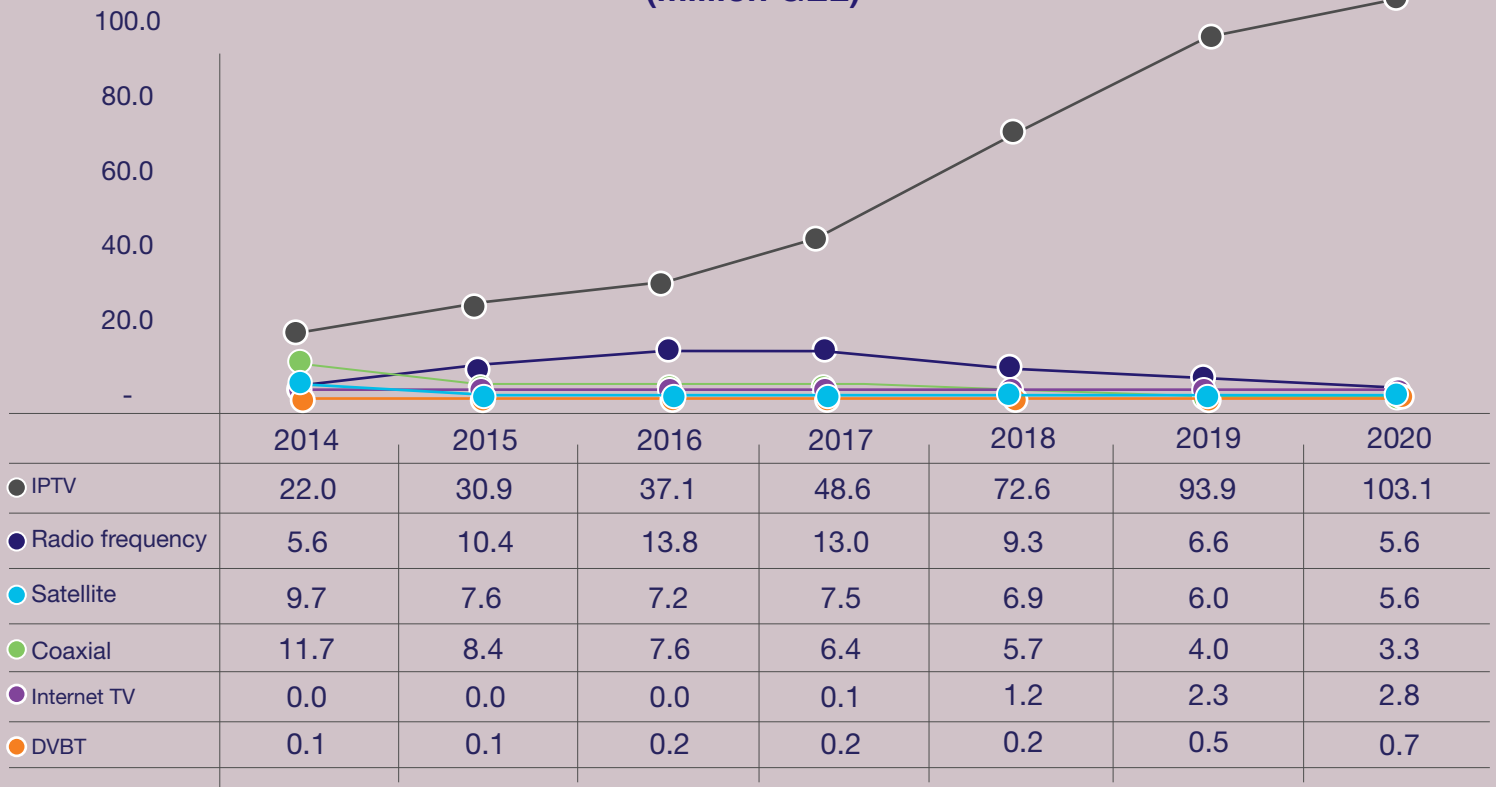


Distribution of subscribers according to technologies (thousand)⁴³

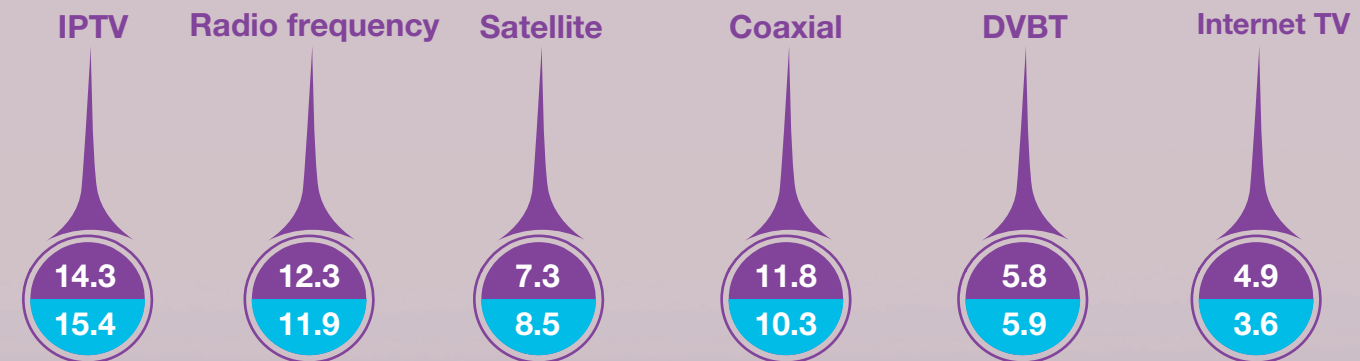


⁴³In 2016, MagtiCom acquired the retail segment of Caucasus Online. Georgia has switched to digital broadcasting since 2015

Distribution of retail revenues according to technologies (million GEL)



Over the year, the average ARPU of the month has increased in IPTV, satellite and DVBT technologies.

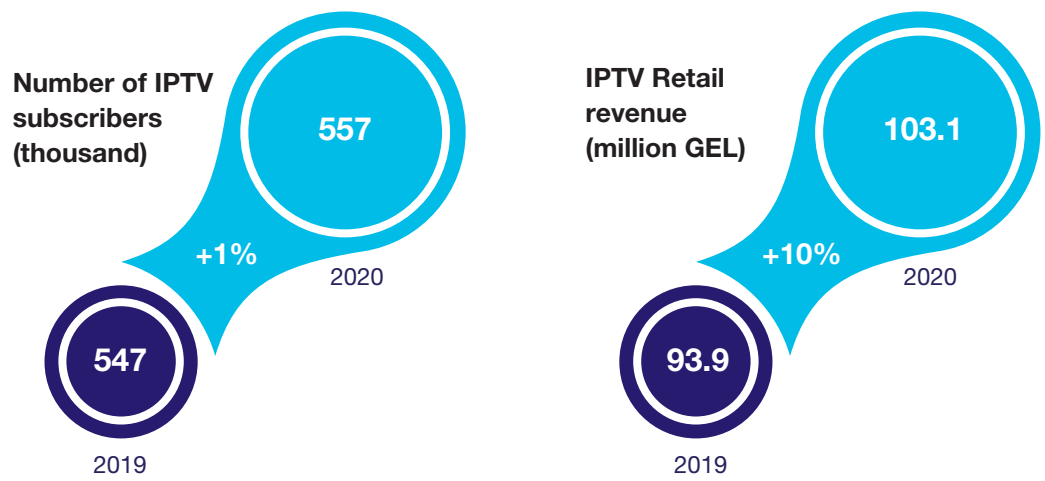


Average annual ARPU according to technologies

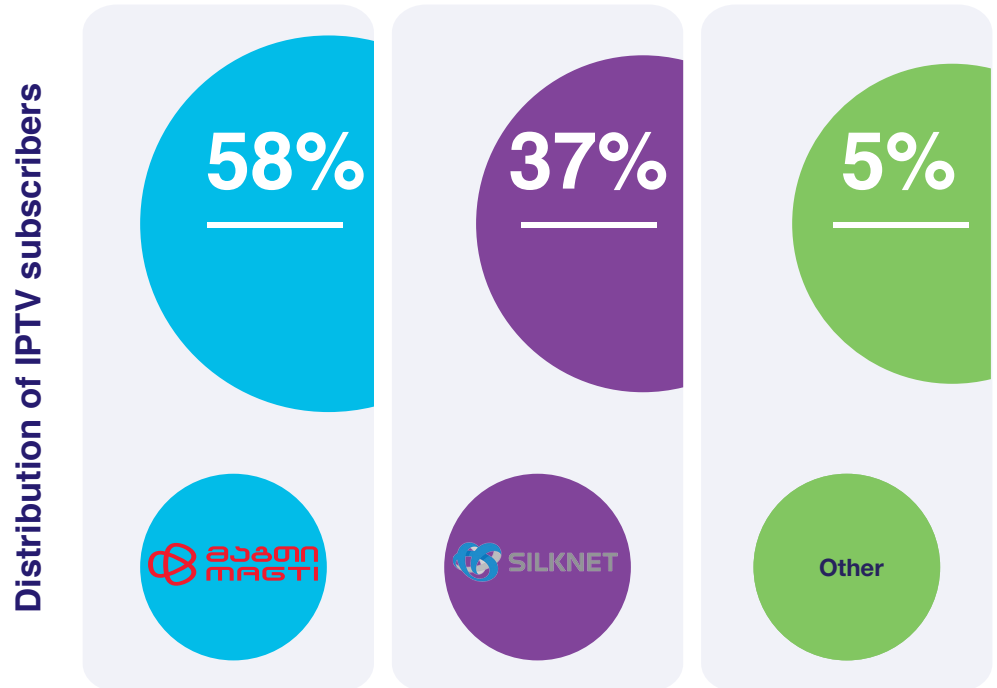


● 2019
● 2020

According to the data of the last quarter of 2020, compared to the same data of 2019, the number of IPTV subscribers increased by 1%, and the annual amount of retail revenues increased by 10%.

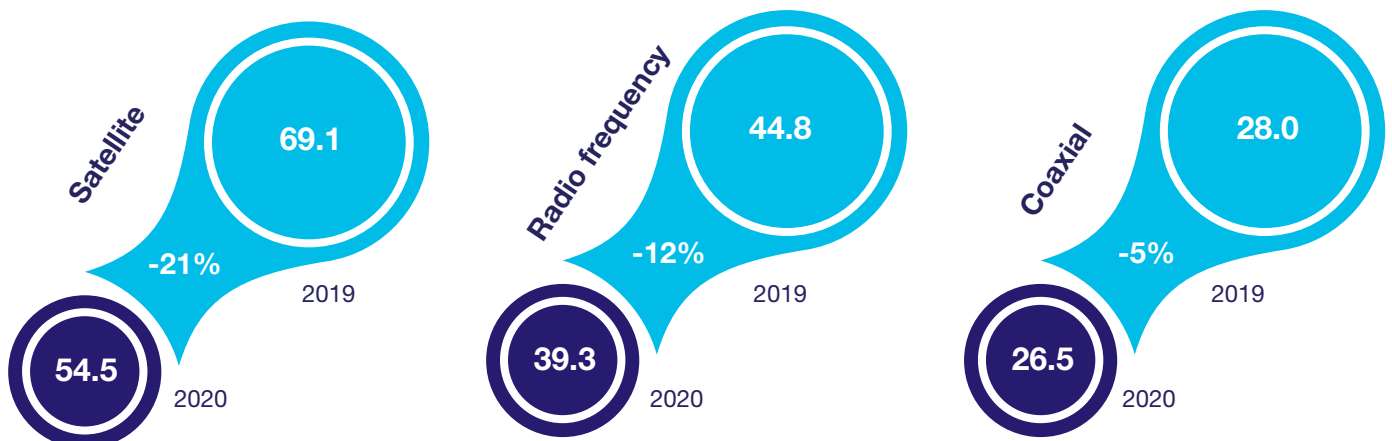


In the last quarter of 2020 IPTV services were mainly provided by two operators - Magticom (57%) and Silknet (38%).

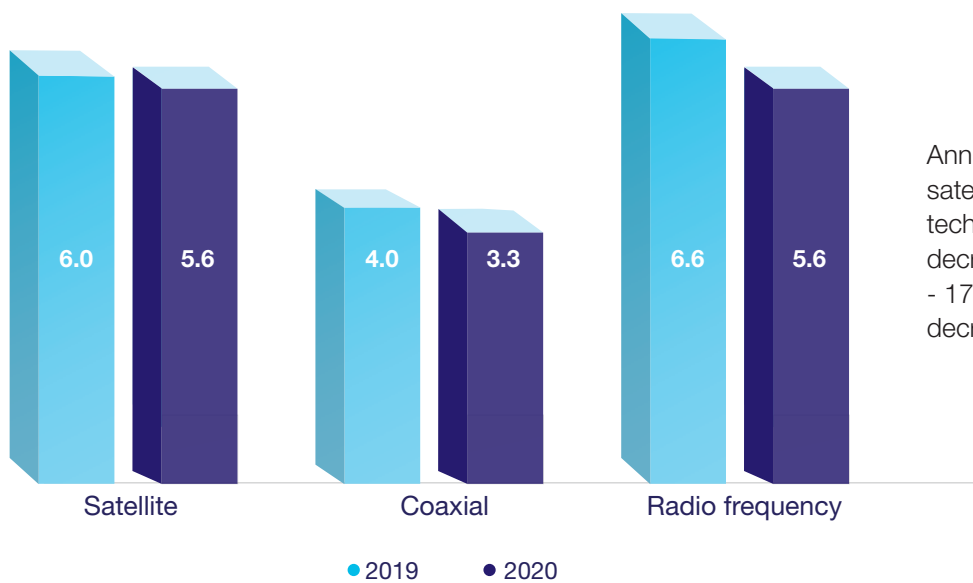


According to the data of the last quarter of 2020, compared to the same data in 2019, the number of subscribers using transit satellite technologies decreased by 21%, coaxial technology - by 5%, and the number of subscribers using radio-frequency technology decreased by 12%.

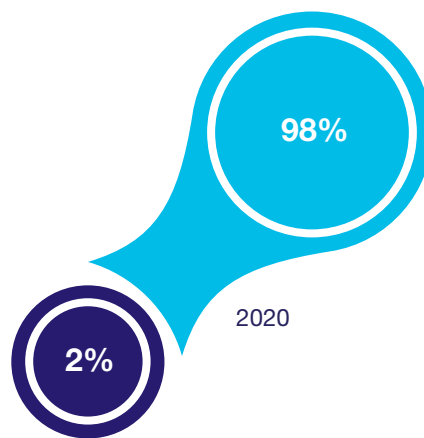
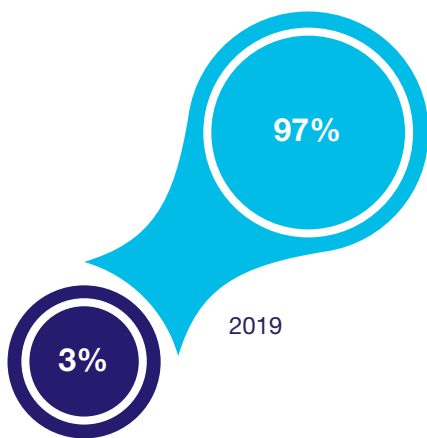
Number of satellite, radio frequency and coaxial subscribers (thousand)



Retail revenues of transit services, compared to 2019, decreased



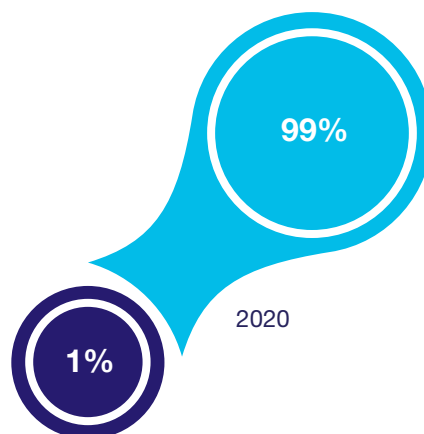
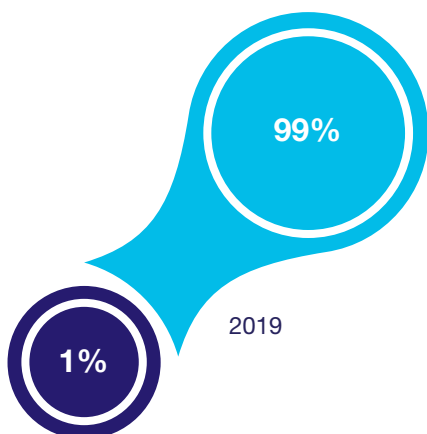
Annual retail revenues from transit of satellite, coaxial and radiofrequency technologies decreased: satellite decrease - 8%, coaxial decrease - 17%, radiofrequency technology decrease - 15%.



Distribution of subscriber revenue according to the type of contract

● residential subscribers
● business subscribers

The Pay TV, in 2020, received 98% of subscriber revenue from residential subscribers, and only 2% from business subscribers. For comparison, in 2019 these figures were 97% and 3%. In both cases, the redistribution of subscribers is the same and 99% of the subscribers were residential subscribers.

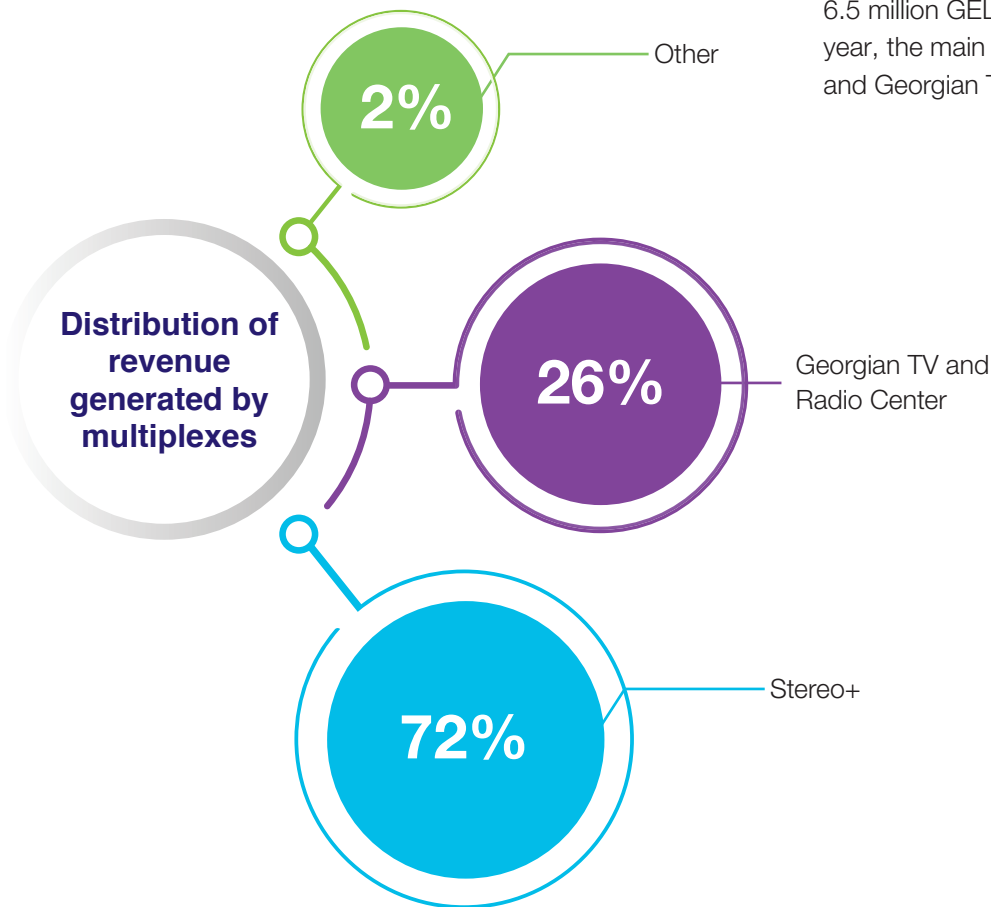


Distribution of subscribers according to the type of contract

● residential subscribers
● business subscribers

Multiplex services

In December 2020, there were a total of 25 multiplex operators in Georgia, but only 11 operators received revenue from the multiplex service, the rest of the operators distributed their own channels / channel and therefore did not provide commercial services. The operators received 6.5 million GEL from the multiplex services during the year, the main part of which was generated by Stereo + and Georgian TV and Radio Center.

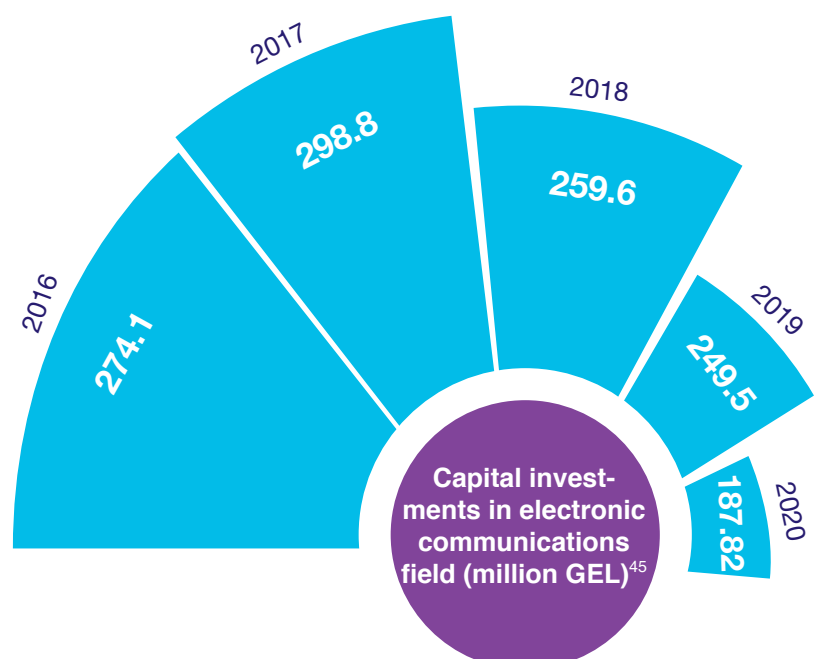


Capital investments in electronic communications

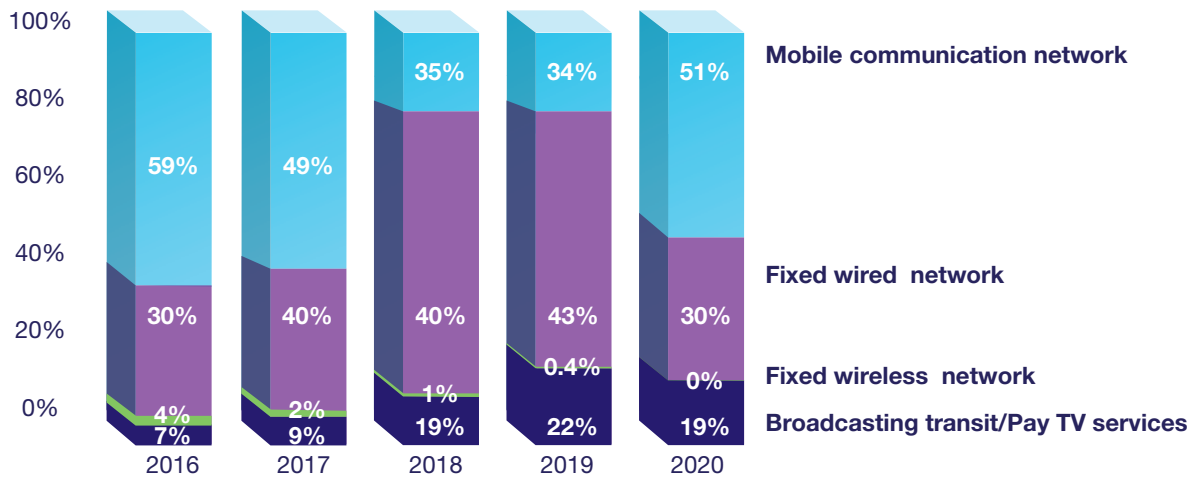
The amount of capital investment in electronic communications⁴⁴ in 2020 is 187.82 million GEL, which is 24% less than in the same period of 2019.

⁴⁴Includes mobile and fixed (wired and wireless) service networks and the amount of investments in transit services

⁴⁵Capital investments include data of companies whose annual revenues amounted to 91% of total electronic communications revenue in 2020

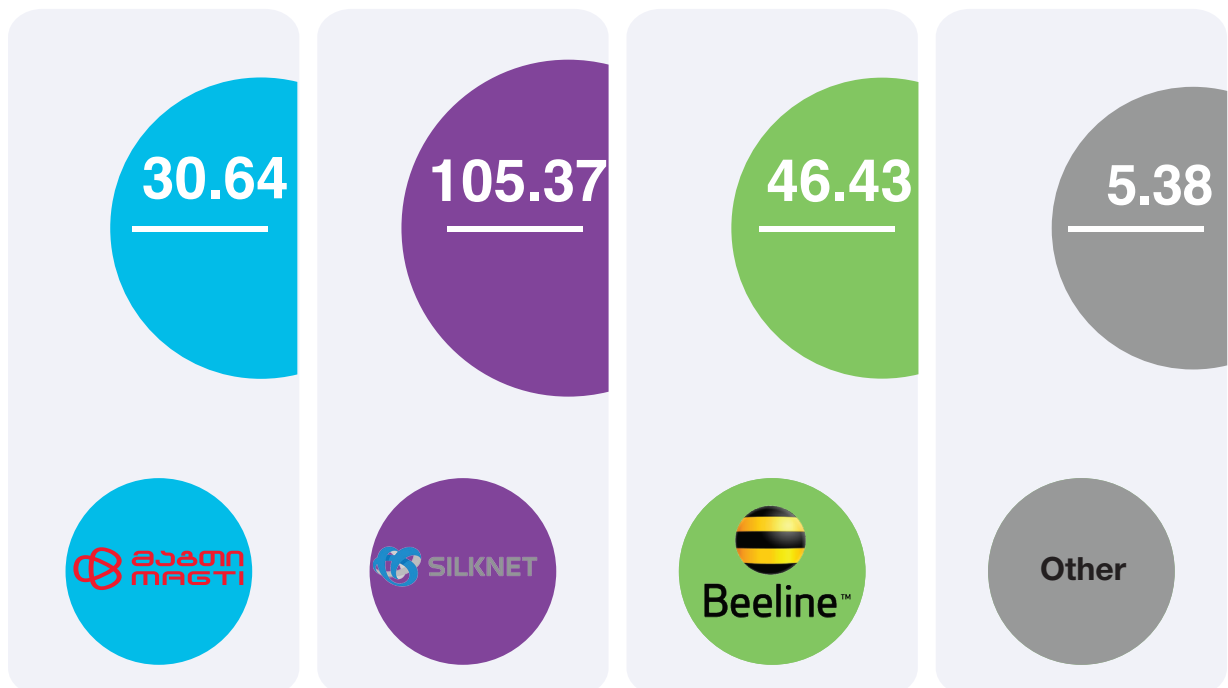


Distribution of capital investment in electronic communications according to network types

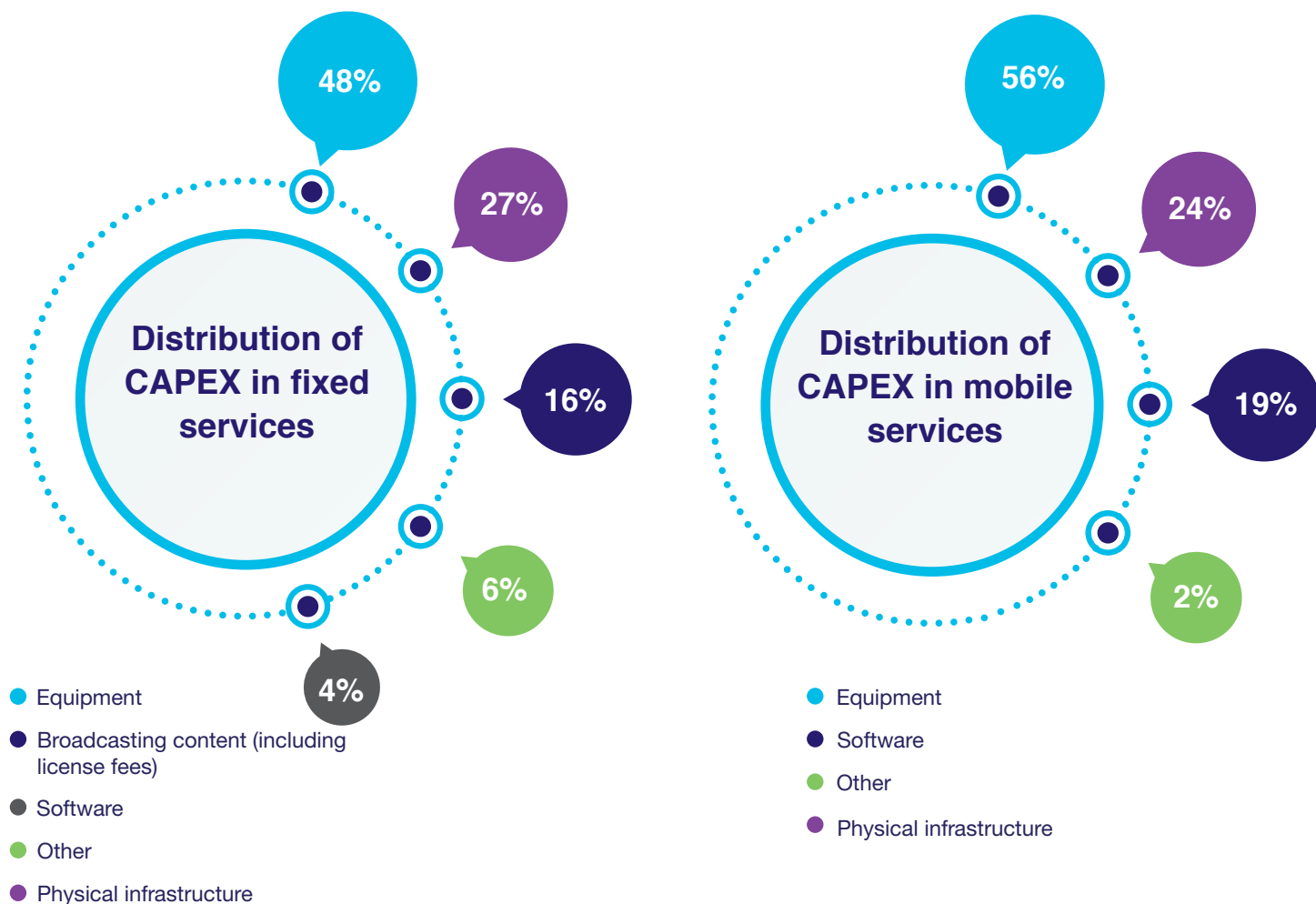


According to the capital investments in electronic communications, the top three companies are Magticom, Silknet and Veon Georgia. The investments made by them is 97% total capital investments.

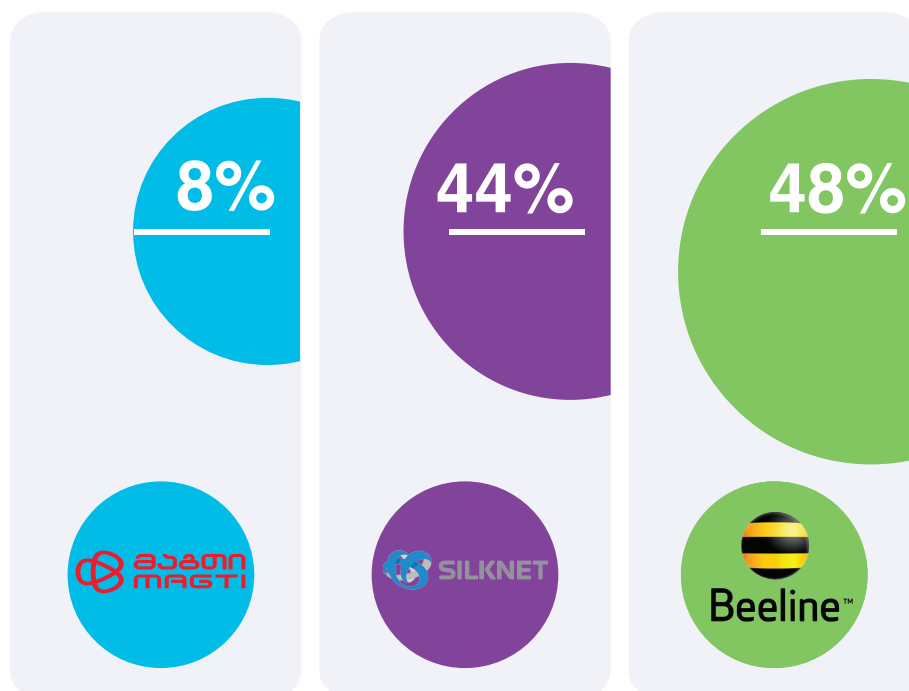
Distribution of capital expenditures (CAPEX) in electronic communications according to companies (million GEL)



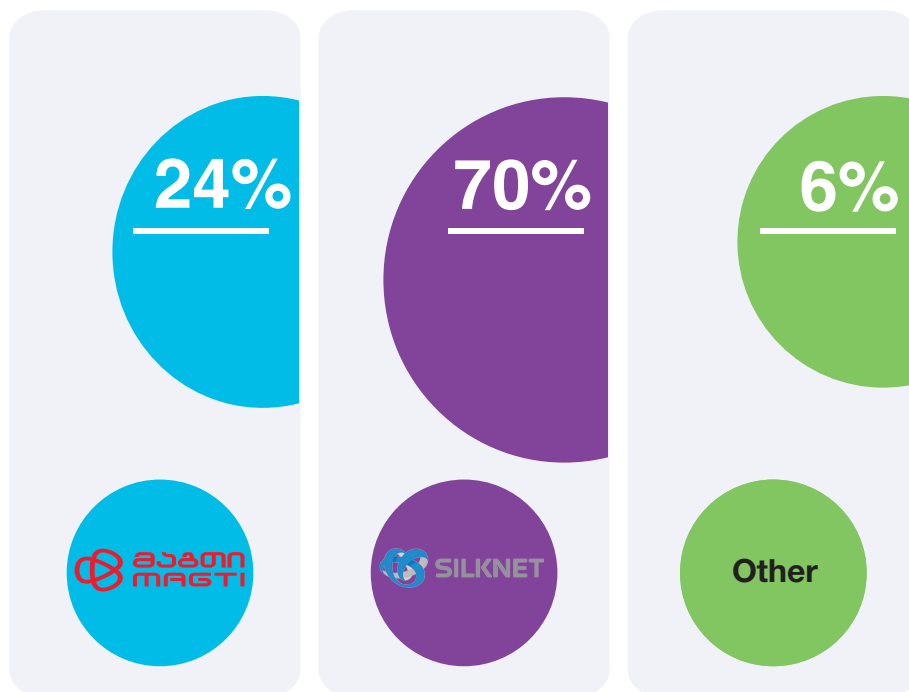
In 2020, the largest share of capital investment in mobile services comes from Silknet, and in the fixed services (fixed broadband, fixed telephone, broadcasting transit services) Silknet ranks first by this indicator as well.



Distribution of CAPEX in mobile services by companies (million GEL)



Distribution of CAPEX in fixed services by companies



Distribution of CAPEX in fixed services

According to the data of 2020, the most part of the CAPEX goes to the physical infrastructure and equipment.

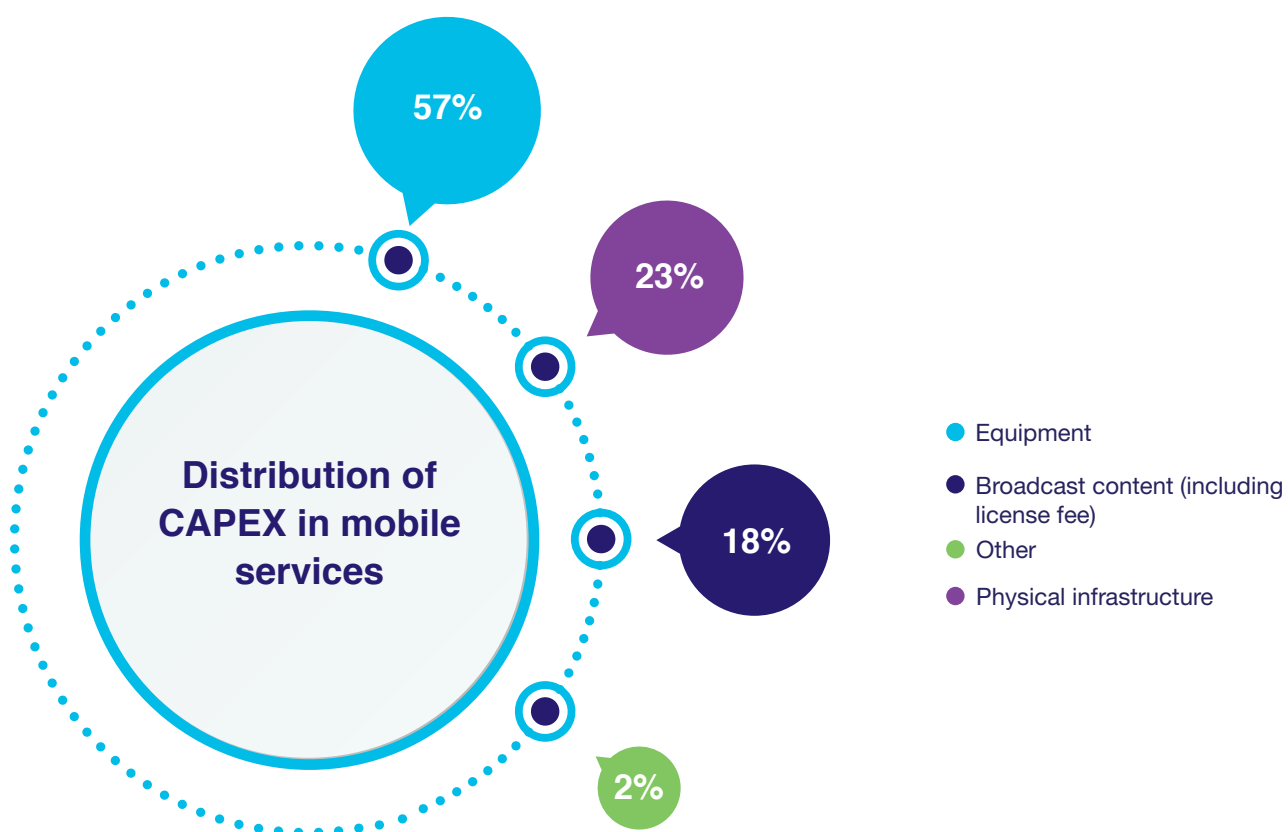
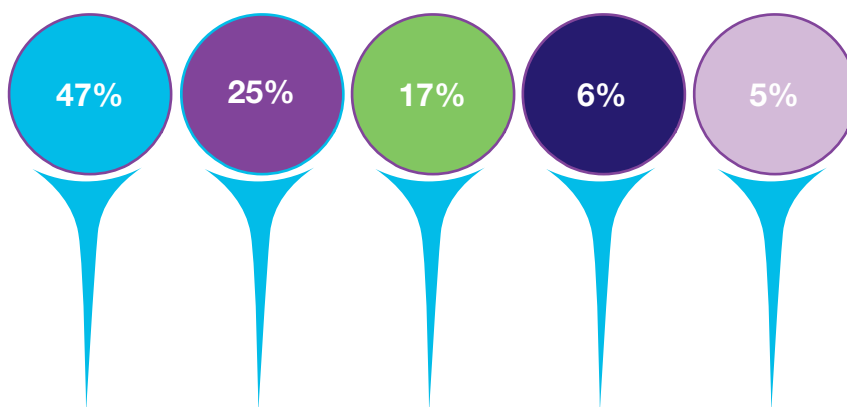
● Equipment

● Broadcast content (including license fee)

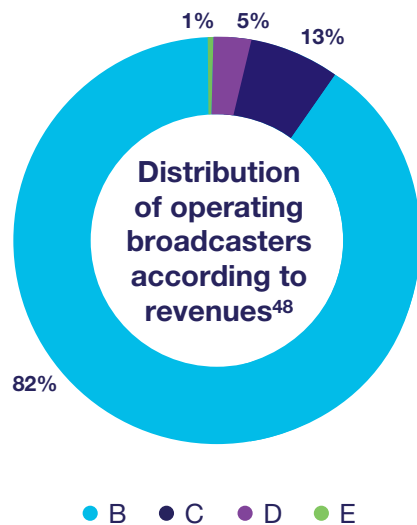
● Software

● Other

● Physical infrastructure

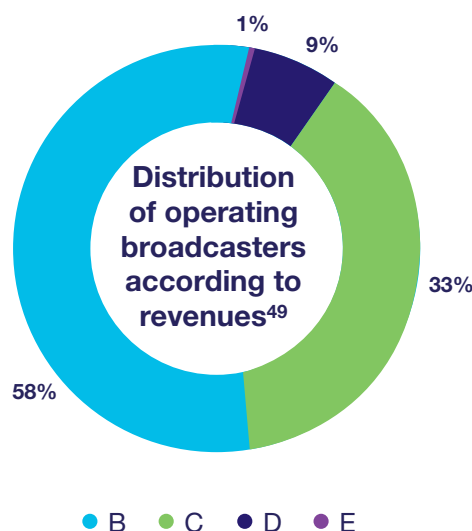


In 2020, 112 entities⁴⁶ were authorized for the provision of broadcasting services. Their total revenue (taking into account state funding and other non-broadcast revenues) was 239.6 million GEL. Only 6 entities (category B⁴⁷ companies) received more than 10 million GEL and their combined revenue was 82% of the total revenue, while the combined revenue of those who earned less than 100,000 GEL in 2020 (59 entities in Category E) was 1% of the total revenue.



⁴⁷There are the following categories:

Category	Revenue received during the year
A	More than or equal to 100 million GEL
B	From 10 million GEL to 100 million GEL
C	From 1 million GEL to 10 million GEL
D	From 100,000 GEL to 1 million GEL
E	Less than 100,000 GEL



In 2020, the number of broadcasters that received neither state funding nor “other non-broadcasting revenue” was 107. Their total revenue amounted to 115.8 million GEL. Only 3 persons received more than 10 million GEL (category B companies) and the combined revenue received by them was 58% of the total revenue, while the combined revenue of those who received less than GEL 100,000 in 2020 (57 category E entities) was 1% of total revenue.

As of December 2020, there were 106 broadcasting channels in the country, from these, 18 were national digital terrestrial channels. In addition, there are two channels of Public Broadcaster and Adjara TV. Accordingly, in 2020, a total of 21 digital terrestrial channels were broadcasting.

During 2020, there were a total of 89 TV and 53 radio broadcasters operating in Georgia.

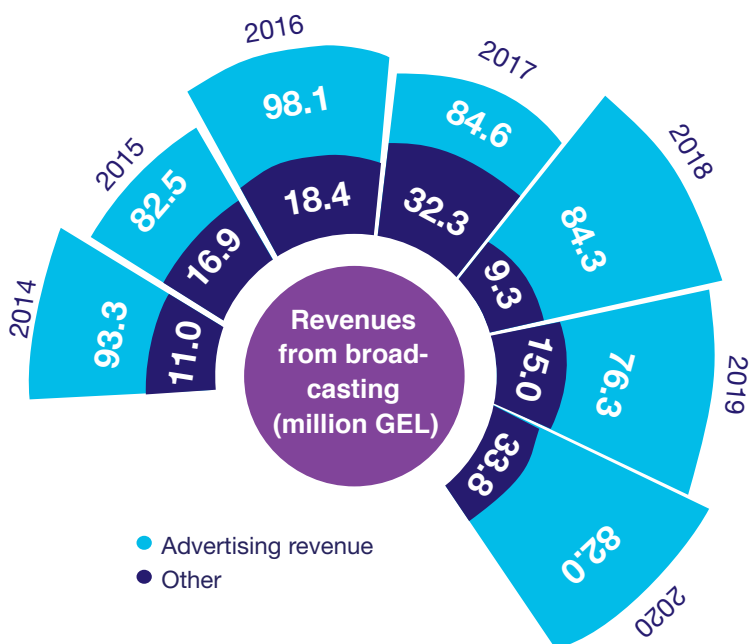
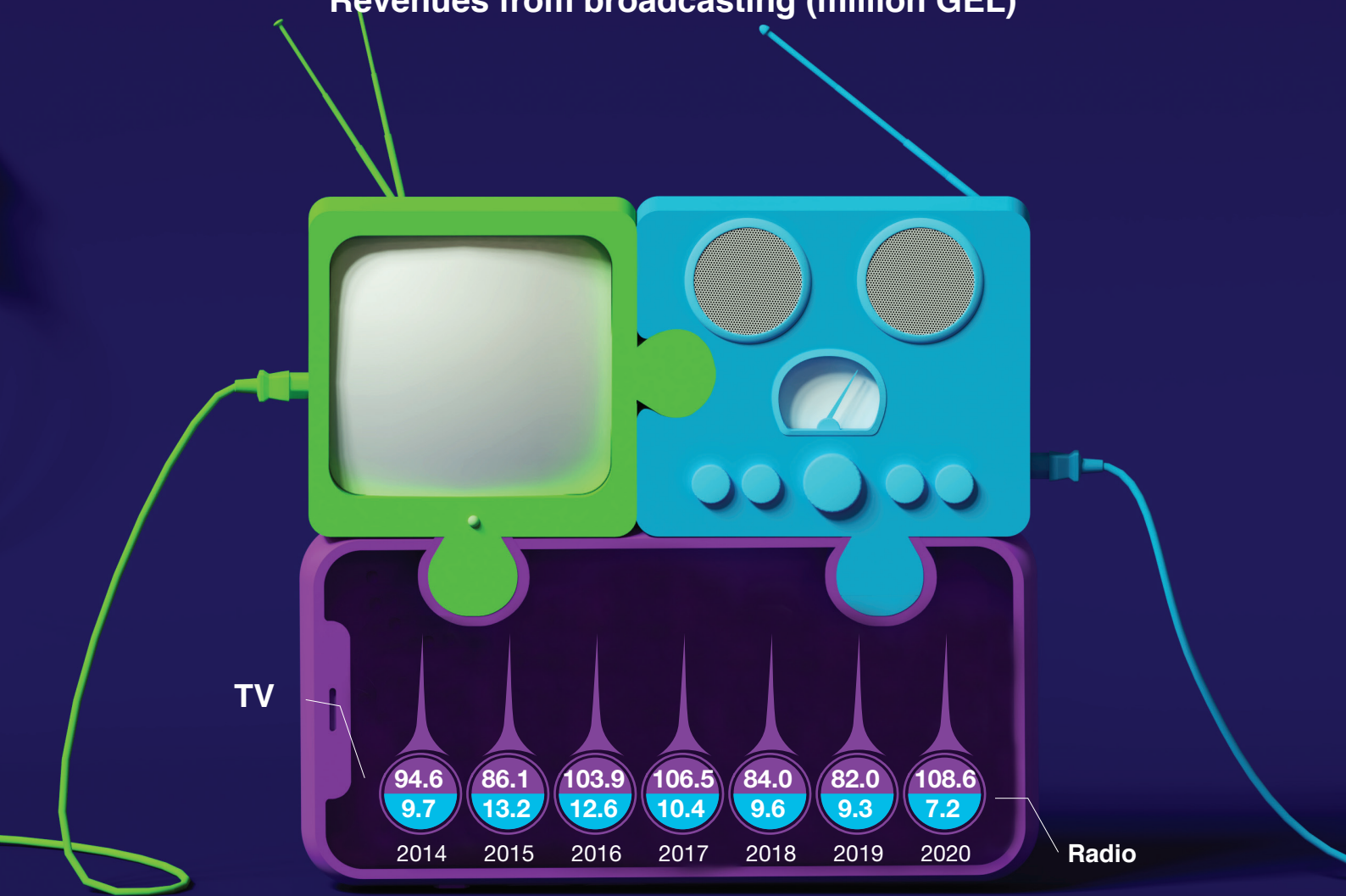
In 2020, the total revenue from broadcasting⁵⁰ amounted to 115.8 million GEL, which was 91.3 million GEL in 2019. 108.6 million GEL of the revenue comes from TV broadcasters, and 7.2 million GEL from radio broadcasters.

⁴⁶An actor is an entity, which had some kind of revenue from broadcasting during the year

⁴⁸⁴⁹The percent does not add up to 100 due to rounding. The percent does not add up to 100 due to rounding.

⁵⁰All types of revenues are implied, except for state funding and other non-broadcasting revenues

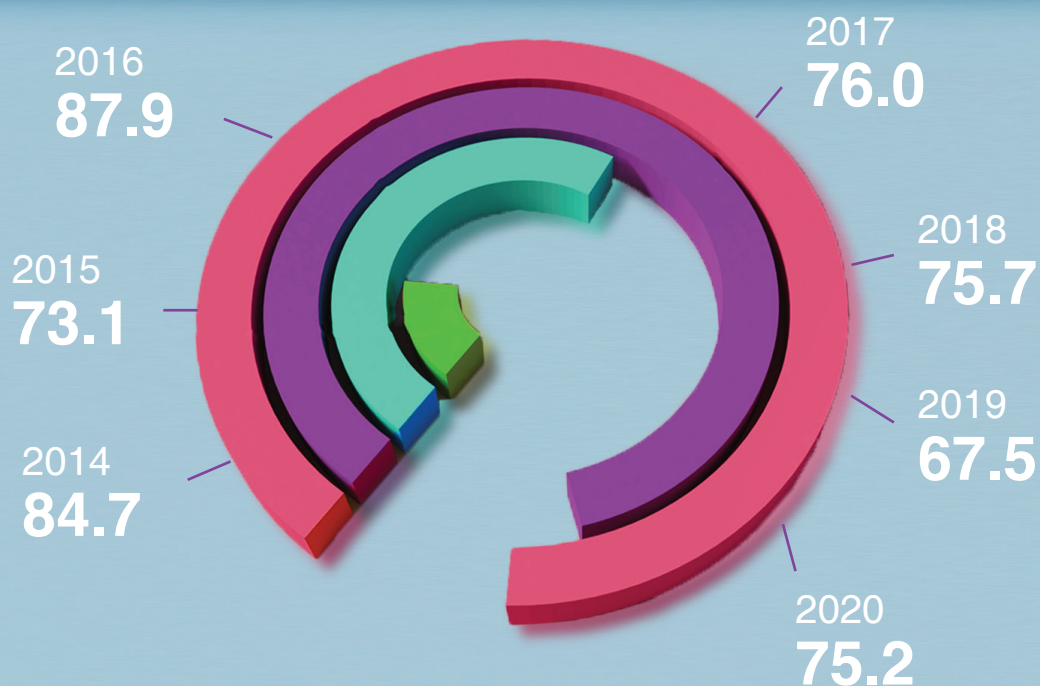
Revenues from broadcasting (million GEL)



The total advertising⁵¹ revenue from broadcasting (TV and radio) in 2020 amounted to 82.0 million GEL. In 2019, this figure was 76.3 million GEL.

⁵¹Advertising includes 5 categories - commercial advertising, sponsorship, teleshopping, announcements and product placement

TV advertising revenues



Television advertising revenues in 2020 amounted to 75.2 million GEL, which is 7.6 million GEL more than last year.

In early 2020, the Communications Commission assumed that despite the lack of activity of the business sector, the advertising market would not see a sharp decline in revenues in 2020, as the revenues from political advertising would balance the reduced revenues from commercial advertising. The Communications Commission's forecast was correct, and despite the pandemic, in 2020 broadcasters had 11% increase in total advertising revenue, of which 13.9 million GEL came from political advertising. During the 2018 presidential elections in Georgia, political parties used advertisements worth only 8 million GEL.

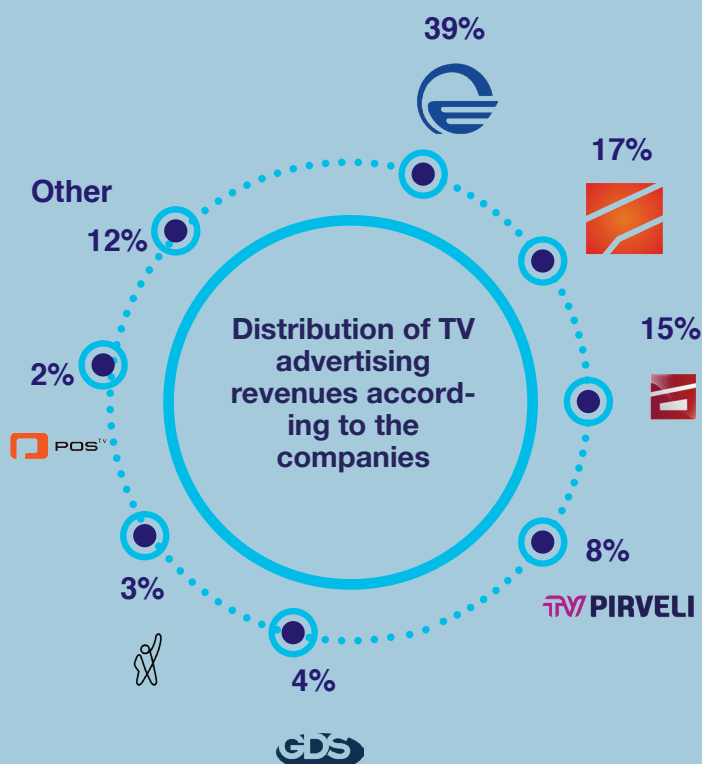
As for commercial advertising, the dynamics of 2020 by quarters are as follows: in the first quarter, broadcasters received 11% more revenue than in the same period of the last year; in the second quarter there was a 39% decrease; in the third quarter, the dynamics changed and the broadcasters had a 7% growth; and in the fourth quarter - a decline of 3%. Overall, during the year, commercial advertising revenue was 9% lower than the previous year, although, as noted above, the decline in commercial advertising revenue was offset by political advertising revenue.

The analysis of TV advertising revenue for 2020 shows that the largest decline in commercial advertising revenue occurred in the second quarter of 2020. It should be noted that this is the period when, due to the pandemic, large-scale restrictions were imposed in the country and all areas faced new challenges, including both advertisers and broadcasters. It took some time to adjust to the new realities and challenges. And in the third quarter, as the Commission had predicted, the TV advertising market returned to normal, with a 7% increase.

Apart from the pandemic, the overall decline in commercial advertising revenues is largely due to Rustavi 2 and the Public Broadcaster, as revenue of Rustavi 2 in 2020 decreased by 9.3 million compared to the same period of the last year, and the revenue of the Public Broadcaster – by 0.344 million. As for the other broadcasters, the amounts generated from commercial advertising in 2020 according to the broadcasters are as follows:

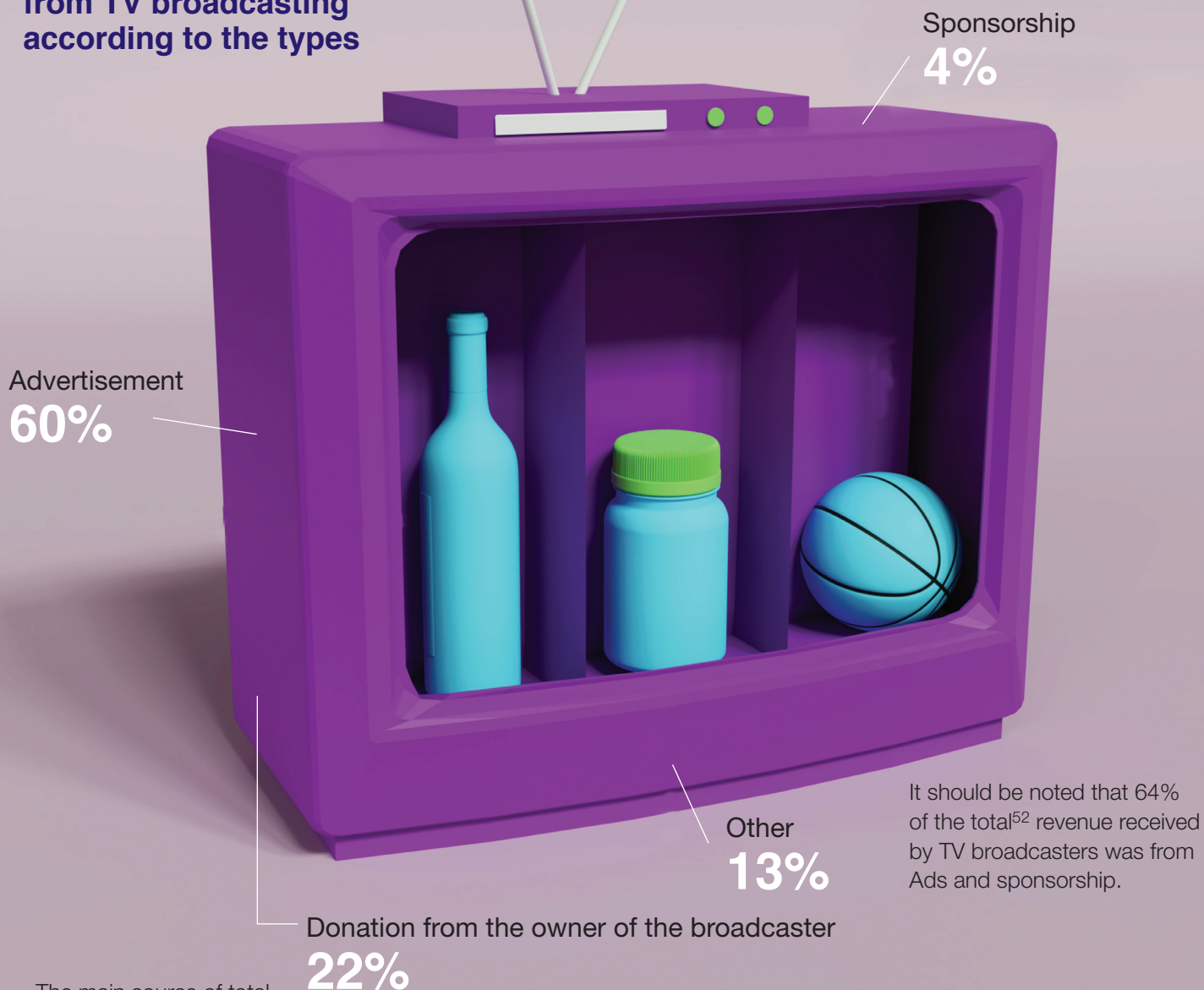
Imedi TV received 29 million GEL revenue from advertising, of which 3.3 million GEL came from political advertising; Rustavi-2 TV channel received 12.8 million GEL advertising revenues, of which 2.1 million GEL was from political advertising; Mtavari Arkhi received 11.1 million GEL revenue from advertising, of which 4.3 million GEL came from political advertising; Pirveli TV gained 6.2 million GEL revenue from advertising, of which 1.9 million GEL came from political advertising; GDS TV received 2.8 million GEL revenue from advertising, of which 0.5 million GEL was revenue from political advertising; Formula TV received 2.3 million GEL revenue from advertising, of which political advertising amounted to 0.4 million GEL; Post TV received a total of 1.6 million GEL revenue from advertising, of which 0.3 million GEL came from political advertising.

The public broadcaster received 1.1 million GEL advertising revenue, but did not have paid political advertising; The amount received by Silknet from advertising revenues is 1.4 million GEL, the channel did not place paid political advertisements; Setanta Georgia received 0.76 million GEL advertising revenue, but had no paid political advertising; 8% of advertising revenue was generated by other broadcasters.



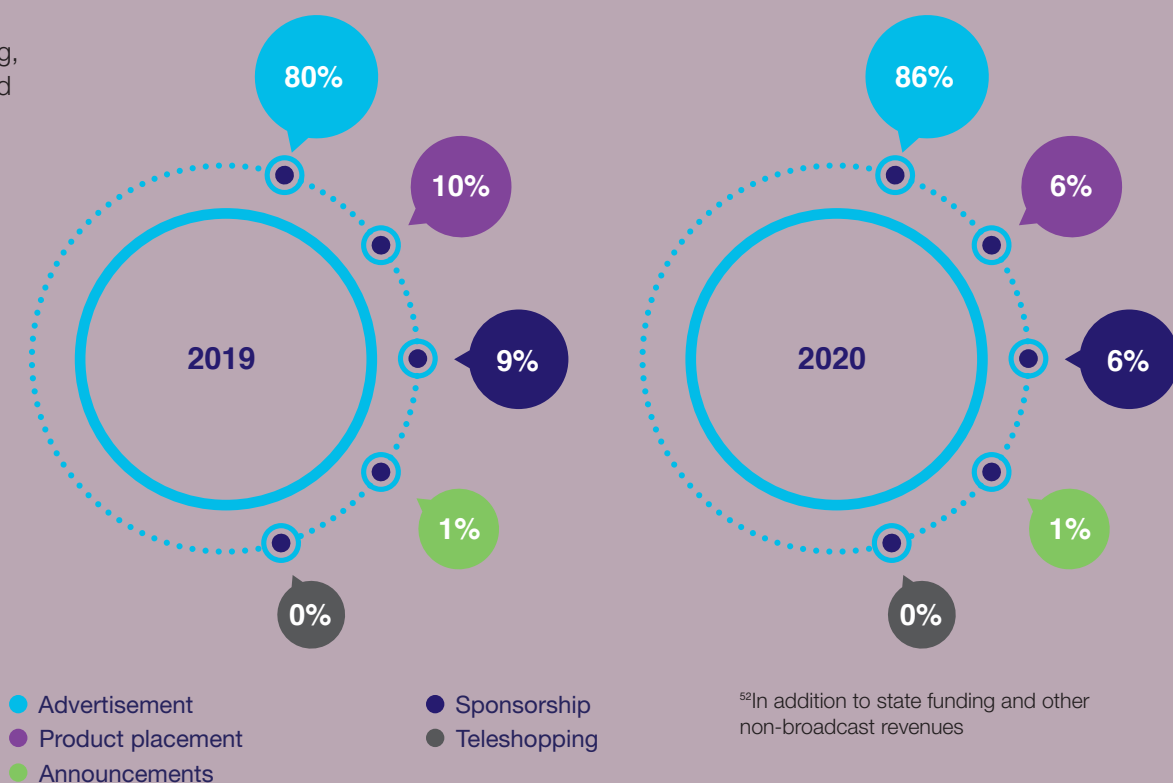
In 2020, the picture of the TV advertising market has changed over the years, in particular, in recent years, more than 70% of TV advertising revenue was gained by two broadcasters – TV Imedi and Rustavi 2. In 2017, Imedi owned 35% of the advertising market, Rustavi 2 - 41%; in 2018 Imedi had 34% of the market, Rustavi 2 - 41%; in 2019 Imedi - 40%, Rustavi 2 - 33%. In 2020, this picture changed and 79% of the advertising market is already occupied by 4 broadcasters: TV Imedi, Rustavi 2, Mtavai Arkhi and TV Pirveli.

Distribution of revenues from TV broadcasting according to the types



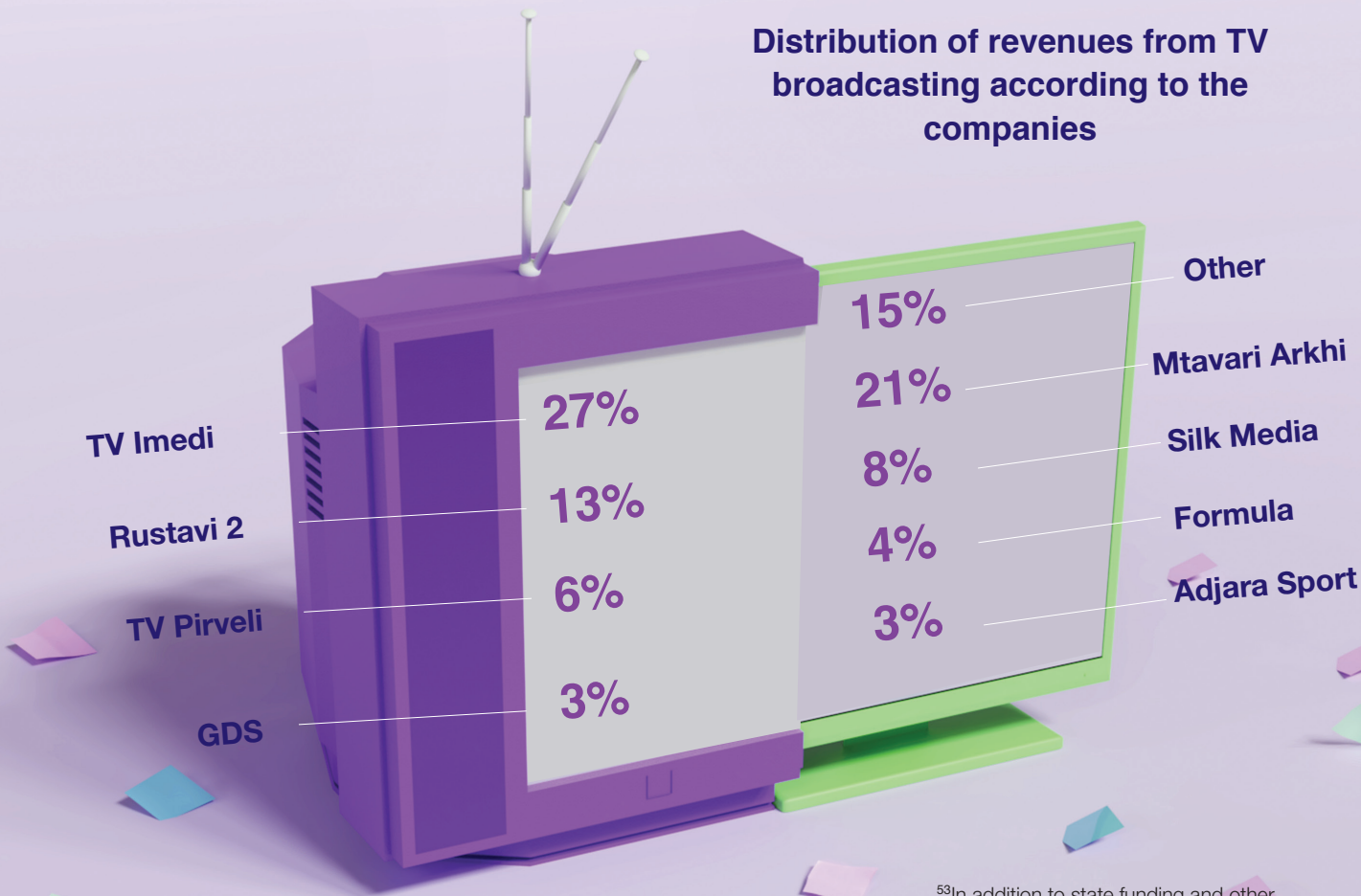
The main source of total advertising revenue received by TV broadcasters was advertising, product placement and sponsorship.

Distribution of advertising revenues received by TV broadcasters by categories



⁵²In addition to state funding and other non-broadcast revenues

According to the amount of revenues⁵³ received from TV broadcasting, in 2020 the largest share was held by TV Imedi - 27%, followed by Mtavari Arkhi - 21%, Rustavi 2 - 13%, Silk Media – 8%, TV Pirveli - 6%, Formula - 4%, GDS – and Adjara Sport - 3%. The total share of other broadcasters’ revenues was 15%.

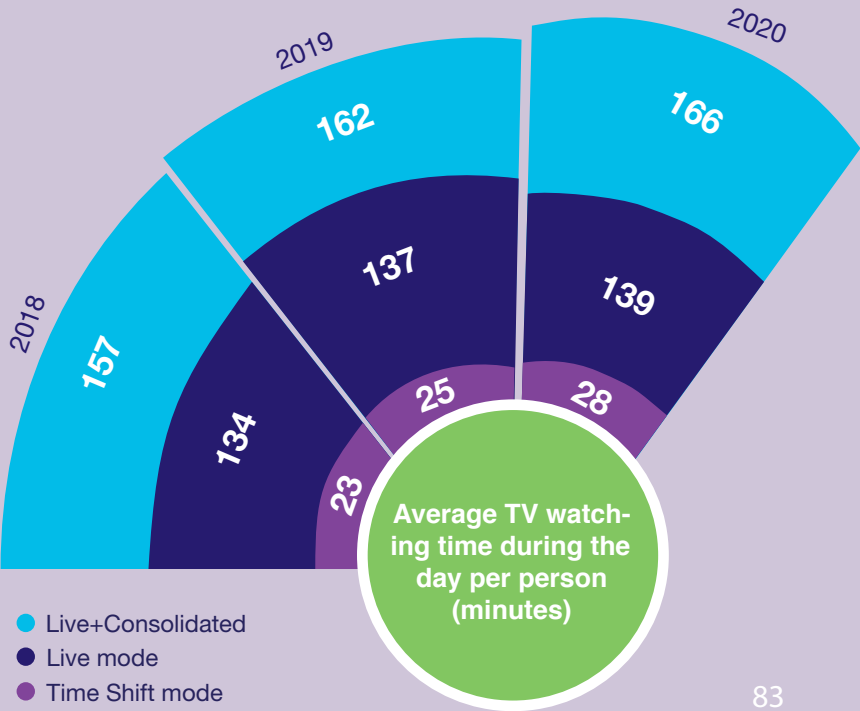


⁵³In addition to state funding and other non-broadcast revenues

Note: Percentage may not add up to exactly 100 due to rounding

Watching in live and time shift modes

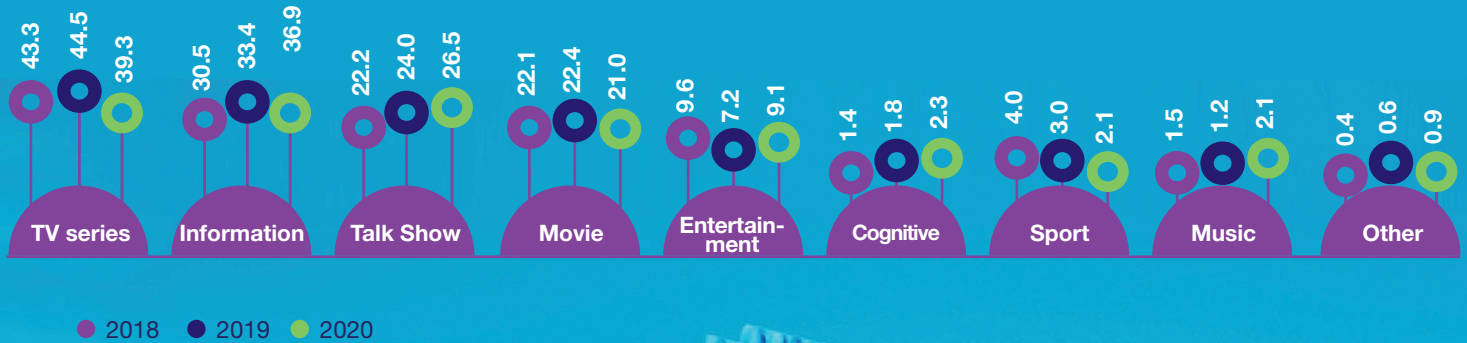
In 2020, one person watched TV on average for 166 minutes a day. It should be noted that from year to year the number of people using the time shift function increases.



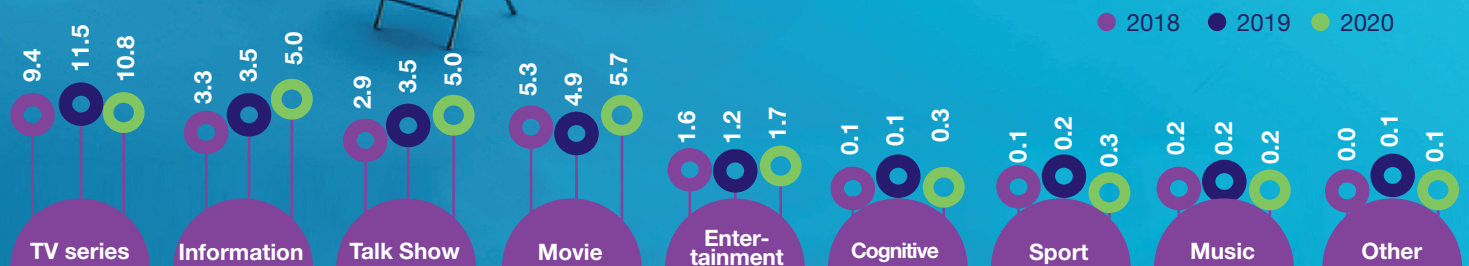
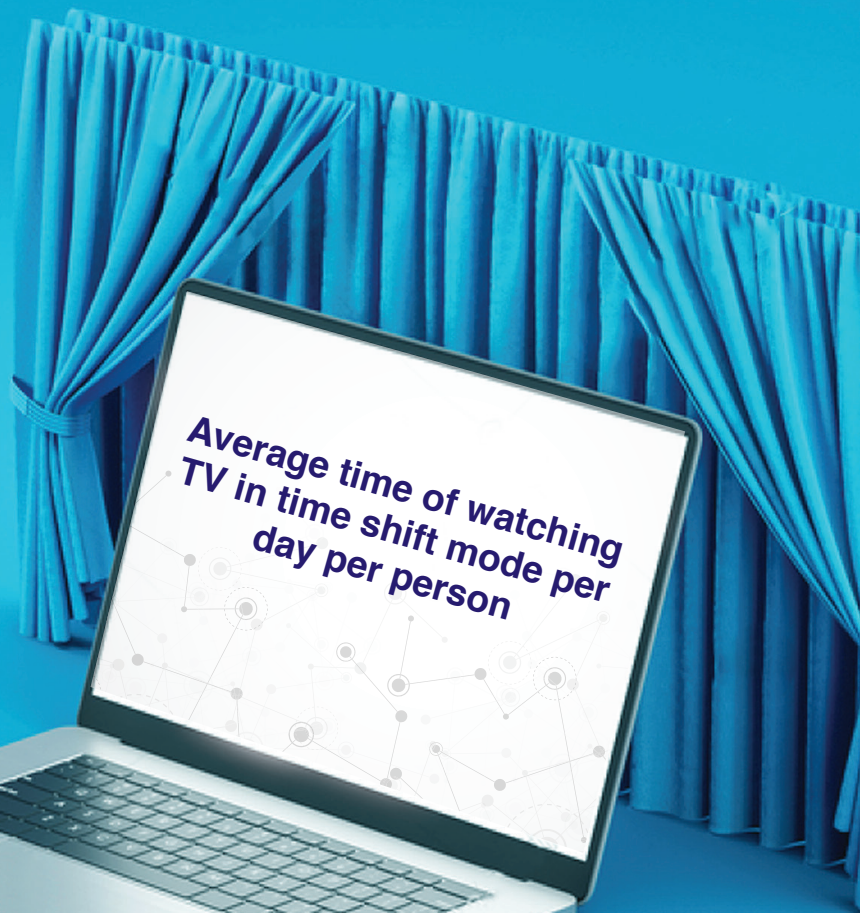
Average time of watching TV in live mode per day by one person

From 139 minutes spent watching TV in a live mode, one person spent an average of 39 minutes a day watching TV series. This time is 5 minutes less than in 2019.

In 2020, compared with 2018, the time of watching news programs increased by 6 minutes, and compared to 2019 – by 3.5 minutes.

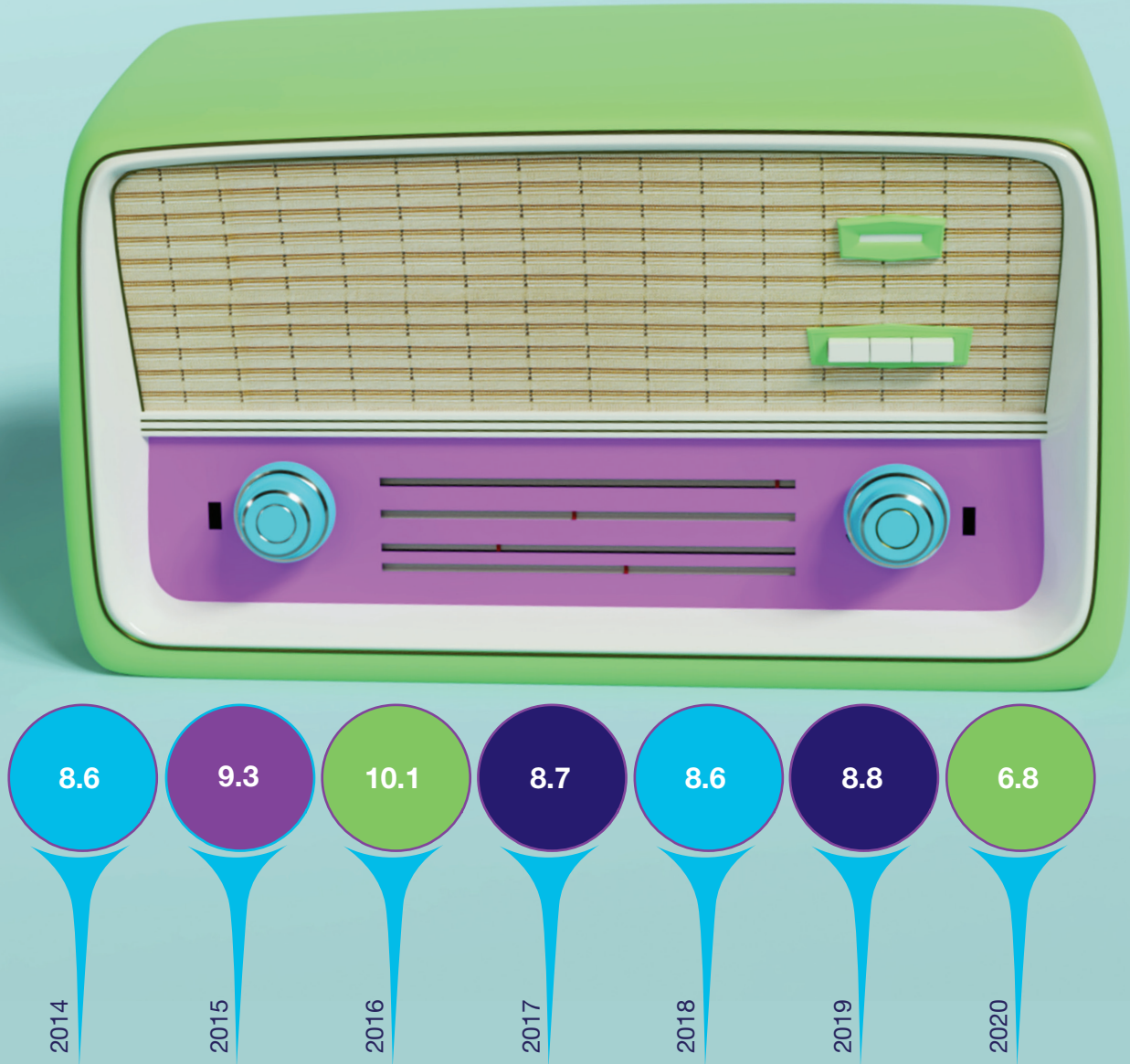


Generally people use time shift function most often for TV series, which is at average 1.4 minutes more than in 2018, though, compared to 2019, it has decreased by almost 1 minute. The number of news time shifts and talk shows is also increasing every year.



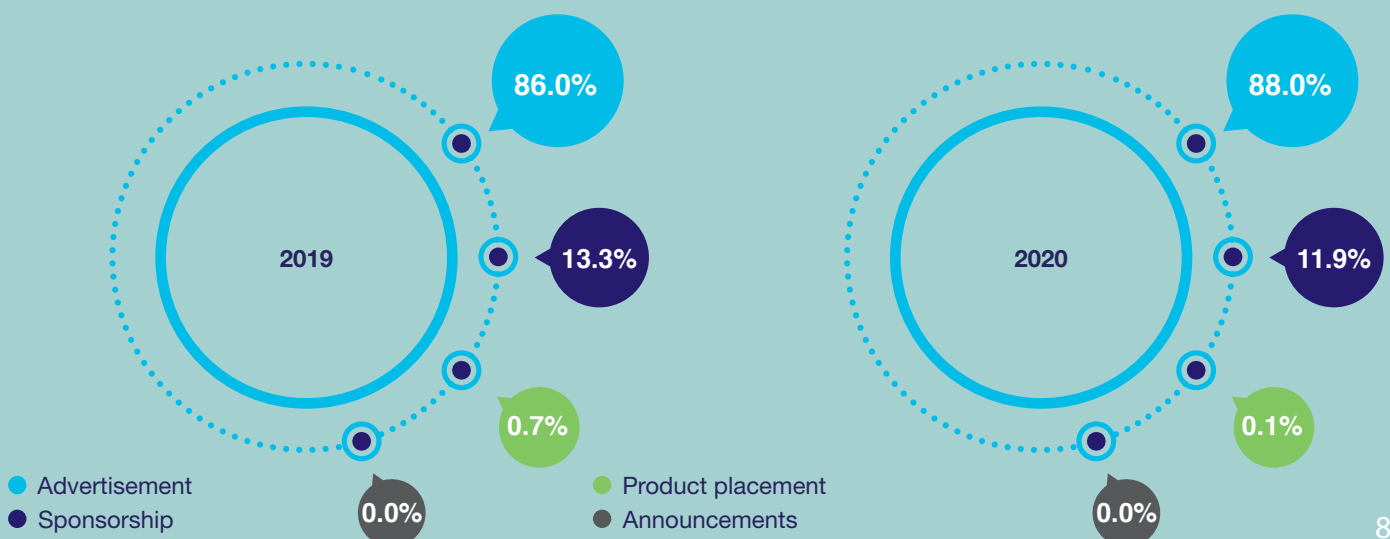
As for radio broadcasters, in 2020 the advertising revenues of radio broadcasters amounted to 6.8 million GEL, which is 23% less compared to the same period of last year. In 2019, the advertising revenue of radio broadcasters was 8.8 million GEL. The decline in revenue is largely due to the pandemic.

Radio advertising revenues
(million GEL)

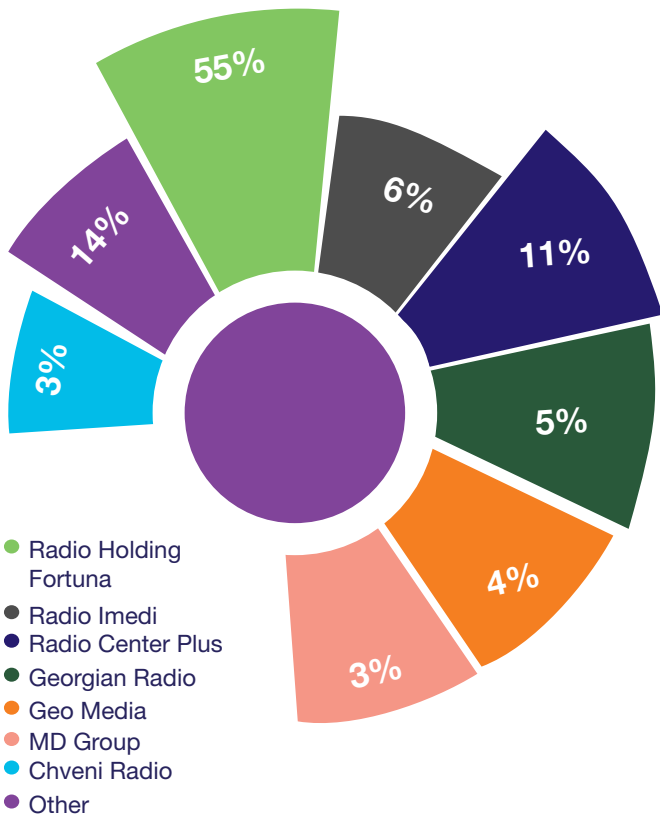


The main share of the advertising revenues of radio broadcasters - 99% was advertising and sponsorship, and a very small share included product placement and announcements.

Distribution of advertising revenues of radio broadcasters according to the types



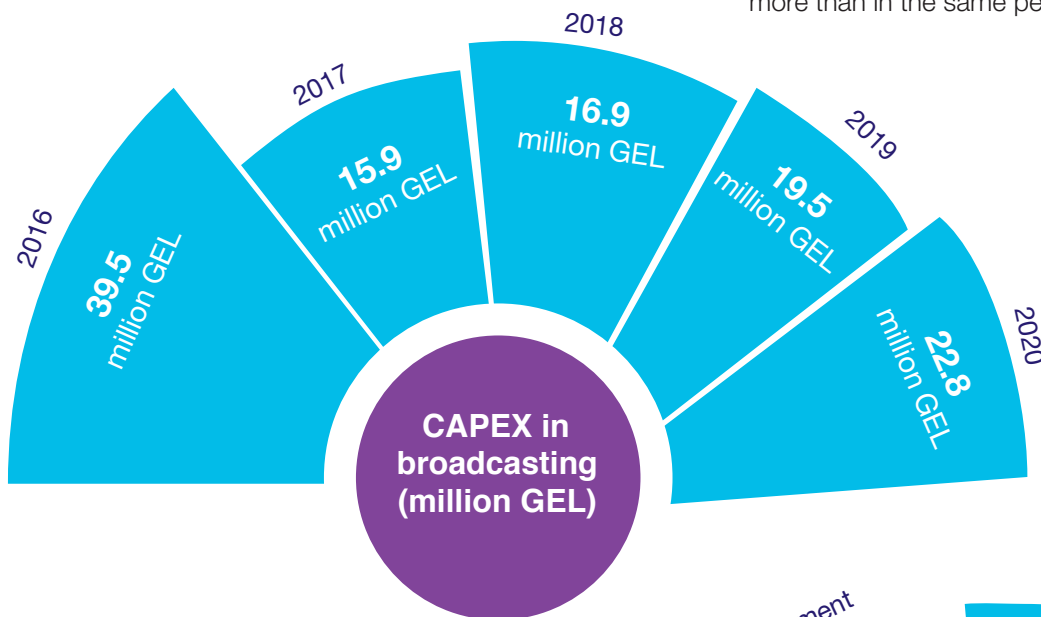
Distribution of advertising revenues of radio broadcasters according to the companies⁵⁴



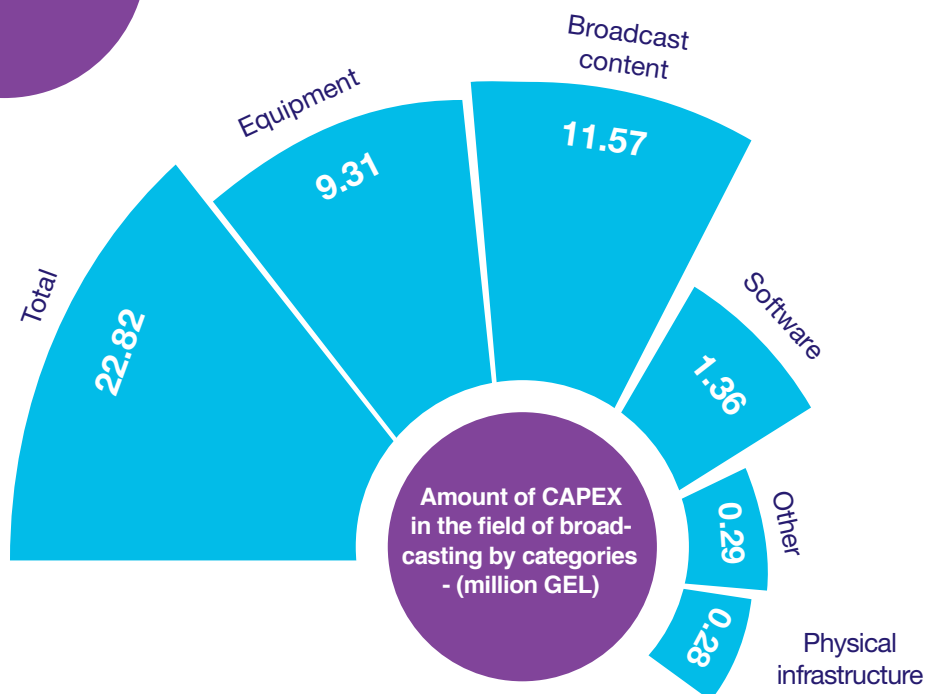
In terms of the amount of advertising revenues received from radio broadcasting, in 2020 the largest share - 55% was received by Radio Holding Fortuna, followed by Radio Imedi with 11%, Radio Center Plus - 6%, Georgian Radio - 5%, Geo Media - 4%, MD Group and Chveni Radio - 3-3%. The total share of advertising revenues of other radio broadcasters was 14%.

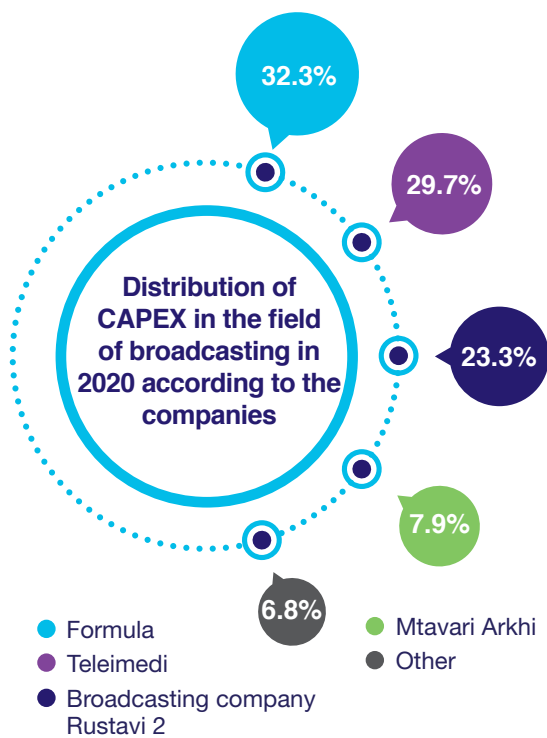
⁵⁴Percentage may not add up to exactly 100 due to rounding

In 2020, the amount of capital expenditure⁵⁵ in broadcasting amounted to 22.82 million GEL, which is 17% more than in the same period of 2019.

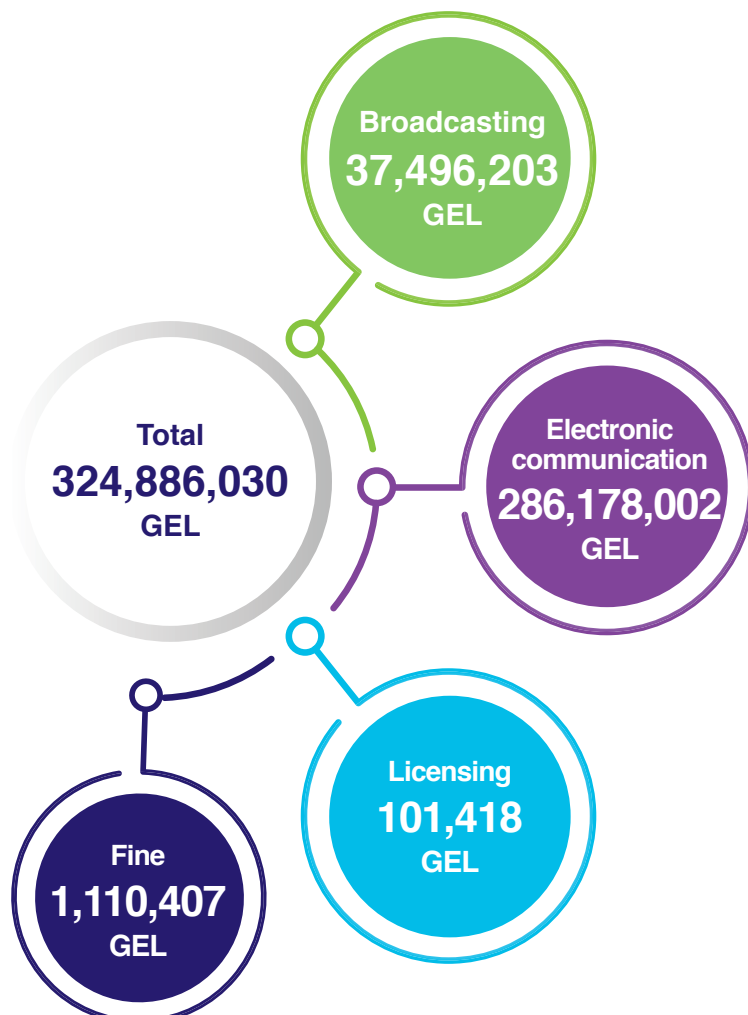
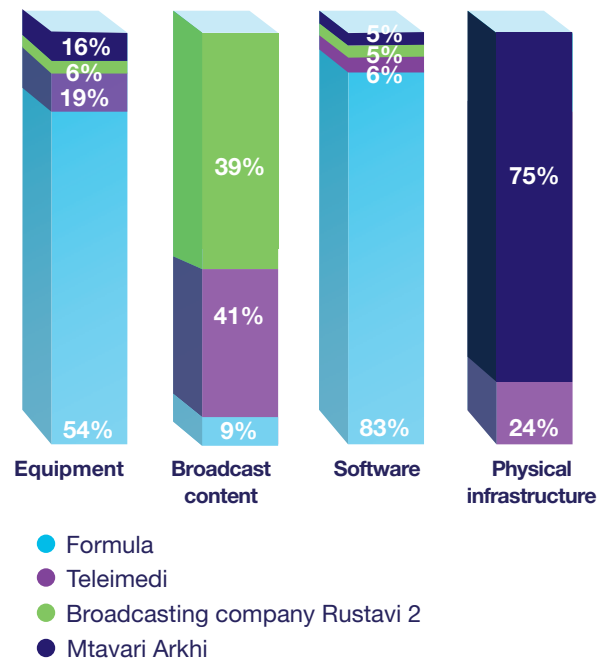


⁵⁵Capital investments include data of broadcasters whose annual revenues were more than million GEL





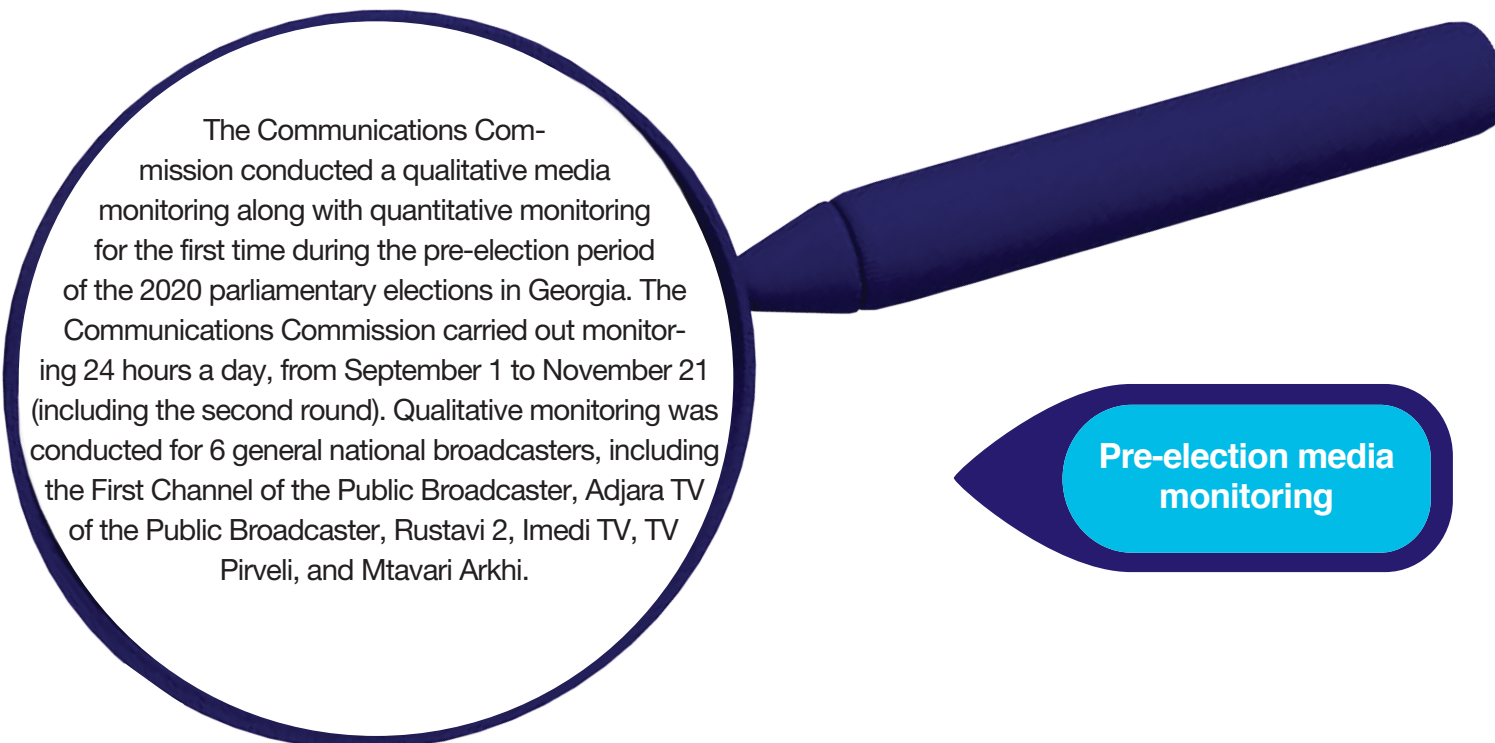
The share of companies in the categories of CAPEX made in the field of broadcasting in 2020



In 2020, the amount paid by broadcasters to the state budget of Georgia in taxes⁵⁶ amounted to 37,496,203 GEL, and the amount paid by authorized and / or licensed entities in accordance with the Law of Georgia on Electronic Communications was 286,178,002 GEL.

As for the revenues from licensing, in 2020, 101,418 GEL was transferred to the state budget. 1,110,407 GEL was added to the budget as fines for administrative offenses. In total, 324,886,030 GEL was paid from the communications sector to the state budget in 2020.

⁵⁶Revenue tax, profit tax, VAT, excise tax, import tax, property tax, land tax (agricultural-non-agricultural)



The Communications Commission conducted a qualitative media monitoring along with quantitative monitoring for the first time during the pre-election period of the 2020 parliamentary elections in Georgia. The Communications Commission carried out monitoring 24 hours a day, from September 1 to November 21 (including the second round). Qualitative monitoring was conducted for 6 general national broadcasters, including the First Channel of the Public Broadcaster, Adjara TV of the Public Broadcaster, Rustavi 2, Imedi TV, TV Pirveli, and Mtavari Arkhi.

Pre-election media monitoring

The Communications Commission monitors were retrained by the Media Expert of Council of Europe, Executive Director of Memo 98, Rasto Kuzel in accordance with internationally recognized standards. By sharing international practice, the expert introduced the peculiarities and specifics of conducting qualitative media monitoring during the pre-election campaign.

In 2020, amendments were made to the resolution of the Communications Commission on the Approval of the Regulations of Media Involvement in the Electoral Process and its Application, which was caused by the amendments to the Organic Law of Georgia, the Election Code of Georgia, dated July 2, 2020. The amendments to the resolution clarified the details of coverage of the election campaign, election propaganda and debates by broadcasters related to the placement of political advertisements during the election period. Before the start of the pre-election media monitoring, the Communications Commission once again reminded the broadcasters of their obligations and called for the observance of the legislation.



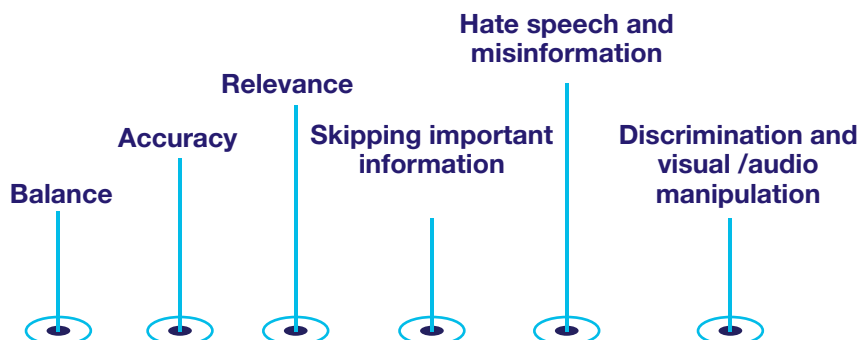
Up to 20 regional broadcasters were trained on the topics regarding the coverage of the parliamentary elections. In particular, What are the obligations of broadcasters under the law, what should they take into account when covering the pre-election process and how should they observe the requirements of the law during the election process. The training was organized and financially supported by the Council of Europe, within the framework of which the representatives of the media organizations received relevant instructions for fulfilling the requirements provided by the legislation.

During the media monitoring of the pre-election period of the Parliament of Georgia in 2020, the monitors observed pre-election advertisements, pre-election debates, news and public-political programs, as well as pre-election agitation and public opinion polls.

During the qualitative monitoring of 6 national broadcasters, observations were made in terms of broadcasting standards:

Qualitative monitoring covered the prime time

from **19:00**
to **24:00**



Media monitoring during the pre-election period showed that in a pluralistic and diverse pre-election media environment, part of the media is polarized, and part is saturated with hate speech, indecent and obscene language. The observation of the Communications Commission revealed that the pre-election period was covered by Public Broadcaster, Rustavi 2 and Adjara TV in accordance with journalistic standards, while Imedi, Mtavari Arkkhi and TV Pirveli were politically biased. In particular, the Public Broadcaster adhered to ethical and professional standards, and news programs covered all important social and political events in the country, which in turn contributed to raise the voters' awareness. Broadcasting company Rustavi 2 covered current events in accordance with ethical standards, maintained balance in its programs and did not use offensive language. Journalists from the Public Broadcaster Adjara TV covered current events mostly in accordance with ethical standards and upheld a diversity of parties and opinions. During the pre-election period, Imedi TV mainly had a positive attitude towards the ruling party and the government and sharply negative attitude towards the opposition. The opposition didn't have an opportunity to express its opinion.

As for TV Pirveli and Mtavari Arkhi, the broadcasters maintained a negative tone towards the ruling party during the pre-election period. TV Pirveli was loyal to opposition parties, often manipulating and violating journalistic ethics. Mtavari Arkhi openly expressed a biased positive attitude towards the opposition, and political slogans were directly heard from its journalists. The monitoring results showed that the air of Mtavari Arkhi was saturated with hate speech and aggressive statements, offensive language and obscenity were being circulated. According to the monitoring results, the Communications Commission gave recommendations to the broadcasters. Due to the fact that the biggest problem were programs containing obscenity, the Communications Commission demanded broadcasters refrain from insulting, so as not to violate the law and basic human rights, and not to escalate aggression, hatred and confrontation in society.

In terms of freedom of speech and expression, Georgia has one of the most liberal media policy and legislative framework in all of Europe. As for obscenity and hate speech, it has nothing to do with freedom of expression, as programs containing obscenity and hate speech sow aggression, provoke public controversy, aggravate escalation among citizens with different views, abase human dignity, and harm them. Accordingly, the Communications Commission will continue to actively monitor the issue of obscenity in broadcasting and, within the limits of its legal authority, will protect basic human rights.



In the pre-election period of the 2020 Elections of Parliament of Georgia, 3 quantitative and 3 qualitative reports were published

Due to the violation of the legislation of Georgia, a protocol on an administrative offense was drawn up with regard to 8 broadcasters

7 channels violated Georgian Law on Broadcasting and did not broadcast pre-election debates

In a pluralistic and diverse pre-election environment, part of the media was polarized and the other part saturated with hate speech and obscene language

Analysis of paid and free political ads



In parallel with the media monitoring of the pre-election period of the Parliamentary elections in Georgia, the Communications Commission carried out an analysis of paid and free pre-election political advertising. The analysis showed that during the pre-election period of the 2020 parliamentary elections, the estimated cost of free political advertising on TV channels in the first and second rounds was 62.5 million GEL. If the broadcasters had received the money in direct proportion to the paid advertising, their revenue would have increased by a total of about 62.5 million GEL. The total cost of paid political advertising, according to information provided by broadcasters, amounted to 13.9 million GEL. The monitoring showed that during the election campaign, broadcasters placed almost 30,000 minutes of free political advertising and 9,620 minutes of paid advertising, which is three times less than free.



The analysis revealed that the main revenue from paid political advertising - 4,270,075 GEL - was received by Mtavari Arkhi, where the average tariff for paid political advertising was 5,583 GEL per minute. 66.2% of the paid political time on Mtavari Arkhi was dedicated to the National Movement, which accounted for 62.9% of the channel's revenues. The main channel provided 8.1% of the total time to free political advertising and placed free advertising worth about 13.5 million GEL.



According to the revenues from paid political advertising during the pre-election period, the second place was taken by Imedi TV, whose revenue amounted to 3,327,974 GEL, while the average tariff for paid political advertising on the channel was 3,902 GEL per minute. The most paid political advertising time on Imedi TV - 71.6% - was dedicated to the Georgian Dream, which accounted for 67.5% of the channel's revenues. Imedi TV allocated 8.3% of its total time to free political advertising and placed free advertising worth of about 9.7 million GEL.



Rustavi 2's revenue from paid political advertising amounted to 2,065,163 GEL, while the tariff for paid political advertising on the channel averaged 3,672 GEL per minute. Most of the paid political airtime on Rustavi 2 - 67.4% - was devoted to Georgian Dream, which accounted for 60.9% of the channel's revenue. Rustavi 2 allocated 8.6% of its total time for free political advertising, so the channel placed free advertising worth of about 9.5 million GEL.



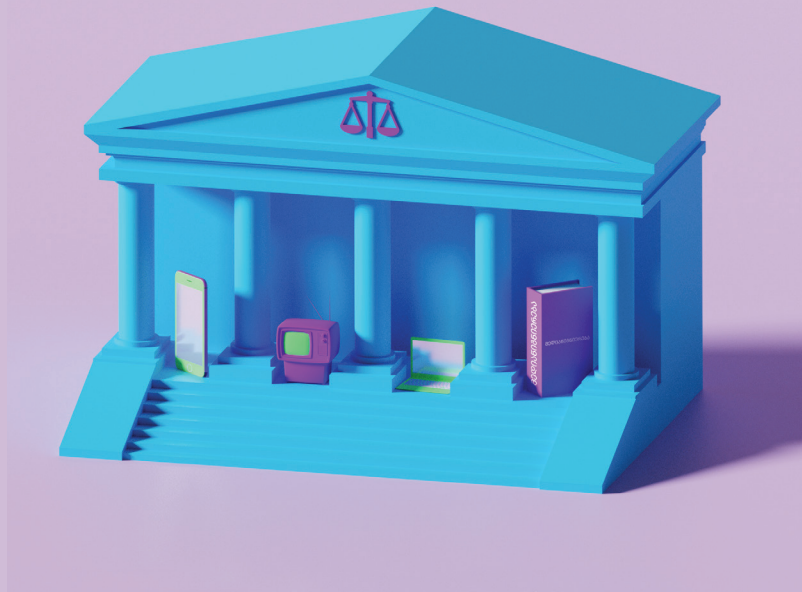
TV Pirveli's revenue was 1,865,753 GEL. The average paid political advertising tariff on the channel was 3,978 GEL per minute. TV Pirveli allocated the most time for paid political advertising - 37.1%, to Strategy Aghmashenebeli, however, the largest share of the channel's revenues belongs to Lelo for Georgia - 27.6%. TV Pirveli devoted 8.6% of its total time to free political advertising and placed free advertising worth of about 10.3 million GEL.

Paid political advertising was placed by a total of 17 political unions on 34 channels, and free advertising - by 42 election subjects

According to the first paragraph of Article 50 of the Organic Law of Georgia "Election Code of Georgia", broadcasters are obliged to provide the Communications Commission with weekly information on airtime for pre-election agitation and political broadcasting, dates, frequency of allocated airtime, the duration and schedule of time allocated for one day, the airtime tariff and the services provided. The analysis of paid and free political pre-election advertisements of 2020 parliamentary elections in Georgia was based on the information provided by the broadcasters. Also, the market value of free political advertising was determined by assigning the value that the broadcasters themselves had set in the respective programs.

Financial transparency of broadcasters

After a 7-year dispute, following a two-instance court ruling, broadcasters began enforcing the 2013 Law on Financial Transparency of Media. This is a law, for the violation of which Georgia has repeatedly become the object of criticism, including from a high tribune such as the US State Department. The US State Department in its 2017, 2018 and 2019 reports criticized the country for failing to meet its statutory obligations.



And this was when the Communications Commission demanded the implementation of the Law of Georgia on Broadcasting and the Law on Financial Transparency of Broadcasters during 7 years. The main purpose of the Law on Financial Transparency of Broadcasters adopted in 2013 was to inform the public so that the public would have detailed information on media funding sources not only in the pre-election period. Among them - information about to which political organizations are associated persons, who contribute money to this or that broadcaster and whose interests the media may serve. The public should be able to analyze the editorial policy of a channel, analyze the influence of funding sources on the editorial policy of broadcasters in order to protect themselves from possible manipulations.

After the Communications Commission demanded enforcement of the law on financial transparency of broadcasters, in 2013 the then management of Rustavi 2, which is now Mtavari Arkhi, as well as Imedi TV, TV company Maestro, Europa Plus, Georgian Radio, Studio Maestro and Civic Education Foundation Tabula, jointly appealed against the decision of the Communications Commission. The interests of several broadcasters were defended in court by the Young Lawyers' Association.

After several years of litigation, at the end of 2017, the broadcasters lost the first instance court against the Communications Commission. The only one who appealed the court decision was the management of Rustavi 2. The Communications Commission has won two instances of the court and is now awaiting the decision of the Supreme Court.

After the decision of the courts of two instances, broadcasters began to fill out the forms provided by law.



Children's rights

Since September 1, 2020, the Communications Commission has provided parents with an effective mechanism to protect minors from the harmful effects of the Internet. Under the new regulations, parents will be able to address to Internet service providers and restrict access to websites that pose a threat to children.

Besides the Internet, the amendments in the law apply to broadcasters as well. During the discussion of the draft law on broadcasting, the Communications Commission submitted comments to the Parliament several times, some of which were not taken into account by the legislators. The draft law was developed by the Human Rights Committee with the assistance and of international partners.

The Communications Commission has approved the resolution adjusting the posting of child-threatening information on the Internet, which is based on the Law of Georgia on the Rights of the Child, adopted by the Parliament of Georgia. The resolution defines the rules and obligations for posting information containing a threat on the Internet, for Internet providers as well as for companies owning websites.

The Communications Commission has imposed an obligation on website owners to assign appropriate age markings to their websites, in particular, for which age category the audio-visual products posted on their website are intended. Websites that host movies, animations, TV series, programs and games are required to make special age markings for programs unsuitable for minors under 18, 15, 12 and 7 years of age. The Communications Commission establishes a special ranking list of Internet sites that pose a threat to children and publishes it on its own website. The Communications Commission monitors Internet websites on a random basis to create additional filters and control how well companies are fulfilling their obligations.

In addition, in order to protect children and adolescents from harmful influences, according to the same law, broadcasters are obliged to plan their own network so that these age-specific programs are broadcast at certain times of the day.

TV companies are required not to broadcast inappropriate programs for minors
under age of 18 years from 6:00 to 24:00.
under age of 15 years from 6:00 to 23:00.
under age of 12 years from 6:00 to 21:00.
under age of 7 years from 6:00 to 21:00.

In case of non-fulfillment of this obligation, the websites will be fined with 1000 GEL, and in case of repeated violation of the law - 3000 GEL. Televisions will be fined GEL 2,500 for the first time, or no more than 0.5% of the broadcaster's annual revenue. In case of repeated violations, the Communications Commission is authorized to impose a fine on the broadcaster again, or to suspend the authorization.

Radio Broadcasting Market Development Strategy

The Communications Commission has been actively working in recent years with the goal of efficient zonal division of broadcasting, so that, like television broadcasting, the broadcasting market to become more diversified and competitive. In order to ensure the efficient use of the limited frequency resources for radio broadcasting, the Communications Commission in 2020 completed work on amendments to the Resolution on the Zonal Division of Local Broadcasting, and issued a draft strategy for announcing tenders for private broadcasting licenses. The changes set by the strategy do not apply to existing and issued licenses, which have a validity period of 10 + 10, ie in total 20 years. The new procedures and changes will only apply to new applicants for a new broadcasting license.



The document sets out the Communications Commission's vision for the announcement of tenders for private broadcasting licenses, which is based on several important principles, including the most efficient, rational and optimal use of exhaustible frequency resources, maximum coverage of settlements with a radio broadcasting signal, expansion of the broadcasting area of existing private broadcasters, entry of new broadcasters into the market. These changes define 15 broadcasting zones. Due to the imposed coverage obligations along with a new zonal division, not only large cities, but also small settlements in each zone will be covered by radio signals. Currently small settlements are deprived of the opportunity to listen to the radio, since licenses for radio broadcasting are issued mainly in large cities.

Under current legislation, the Communications Commission will issue licenses according to the plan based on a public opinion survey every 2 years. The competition will also be open to those radio broadcasters whose license is expiring and who wish to obtain a broadcasting license again. After the new zoning, the Communications Commission will conduct a public opinion poll on the new zones in accordance with the law, after which it will publish an updated free frequency resource and announce appropriate tenders for obtaining private broadcasting licenses. The competition will be open to those radio broadcasters whose licenses expire for the second time and who wish to obtain a broadcasting license again.

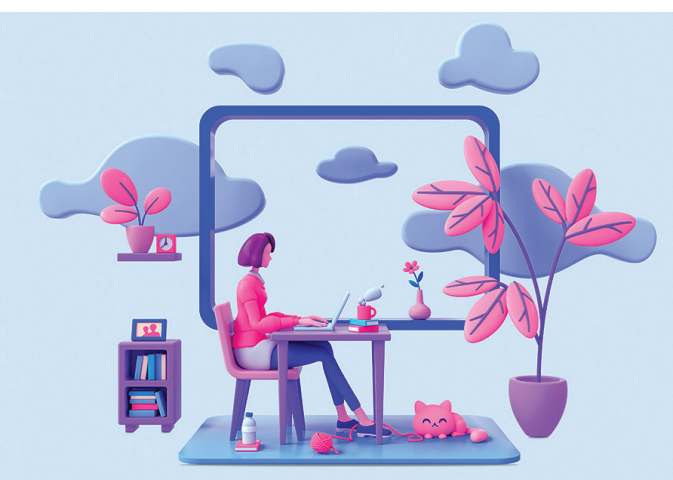
Improving the competition in the radio broadcasting market and providing better radio services to the customers will significantly contribute to the development of DAB digital audio broadcasting. In 2020, the Communications Commission studied the working principles of digital audio broadcasting and the world practice of existing standards, including technical specifications and proven applications for data transmission through the DAB system.

Work is underway on a strategy for the development of digital broadcasting.

The digital broadcasting strategy will be a guide on the basis of which the Communications Commission will plan the issues of appropriate licensing and authorization, as well as the right to operate a digital terrestrial radio broadcasting network.

The important role and effective work of the Communications Commission in the development of media and information literacy in the country has been repeatedly recognized by international organizations.

It was due to the successful media literacy projects that the EU granted the Communications Commission with an opportunity to implement the project - "Disinformation as a challenge: development of critical thinking in education". In 2020, the Communications Commission received funding from the EU delegation to Georgia to train public school and vocational education teachers in media literacy in Tbilisi and the regions, including densely populated ethnic minority regions. Teachers will gain knowledge about the negative impact of disinformation and anti-Western propaganda and the mechanisms of protection against them. They will learn practical methods for detecting misinformation using media literacy skills. In addition, training seminars will help and allow teachers to receive comprehensive and sensible information about European values and the process of Georgia's rapprochement with the European Union. The main objective is to develop critical and logical thinking skills that every citizen needs in the digital age.



Log-in Georgia - State and World Bank project of global Internetization

Another strategically important project, implemented with the financial support of the World Bank, is universal Internetization. The project was developed in cooperation with the Government of Georgia to support the implementation of the 2020-2025 national strategy for the development of Georgia broadband network.

The first component of the project will help expand access to broadband internet in rural settlements across Georgia and improve the enabling environment for digital development. As a result of the project, 500 000 residents of 1000 villages of Georgia, including in the mountainous regions, will have the opportunity to connect to broadband, high-quality Internet, and use digital services such as e-health, distance learning, e-governance, etc.

The Communications Commission has conducted significant work to achieve the effectiveness of the project in 2020. In cooperation with the project stakeholders, an operational manual of the project was developed, an agreement on authority for the implementation of the project was signed and the action plan for the implementation of the project was developed.

The Log-in Georgia project will be implemented by Open Net within five years with the support of the Communications Commission.

The second component, which will be implemented by the Communications Commission, is to promote the use of digital services for the population.

Proper use of digital services, development of distance learning and telemedicine, promotion of digital financial services and e-commerce, expansion of tourism, small business and entrepreneurship - this is just a small list of opportunities that the Georgian population will receive through the development of a digital economy.

To raise awareness in villages selected in advance, the Communications Commission will conduct training programs for the population, as well as targeted interventions for socially vulnerable groups. The Communications Commission will help citizens through the special training programs, to develop a relevant digital skills using technology, and to receive the opportunity to use various state electronic services. There will also be special events for women, ethnic and social minorities, and people with disabilities. Within the framework of the project, as a result of the implemented activities, the rural population and enterprises operating in the region will be provided with equal opportunities as the urban population.

Media literacy in regions with ethnic minorities

The ethnic minorities have been identified as an important target group for the development and promotion of media literacy, which will become a top priority for the Communications Commission in the coming years.

The Communications Commission started implementing media literacy projects in the regions densely populated by the ethnic minorities in 2020. Media literacy as a key tool in the fight against Disinformation - the Communications Commission has created a new training material for the ethnic minorities to fight against harmful effects of the stereotypes, social media and disinformation by developing and using media literacy skills.

Within the framework of the training module, more than 100 representatives of civil society were retrained, who deepened their knowledge and received detailed information about the basic essence and principles of media literacy. They also received information on the role of media literacy in fighting against disinformation caused by stereotypes and how to fight against disinformation in the modern technological age.

“The Impact of Disinformation on the Civic Integration Process and the Importance of its Prevention” - this was one of the first training for representatives of local non-governmental organizations operating in densely populated regions.

Another important project is “Young European Ambassadors”, which aims to train trainers and raise their qualification. Within the framework of this project, the young people met with representatives of the state structures and invited experts, deepened knowledge about European and Euro-Atlantic integration, European values, the country’s prospects and aspirations. In the next phase of the project, the trained youth will conduct informational meetings for the students, teachers, and community leaders in densely populated regions with the ethnic minorities.

Projects were initiated by the Office of the State Minister of Georgia for Reconciliation and Civic Equality in cooperation with the Government Administration and the Communications Commission, as well as the United States Agency for International Development (USAID) and the United Nations Assistance Mission in Georgia (UNAG) Promoting Integration, Tolerance and Awareness (PITA), in close cooperation with the LEPL Information Center on NATO and the European Union of the Ministry of Foreign Affairs.



Media Literacy and Digital Literacy in Universities

With the objective to develop critical and logical thinking skills, as well as analysis and fact-checking skills, the Communications Commission has begun implementing media literacy projects in the universities since 2020. Tbilisi State University, Batumi State University, Samtskhe-Javakheti State University and the Business and Technology University - these are the universities, 700 students of which are already involved in media literacy projects.

In 2020, as a result of cooperation with the Communications Commission, Business and Technology University (BTU) started teaching a new subject - Digital Literacy and Cyberethics and the subject has already been mastered by more than 100 students. In addition, from the 2019-2020 academic year, all students at the University who learn business communication and strategic communication within the curriculum will study the basics and main directions of media literacy. About 500 undergraduate and postgraduate students have already studied the basics of media literacy.

Teaching digital literacy as a new subject is one of the important outcomes already achieved by the Communications Commission and the Business and Technology University in the framework of the joint media literacy development projects. Before the start of the new semester, in close collaboration with the Communications Commission, recommendations were developed in the various directions of media literacy, including refinement and development of a new syllabus.

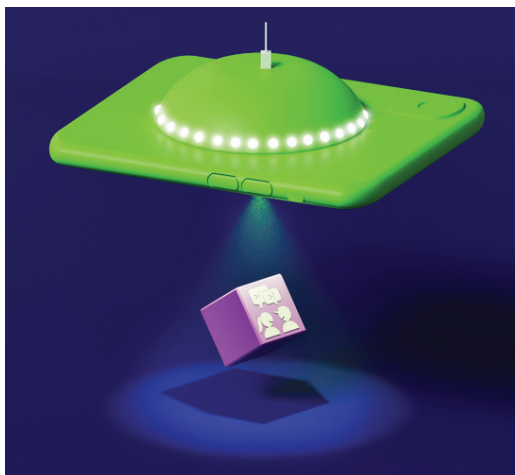
With the support of the Ministry of Education and Science, academic staff and students are involved in the joint projects within the framework of cooperation with the universities. Educational activities help students to distinguish between true and false information. Students participate in the media literacy competition True or Invented? And at the later stage, educational components will be implemented in schools with their participation.

With the help of the Communications Commission, students are also learning new approaches of the international experience of media economics as a part of the media literacy project called Media Economics. Cooperation in this area implies joint work, both in the direction of educational component and in the field of startups.

Development of media literacy in adolescents

One of the main goals of media literacy development is to protect youngsters from harmful influences and raise their awareness, since developing critical and creative thinking skills in students, in the age of technology. In order to, protect adolescents from the harmful influence of online space and their safe navigation on the Internet, the Communications Commission has been implementing important projects since 2018 in close cooperation with the Ministry of Education and Science.





Happy Onlife - an online application that teaches elementary and senior students, parents and teachers how to safely navigate through the Internet and how to use digital media safely. The purpose of the application is to teach children and adolescents safe and responsible use of digital media, critical assessment and analysis of online content through the game. In addition, Happy Onlife helps parents and teachers to actively develop students' media literacy skills and protect them from cyberbullying. The Happy Onlife app focuses on important issues such as cyberbullying, critical evaluation of the sources of information, communication with parents, teachers, adults, and most importantly, protection of personal data online.

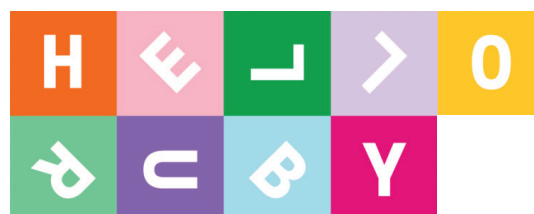
In 2020, the Communications Commission, together with the Media Academy, translated 150 additional questions to be added to the application. Adding new questions will make the game more diverse and cognitive.

Up to 9,000 users have downloaded Happy Onlife since its launch

In 2020, the Communications Commission conducted series of trainings on the proper use of the application and the board game for more than 700 students in 10 schools across the country. The trainings were also attended by teachers and parents of students'. In addition, on the initiative and organization of the Ministry of Education a training webinar about the application was held for public school teachers.

In the context of the pandemic, Happy Onlife gained special importance during distance learning, and due to the growing demand, in cooperation with the Ministry of Education and Science, an informational video about the application was placed on the air of TV School of the Public Broadcaster.

Happy Onlife was played by the students of the 3rd, 4th and 5th grades of public schools, where interactive training on safe Internet use was conducted for the student in connection with the Safer Internet Day.



Hello Ruby - a series of Finnish books aimed at mastering the basics of programming, computer science and code writing in elementary school children, developing critical thinking and skills of analysis. In 2020, the Communications Commission and the Media Academy published additionally 3,000 new books.

At the request of the administration of Tbilisi State School #71, Hello Ruby has become a mandatory subject for primary school students, and students in private schools already learn the basics of computer science with the help of a Finnish book within the framework of the curriculum.

The Communications Commission surveyed school principals and teachers where Hello Ruby is taught. The survey showed that the learning outcomes are high as well as the level of student satisfaction. Due to the particular interest and demand for the Finnish book series, the Communications Commission, in cooperation with the Ministry of Education and Science, in 2020 additionally trained 50 teachers with the teaching methodology of the author of the book, Linda Liukas.



Media Economics - this is a project that teaches 10 to 15-year-old adolescents digital media economics, unique approaches and ways to identify Internet threats.

In Georgian schools, students learn how to choose and use digital media through interactive training format and, the most importantly, receive information about the financial and economic aspects of digital media.

The trainings are carried out using multimedia platforms and the Internet, both in groups and individually, through practical and interactive works. The lesson plan was developed together with the author of the course, the director of the Zaffiria Media Education Center, Alessandra Falconi, and was specially adapted for Georgian schools. In 2020, the Communications Commission updated the Media Economy syllabus and created a new teaching materials for schoolchildren, based on which more than 100 teachers and “New School Model” coaches were retrained.

The Communications Commission has developed a system for the evaluation of projects in the field of media literacy. All target audiences were interviewed, including students, teachers, and parents. Evaluation reports confirm that the demand for media literacy projects of the Communications Commission is growing, which once again confirms the effectiveness and success of the projects.



The competition True or Invented?

The Communications Commission, together with the Media Academy, in 2020 conducted a media literacy competition True or Invented? for bachelor students with the aim to develop media literacy, critical thinking, analyzing and fact-checking skills in adolescents. It was held for the fourth time, although bachelor students participated for the first time.

During the first competition for students, up to 120 works were submitted to the Communications Commission.

The students had to find false information disseminated in the Georgian media space (Internet, television, print media, etc.), which was related to some incident in Georgia and still was not verified as fake news.

It is noteworthy that the winners of the competition and other contestants who did not make it to the top three submitted qualified work and demonstrated high competence and effective skills, the Communications Commission took a responsibility to assist them through their career development. The Communications Commission will conduct certified training for up to 15 contestants who submitted interesting works. Students will complete a program created by the BBC Academy and the Media Literacy department, after which the Communications Commission will give them an opportunity to participate in various media literacy projects and share their experiences with other students and pupils.

Along with the competition, the Communications Commission conducted online training sessions for up to 200 students from 6 universities in Tbilisi and the regions on fact-checking and detecting false information. Using materials of the BBC Academy, within the framework of interactive sessions, students learned to analyze and verify false information disseminated in the media. These meetings also guided them through to prepare a qualified competition paper.



In 2020, the competition for schoolchildren True or Invented? was successfully conducted for the third time and was attended by the record number of 9th, 10th and 11th grade students. Out of 185 high-quality and interesting works in a highly competitive environment, the competent jury identified three winners, and one of the participants was awarded a special prize. The winners were awarded ultra-modern prizes by the Communications Commission.

Due to the situation caused by the Coronavirus pandemic, by the decision of the Communications Commission, only the members of the jury and the winners of the competition were present at the event.

The first place went to Lasha Guluashvili, who was awarded the iPhone 11 Pro by the Communications Commission. Second place went to Mariam Namicheishvili, who received the latest iPad model, and third place went to Nene Zhvania, who received modern Beats Studio 3 wireless headphones from the Communications Commission. Hasmik Baghdasaryan won a special jury prize and received an iPhone SE from the Communications Commission.

As part of the competition, the Communications Commission conducted online lessons for more than 200 students in 10 public schools to promote media literacy.



Learn from the best - Media Academy Masterclass

In 2020, the exclusive project of the Media Academy - Online Masterclass was launched. The first online masterclass in the Georgian media space provides a unique opportunity for those interested in journalism to gain knowledge for free and learn everything that a professional journalist needs. Learn from the Best is a project that offers online lectures for journalism students and anyone interested in the media in general.

Narrative, interviewing, questioning, preparing a photo story, working on a set and in a studio – these are topics covered in 30 lectures by four authors. Journalist Eka Beridze, playwright Basa Janikashvili, journalist Tamta Sanikidze and photo reporter David Mdzinarishvili share their many years of experience and teach the audience everything a professional journalist needs to prepare a high-quality media product. The online masterclass is the best way for an interested person to look behind the scenes and hear from successful professionals what is never seen on the air, which is the most important and necessary for the production of high-quality journalistic products.

The first cycle of the Masterclass course includes thirty 10-12 minute video lectures, which are posted on the YouTube channel of the Media Academy and are available to everyone - completely free of charge at any time.

The online Masterclass, which had more than 160,000 visitors by the end of the year, is still relevant today. Moreover, interest in the project is gradually growing. There is a growing number of consumers who, without leaving their homes, have mastered the basics of journalism for free and learned how to create a media product.

Due to the great interest in the Masterclass, the Media Academy of the Communications Commission plans to invite a number of interesting authors in order to make the lecture course even more diverse and attractive in the future.



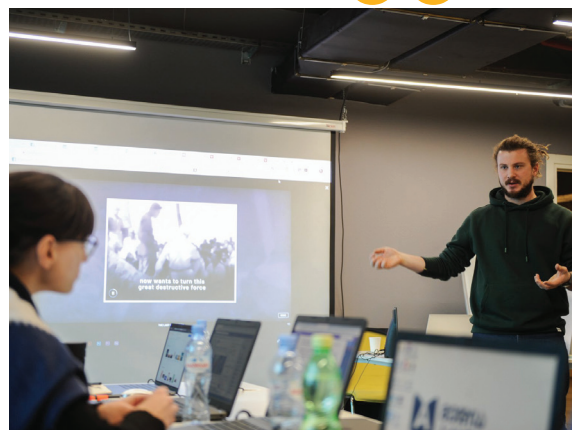
Along with the online Masterclass, the Media School of the Media Academy has been helping media representatives in their professional growth and raising of qualification for the second year in a row. Considering that consumer behavior is changing with the development of technology and multimedia products are becoming increasingly relevant, it is important that media representatives in this area constantly deepen their knowledge and keep up with new trends.

Before the pandemic entered its active phase, in 2020 the Media School managed to conduct several important certified seminars.

Given that the media environment is rapidly evolving, and social media offers daily news almost permanently, it is important for journalists to know how to convey a story and create a multimedia product for an audience of social platforms.

Giorgi Gogua's training, which was conducted on the basis of the Media School, in addition to the theoretical part, also included practical work and was based on specific issues, such as the strategy of coverage of the topic and audience analysis, ways of conveying the story, ensuring high engagement of the audience in social media. Media representatives got acquainted with the methods of narrative in the digital age, the relationship between the ways of conveying a story in traditional journalism and new multimedia capabilities.

” **The technique of narrative in social media** “



” **Photojournalism** “

In the modern world, where the main source of information is social media rather than traditional media, it is important for the reporter to know exactly how to provide information to his/her audience, how to prepare a photo report using a mobile phone. For this purpose, photo reporter Davit Mdzinarishvili conducted a training on photojournalism for media representatives, the participants of which got acquainted with the main issues of photography and photojournalism: the principles of the camera operation, composition, exposure, etc. Within the framework of the certified training, special time was devoted to mobile photography and the preparation of news and photo reports with a mobile phone.



” Media Literacy and Digital Citizenship “



Under the leadership of the Communications Commission, a Portuguese expert on media literacy and digital citizenship Vitor Tome conducted a seminar at the Media Academy, where current challenges and the role of media literacy and digital citizenship were discussed. The seminar was attended by representatives of the Communications Commission, the Media Academy and the Ministry of Education, along with media workers.

The foreign researcher shared his international experience in the field of education, media and media literacy. The expert assessed the opportunities, needs and challenges in the field of media literacy in Georgia.

” The efforts that GNCC and the Media Academy are putting into development of media literacy in your country are vital for journalists and media organizations. Many people will benefit from this. You are also doing important work regarding media criticism, thereby training not just the media representatives, but the public as a whole. If you receive criticism for this, then you are doing your job right. “

This is how Vitor Tome, the expert of media literacy and digital citizenship, assessed the activities of the Media Academy.

Vitor Tome





The Media Criticism platform, created by the Media Academy to promote informed choice and develop media literacy, has achieved impressive results in one year. The website had more than half a million visitors in a short period of time, the social media page of Media Criticism was active, where, in addition to getting acquainted with materials published on Mediacritic.ge, users also expressed their opinions on various issues.

The goal of Mediacritic.ge is to promote informed choice, in particular, through Media Criticism, readers have the opportunity to receive information about fake and unscrupulous media products. The purpose of Media Criticism is, on the one hand, to help the public understand what media products they consume and, on the other, to promote the professional development of journalists and producers themselves.

The one-year work of Mediacritic.ge has served to raise the level of critical thinking in society and to properly inform citizens. Active work in this direction will continue in the future.

Professional analysis of media products includes three main areas, the statistics of which are as follows:

- ▶ **58 reviews (analytical direction of Mediacritic.ge)**
- ▶ **63 blogs (section for copyrighted products)**
- ▶ **178 remarks (daily news-oriented genre)**



Since the appearance of Mediacritic.ge, the number of visitors has exceeded half a million, and the materials posted on Media Criticism Facebook page have been read by more than a million users.

These results indicate the relevance of the platform and clearly show how great the public interest is in qualified media criticism.

In 2019, with the participation of media experts and professional journalists, an editorial code of Media Criticism was developed, which has the function of promoting the current academic processes in the Media Academy and the development of media criticism in general. Since its creation, Media Criticism Platform has been guided by the principles and high journalistic standards set out in this Code.



In 2020, the Medialab of the Media Academy began to function actively. This is a lab for startups that helps develop innovative projects in digital media. Medialab is a new opportunity for startups to create and introduce innovative, progressive and modern media products in Georgia and abroad.

The main goal of Medialab is to promote innovations in digital media, attract creative and innovative people, ensure involvement of businesses and investors, and promote creation of a strong startup community.

Medialab helps startups in several important directions. These include a co-working space, incubation and funding for “resident” startups, acceleration program of startups and implementation of innovative projects.

The purpose of the **acceleration program** is to help startups refine the idea and launch a product. To understand how successful your idea will be, it is important to evaluate and analyze the idea at an early stage, and determine the viability of the idea. The path of creating a product that is associated with constant challenges starts from this stage. To address these challenges, Medialab has created an individual acceleration program for startups working in the field of digital media, which aims to help startups refine their idea and create a product. The acceleration program was launched in September 2020 and up to 80 startups have expressed desire to be involved in the program during a four-month period. Startups participating in acceleration are given the opportunity to use a co-working space equipped with modern equipment of Medialab.



Medialab Incubator - The goal of the program is to help startups attract funding for the project and bring the product to market. Entering the market for the first time is the most important stage for startups when their ideas and visions meet reality. It is the Medialab startup incubator that helps startups overcome this difficult stage. With its help, startups go through the incubation process, which implies mentoring, free trainings and workshops, assistance of a lawyer, developer, engineer or other specialists. Medialab also helps startups financially.





Medialab Co-working space - For the realization of innovative ideas, an important role is played by an environment in which people with common interests are given the opportunity to get to know each other, exchange experiences and unite around a common idea. To this end, Medialab has created a free common workspace where freelancers and small start-up groups work in a cozy, comfortable environment. The co-working space is equipped with modern office equipment, high-speed internet, an isolated meeting room and many other tools necessary for comfortable work. The space can be used by small startup groups as well as freelancers, programmers, designers, sound engineers, bloggers and all interested people who want to help startups develop the product.



The co-working space is designed for 10 teams and meets all the requirements of startups

The workspace gives possibility to carry out a variety of events for up to 50 participants

In 2020, Medialab successfully created an online startup community, attracting and connecting startups by distributing online resources and articles. Medialab has attracted successful entrepreneurs and creative-minded people to create future startups, raised awareness of the digital media field in both startups and organizations involved in the startup ecosystem, and most importantly, involved successful startups in Medialab activities.

46 articles were published on www.medialab.ge in 2020

- ▶ Informative
- ▶ Educational
- ▶ Motivating

The articles on the website were viewed by more than **100,000** visitors
The posts on the social network have up to **10 million** views

In 2020, Medialab implemented projects aimed at developing the field of media and communications; Its activities included, among other things, processing of Big Data, storing and exchanging information. The big data processing project includes collection and analysis of data from mobile operators on the Georgian market. The data is fully encrypted and the encryption methodology has been agreed with the Georgian Personal Data Protection Inspection. The project can be used in a test mode by several government agencies, including the Department of Tourism, the Department of Statistics, the Tbilisi City Hall and the Agency for Protected Areas. The data of the project will be used by the mobile service providers themselves.

Using the big data processing project, the specialists of the Department of Tourism will have the opportunity to get detailed information about the tourist places visited by foreigners, the border crossing, the services used by tourists and the time spent in the country. This information will help the Department of Tourism to study the behavior of tourists and plan future activities.

The Department of Statistics will use big data at the municipal level to analyze population migration and domestic tourism.

The Tbilisi City Hall will be able to use the data to determine the activities of shopping malls, district profiles and events, and the Agency of Protected Areas will use the project to analyze trails and protected forest parks.

As for the mobile service providers, they will segment the subscribers according to big data and will be able to determine the coverage zones for the service delivery according to the customers' needs.





In 2020, Medialab carried out the Ideadrome startup competition, which aimed to attract more entrepreneurs and creative people to establish startups in the field of digital media. Cybersecurity, how to protect information for consumers and businesses, how to fight against false information and how to protect ourselves from it, how to distinguish between fake and true information, what are the challenges of remote work, how to develop effective communication systems and how to communicate more effectively with customers – these are the topics covered by the Ideadrome competition.

The participating teams select significant issues from the field of digital media. Within two days they have to present an innovative solution to the problem. Teams are assisted by mentors who prepare them individually for the finals. Participants of the event are given the opportunity to get a startup experience.

- **Cooperation between the Communications Commission and ICANN** - A Memorandum of Understanding was signed between the Communications Commission and the Internet Corporation for Assigned Names and Numbers (ICANN); As a result, the two organizations have entered a new phase of collaboration aimed at promoting the Domain Name System (DNS) ecosystem and promoting Internationalized Domain Names (IDNs). Within the framework of the memorandum, the parties agreed on joint projects that will contribute to strengthening the security of the domain name system, Internet stability, security and development of the Internet in Georgia.

In 2020, representatives of the Communications Commission participated in the international meetings of the Government Advisory Committee of the Internet Corporation for Assigned Names and Numbers (ICANN / GAC). The purpose of the meetings was to discuss important topics, such as Domain Name System Abuse (DNS Abuse) and impact on customers, changes to WHOIS services under the new General Data Protection Regulation (GDPR), public safety etc.

- **The Communications Commission is an active member of EaPeReg** - By actively engaging in the activities of EaPeReg, the Communications Commission promotes the harmonization of electronic communications sector of Georgia with the European Union, which in turn is a precondition for the European integration process.

During 2020, the representatives of the Communications Commission actively participated in the activities of EaPeReg and its expert groups. These included EaPeReg plenary meetings, as well as thematic meetings on frequency pricing of the frequency spectrum auction and Internet of Things, as well as working meetings on the digital mapping within the framework of the regional TAIEX project.

EaPeReg activities are supported by the EU4Digital - Telecom Rules project, which is implemented in 4 main directions: reduction of roaming tariffs at the first stage between the countries of the Eastern Partnership, and at the second stage - between the countries of the Eastern Partnership and the EU; Spectrum harmonization; Strengthening the independence of the regulatory authorities in the field of electronic communications and broadband development, including broadband mapping. In 2020, the EaPeReg Roaming Expert Working Group (REWG), with the active participation of the Communications Commission, completed work on the Regional Roaming Agreement. At the same time, the European Commission confirmed the launch of a study on the possibility of creating a common roaming zone between the Eastern Partnership countries and the EU countries.

Also in 2020, the EaPeReg Spectrum Expert Working Group (SEWG), chaired by a representative of the Communications Commission, completed work on the Regional Spectrum Agreement.

In addition, the Communications Commission has been actively involved in the activities of the EaPeReg Independent Regulators and Broadband Expert Working Group (IRB EWG) aiming at strengthening the independence of the electronic communications regulatory system and developing broadband services. In order to strengthen the independence of the electronic communications regulation system, a detailed analysis of the regulatory and legal framework of the Eastern Partnership countries was carried out on the basis of a special questionnaire developed by experts. The criteria for the independence of the electronic communications regulatory body have also been defined in accordance with EU legislation. The level of independence of the electronic communications regulatory system of the Eastern Partnership countries was assessed, gaps between the legislation of the participating countries and the legislation of the European Union were identified and relevant recommendations have been issued. Based on a detailed analysis of the legal and regulatory framework of the Eastern Partnership countries, the independence of Georgia's electronic communications regulatory system was assessed with a fairly high score, however, 16 gaps were identified according to 44 sub-criteria. A significant part of the identified gaps has already been reflected and addressed within the package of amendments to the Law of Georgia on Electronic Communications prepared by the Communications Commission. As for broadband development, the Communications Commission actively participated in workshops, projects and seminars organized by the IRB EWG, where it was emphasized that in terms of broadband development, especially the introduction of high-speed Internet and the development of broadband mapping, Georgia is the leader in the region.

- **Cooperation between ITU and EaPeReg coordinated by the Communications**

Commission - A Memorandum of Understanding was signed between the International Telecommunication Union (ITU) and the Eastern Partnership Electronic Communications Regulator (EaPeReg). Representative of the Communications Commission has been designated as the coordinator and the contact person on behalf of EaPeReg. Representatives of the Communications Commission participated in the ITU European Regional Forum. The forum covered important issues such as the 5G implementation strategy, definition and implementation of the policy. Besides the ITU Member States, several regional organizations participated in the forum, including the Body of European Regulators for Electronic Communications (BEREC) and the Eastern Partnership Electronic Communications Regulators Network (EaPeReg), which was chaired by the Communications Commission twice, in 2015 and 2019.

At the session - 5G national strategies and policies for non-EU countries - the representative of the Communications Commission informed the participants about the current situation in Georgia regarding the development of 5G. The representative of the Communications Commission also spoke about the 5G strategy and the Regional Spectrum Agreement, which is initiated by the Communications Commission and aiming at spectrum coordination in the Eastern Partnership region.

- **Cooperation with the Office of Electronic Communications of Poland** - Kakha Bekauri, Chairman of the Communications Commission, and Vakhtang Abashidze, Member of the Communications Commission, held a meeting with the new President of the Office of Electronic Communications of Poland (UKE) Jacek Oko and his Deputy Karol Krzywicki. The parties discussed future plans and the importance of introduction of 5G technology, emphasizing the importance of successful and fruitful cooperation between the two countries in the field of electronic communications.

- **GeolGF 2020** - What are the challenges on the Georgian telecommunications market and what opportunities does the decision of mandatory access of virtual operators to the mobile communications market bring to potential MVNOs, what are the plans of the Communications Commission regarding the introduction of 5G technology in the country, what are the challenges of the country code zone in .ge top level domain of Georgia - These are the topics that were discussed by the representatives of the Communications Commission at the Georgian Virtual Forum on Internet Governance in the framework of various thematic sessions. GeolGF2020 speakers focused on key decisions and measures taken by the Communications Commission to liberalize the telecommunications market and strengthen competition.

- **The EU - Georgia Association Subcommittee on Economic and Sector Cooperation** - information society, audiovisual services and the importance of media, science and technology, education, youth, culture and sports - these issues were discussed at the online meeting of the 4th cluster of the EU - Georgia Association Subcommittee on Economic and Sector Cooperation.

The purpose of the meeting was to assess Georgia's progress in terms of sectoral integration with the EU and the implementation of the EU-Georgia Association Agreement and the Association Agenda in the key areas listed above. It should be noted that the EU has positively assessed the efforts made by Georgia in the field of audiovisual media and information society in terms of EU integration and the results achieved. At the meeting, the parties discussed Georgia's potential in the Digital Silk Road project and the unique opportunity position the country as a digital hub and "data center".

In addition, the representatives of the Communications Commission provided the EU representatives with detailed information on the decisions taken by the Communications Commission on the liberalization of fixed and mobile services markets, the progress in the development of broadband networks and the introduction of 5G technology in Georgia, as well as on the steps to be taken from the point of view of the approximation of Georgian legal framework with the EU directive on Audiovisual Media Services.

- **EPRA Media Literacy Conference** - how media literacy develops; what are the challenges in the field of media and information literacy; what is the importance of creating a unified network; and what are the plans regarding development of media literacy in Georgia - these are the topics covered by the head of the Media Literacy Department of the Communications Commission at the online meeting of the European Platform of Regulatory Authorities (EPRA).

The representative of the Communications Commission presented a report on the media literacy projects to the partners and informed the colleagues about the various planned events for the development of a unified network of media literacy in Georgia.

- **5th meeting of the panel on Harmonization of Digital Markets (HDM)** - In 2020, representatives of the Communications Commission took part in the 5th meeting of the panel on harmonization of the digital market, initiated by the European Commission. The main topics of the meeting were regional agreements on roaming and spectrum. During the meeting, the Eastern Partnership countries confirmed their principal consent on the signing of both agreements. It should be noted that the idea of a regional agreement on spectrum was initiated by the Communications Commission. The signing of regional agreements by the relevant ministers of the Eastern Partnership countries is scheduled for 2021.

- **Coordination of the use of spectrum of IMT systems with neighboring countries** - Agreements on 2G / 3G / 4G / 5G systems have been reached with countries of the region and the Eastern Partnership. Coordination and negotiations were held with the administrations of Azerbaijan and EaP countries on specific levels and parameters of IMT technologies, which means minimization of incoming signals from neighboring countries and proper distribution of frequencies. In order to prevent harmful radio interferences during the operation of various communication networks, it is necessary to ensure their proper functioning.

- **International coordination in accordance with WRC-19 resolutions** - In accordance with Resolution 559 of the World Radio Communication Conference WRC-19, information was sent to the International Telecommunication Union Radiocommunication Bureau (ITU BR) on the selection and distribution of a new orbital position for a geostationary satellite and allocation of channels in the plans of the distribution of the satellite broadcasting service (BSS) for Georgia (App 30 / 30A). The aim of the coordination is to agree on updated equivalent protection margin EPM, in order to have possibility to modify Georgian satellite broadcast resource for WRC-23 conference.

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