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GEORGIA

KNOWING WHERE THE MONEY GOES

The financial crisis has led many people to turn their backs on just-for-profit banks and to look instead for banks that invest along strict ethical lines. David Niguriani from Georgia worked for a number of years at an alternative bank of this kind in Germany. Now he has imported the concept to Georgia.



Photos: Elisabeth Gast Stiftung | Steffen Schülein

When 34-year-old David Niguriani hears the latest growth figures from his former colleagues at *GLS Bank* in Stuttgart, he knows he is on the right track. Founded in 1974, this cooperative bank is thought to be the world's first sustainable bank. Instead of pursuing the pervasive goal of profit maximisation, it keeps its distance from speculative capital expenditure and invests its clients' money in projects that are ethically and ecologically legitimate. Today, such projects are primarily in renewable energies, organic foods, social work and sustainable real estate.

After graduating in Germany with a degree in business administration, David Niguriani began work as a trainee at the Stuttgart branch of *GLS Bank*, working his way up to a position with direct responsibility for loan disbursement in private-sector customer service. His letter of reference of 2008 states: "Mr Niguriani wholeheartedly identified with our bank's ecological and social principles. His knowledge of his field and the banking sector was excellent. We sincerely regret his decision to leave our bank to return to Georgia, his home country."

A quiet revolution

In Tiflis, the Georgian capital, David Niguriani shows no regret at his decision to return to Georgia. On the contrary, he has a vision and confidence in a country that, after 70 years of socialism, has had the courage to undertake many daring reforms towards greater market competition and democracy and has the self-assurance to stride towards closer relations with the European Union and

NATO. After 13 years in Germany, David Niguriani today works as managing director of *Ethic Finance*, an association which he founded together with two other German-educated Georgians.

"At *Ethic Finance* we are currently putting a lot of our energy into building up a network of people who think in an alternative direction like we do," says Niguriani. *Ethic Finance* supports a whole series of social and ecological projects in Georgia and provides consulting designed to optimise organisational structures and assist with legal problems. *Ethic Finance's* support is primarily for the generally sensitive problem of financing – for instance, establishing contact with potential creditors, identifying areas for economising, locating additional sources of income, and introducing modern bookkeeping systems. However, the long-term goal of both Niguriani and *Ethic Finance* is to create a genuine bank along the lines of *GLS Bank*. This is the only way the association will be able to grant loans autonomously and launch projects on its own initiative.

Unlike in Germany, where there are now a number of alternative banks, this market niche is entirely new in Georgia. "Though many people may not believe it, it is not only the highly industrialised countries that are starting to rethink their way of life. In countries like Georgia too, the number of people who want to know where their money goes and where their food, clothes and electricity come from is growing," says Niguriani defending his vision of a Georgian bank focusing on human welfare and the environment and not only on profit.

Lively demand

One current client of Ethic Finance is the *Association for People in Need of Special Care* (APNSC) in Tiflis. For 20 years, APNSC has taken in handicapped Georgians otherwise fated to eke out an existence in poverty and social isolation. The various workshops founded by APNSC over the years offer people with disabilities useful employment, drawing them back from the edge of society. The association also trains socio-therapists for other institutions. Its work is currently largely funded by *Bread for the World*, the German Christian aid organisation, which has contracted Ethic Finance to modernise APNSC's marketing strategy to make it self-supporting in the long term. Niguriani is also advising Ethic Finance on the establishment of a professional financial monitoring system to prevent costs from spiralling out of control in future.



Back in Georgia again: David Niguriani with his four children and German wife.

Niguriani's daily life still involves numerous connections to Germany – for example to the *Elisabeth Gast Foundation* in Ba-

vara. This art therapy foundation has been active for years in Georgia. It works with street children and orphans, with persons suffering from leukaemia, and with disabled persons. Since the war in 2008, it also works with child refugees. Elisabeth Gast, the foundation's 62-year-old founder, comments, "It is extremely important for our work to have a Georgian partner like Ethic Finance – one that supports our projects with business administration and finance, that we can confidently trust with budget administration, and that also knows Georgian regulations inside out."

Georgia's socialist past means that business and free-market thinking still have a way to go before they properly take root there. That social institutions must earn part of their income themselves is still a novel concept. Founder Gast continues, "David Niguriani speaks our language. He knows what we are trying to do. He even knows the constraints that foundations in Germany are subject to. But he also knows the realities of getting things done in Georgia. So he's a good intermediary between the two worlds. Since he is a native-born Georgian himself, he has a great advantage in terms of getting Georgians to trust him." Volker Braun trusts Niguriani, too. The remedial teacher from the Eifel region in Germany wants to use interest-free loans to assist Georgian farmers with the cultivation and marketing of organic products. "I've been working in Georgia for years, but I've paid a certain price for my experience. You see, in the past, funds simply didn't end up where they were supposed to. For me, Ethic Finance – and particularly David Niguriani – guarantee sustainability. With them I know my money will wind up in the right place," says Braun.

The programme:

When David Niguriani came to Germany in 1995, he had a clear goal in mind. He wanted to learn from Germany and then apply this knowledge in Georgia to change the structures there. His business studies in Germany, his thesis on micro-credit financing in Georgia, his training at GLS Bank in Germany and his years of professional experience there were well-thought-out steps along the road to his goal. Today, Niguriani uses his work as managing director of Ethic Finance to promote the success of social and ecological projects in Georgia and the responsible handling of financial resources. This is why the Centre for International Migration and Development (CIM) has chosen to promote Niguriani's efforts through its **Returning Experts Programme** which is financed by the German Federal Ministry for Economic Cooperation and Development (BMZ).

The ideas behind it:

At GLS Bank in Germany, David Niguriani, a father of four, earned many times more than what Ethic Finance can pay him per month today. German support makes it possible for Niguriani to realise his not-for-profit project in Georgia and is helping him to get started professionally. He can also use his knowledge where it benefits Georgia the most – not only in his personal view, but also from the viewpoint of German development cooperation. His work at Ethic Finance also increases the impact of numerous other German initiatives that work to advance Georgia's development: they can now employ their funding more effectively thanks to Ethic Finance consulting.

Links:

CIM and its programmes: www.cimonline.de/en
Ethic Finance: <http://ethicfinance.ge>