



Work Plan 2024-2025

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1. Financial Markets Regulations

1.1. Securitization legislation

Securitization converts an asset, a risk, a future cash flow, into marketable securities to raise funds, creating liquidity, or transferring risk by selling the securities to external investors. It can be used in various sectors and for a range of assets and be conducive for the issuance of many types of tailored-made financial instruments.

Securitization gives the firms otherwise unable to raise capital due to their specific circumstances opportunity to raise capital using securitization. The owners of the asset (originators) may create liquidity by selling the future cash flow to a securitization SPV. As for the investors, securitization can be beneficial since they gain the opportunity to access assets that could not otherwise be accessible to them.

So far, ICS was involved in the preparation of the draft initiated by the MoESD and approved by the GoG on October 10, 2022. The law was adopted by the Parliament on December 15, 2023 and will be in force from 01.04.24

ICS will continue monitoring the practical implementation of the law.

Counterparty: MoESD, NBG

1.2. Factoring Legislation

Factoring is an important tool to support companies in managing the required level of liquidity and offering them the advantage of obtaining price discounts from suppliers. Factoring is conducive to improving profitability, liquidity, and cash-flow of business, management of time, credit, and default risks. There is strong evidence that the legal environment of factoring is of utmost importance for the saving of transaction cost and improvement of costs and safety determination process of factoring transactions.

To support the development of factoring products in Georgia, ICS closely works with EBRD, MoESD, MoF, MoJ and NBG. Also, industry representatives are actively involved in the working group activities. The ICS, in close coordination with EBRD and other stakeholders, initiated the feasibility study on the introduction of electronic registry of factoring transactions. EBRD selected the consultant team, KPMG Georgia Ltd, to conduct the study. Stakeholders meet monthly to discuss the *status quo* and challenges to the successful implementation of the project.

ICS will continue supporting the creation of the registration platform and adoption of the new Factoring Law. It is expected that the legislative package will be submitted to the Government and Parliament in the Spring 2024.

Counterparty: MoESD, MoF, NBG, MoJ

1.3. Crowdfunding

Crowdfunding is seen as an important tool for non-banking finance development which is very shallow in Georgia. During the previous years, Georgia's Innovation & Technology Agency (GITA) has prepared

a draft law with help of international experts, which has not yet been adopted and requires further work. Especially for actual implementation, crowdfunding framework needs policy dialogue and further arrangements between policymakers in regards to its regulatory framework.

Crowdfunding, especially equity crowdfunding is a security and falls within securities regulation, which is overseen by National Bank of Georgia. At the same time such mechanisms for early financing should be excluded from current stringent securities market regulatory framework, so that the legal relations in regards to crowdfunding are not seen as too costly and/or complicated for entrepreneurs trying to have better access to finance.

ICS will cooperate with NBG and MoESD in order to facilitate an inter-policy dialogue and make sure that implementation and supervision policy views are aligned between all stakeholders.

Counterparty: MoESD, NBG, GITA

2. Reforms to improve Country's investment climate

2.1. Company Law Reform

The new Law on Entrepreneurs (LoE) envisages fundamental changes to the existing company legislation to increase the predictability of the legal framework for practitioners and judges alike. Furthermore, the law transposes EU company law directives covered by the EU-Georgia Association Agreement into Georgian Law. The new law has been approved by the Parliament of Georgia on August 2nd, 2021. The Law became effective on January 1st, 2022.

The ICS started cooperation with USAID Economic Governance Program to create a LoE implementation monitoring platform. The initiative aimed to track and analyze the implementation of the new law including registration and court practice based on the new law and pertaining secondary legislation and if necessary, advocate for modification to the new legal framework to make the LoE more business friendly.

ICS created the LoE editing Group to collect comments and remarks to the new law and as a result of weekly meetings during several months produced recommendation for improving remaining deficiencies of the law.

In cooperation with the USAID EPG ICS conducts meetings with various professional groups (public registry, judges, lawyers) to talk about possible changes to the law and eventually to prepare draft changes.

The Secretariat is collaborating with parliamentary committees to facilitate discussions on the recommendations within parliament. On February 2, 2024, the parliament hosted a discussion event on proposed changes to the law.

The Secretariat will continue to work with all stakeholders to support the commencement of the legislative process once the changes are agreed upon.

Another focus of the IC Secretariat's efforts will be on further harmonizing Georgian company law with EU standards, particularly in strengthening shareholder rights, facilitating cross-border mergers, divisions, and conversions in accordance with EU Directive 2017/1132 on Certain Aspects of Company Law, and promoting the use of digital tools in company law as well as a Proposal for a Directive of the

European Parliament and of the Council on further expansion and upgrade the use of digital tools and processes in company law of 29.3.2023.

Counterparty: MoJ, MoESD, Parliament

2.2. Framework Investment Laws

To establish a general legal framework for investors in Georgia, there are two so-called "Framework investment laws": Law of Georgia on State Support for Investments (date of publishing: 13/07/2006) and Law of Georgia on Promotion and Guarantees of Investment Activity (date of publishing: 11/12/1996). The primary goal of the Framework Investment Laws is to introduce investors to the country's legal system and the investment environment at a fundamental level. The two laws described above serve as guidelines for foreign investors interested in business activities in Georgia. They summarize key regulations that are important for investors to decide on investment activities.

The current version of both framework legislation is outdated and provides misleading information for prospective investors. Since the adoption of the aforementioned legal acts, only a number of technical changes have been made. Issues related to the aforementioned acts were raised during the IC meeting that catalyzed the work process for the amendments.

ICS prepared scope of work (Terms of reference) to undertake the work and IFC has accepted to finance the project. The experts are currently working to elaborate new framework that will be presented to IC and other stakeholders in March 2024. It is expected to submit the law on government approvals by the end of April 2024.

Counterparty: MoESD, MoJ

2.3. Business Disputes & Judiciary

Dispute resolution remains on the agenda of the IC and the Secretariat. IC intends to draw the attention of the state actors and other stakeholders to the need for reforms in the judiciary with the emphasis on the resolution of business disputes, which is, an important precondition for various other FDI-related efforts of the government to succeed – this includes both the state courts and ADR mechanisms – arbitration & mediation.

Counterparty: GoG, HCOJ

2.4. Insolvency Reform

IC has been actively involved in drafting the new Insolvency act of Georgia (Law on Rehabilitation and Collective Satisfaction of Creditors) to replace the often-criticized Law on Insolvency Proceedings of 2007.

Georgian Parliament has adopted the new Law on September 18, 2020. Its provisions became fully effective from April 1, 2021.

MoJ adopted the secondary legislation necessary for the new legal framework to start working. Namely, normative acts to regulate the profession of insolvency practitioners: authorization and creation of the

unified registry of insolvency practitioners as well as the electronic system for a random assignment of insolvency cases to insolvency practitioners.

ICS was involved in training the first candidates to become insolvency practitioners and also participated in PPD events to analyze the first data regarding the implementation of the new insolvency law organized by the USAID Economic Governance Program (USAID EGP).

Since the introduction of the new legal regime relevant court and legal practice started developing, Business Rehabilitation and Insolvency Practitioners Association is working on draft changes to the law considering feedback from various involved parties such as judges, lawyers, companies.

ICS will cooperate with the Business Rehabilitation and Insolvency Practitioners Association (BRIPA) and USAID EGP to monitor the implementation of the new insolvency legislation and support its further improvement and support future changes to the law aimed at its improvement.

Counterparty: MoJ, BRIPA

2.5. Revisiting Labor Law Reform

In September 2020, the Georgian labor law underwent significant reform. The main areas that have been addressed are:

- Expansion of rights of the Labor Inspection,
- Working time, rest time, overtimes, and night work,
- The obligation of employers to recoding working time of employees,
- Labor contracts and dispute resolution mechanisms.

IC and the Secretariat will be working on the following issues:

- **Obligation of having a labor safety specialist for low-risk enterprises**

For low-risk enterprises, having a labor safety specialist on a regular basis is associated with excessive and inappropriate costs. We believe that instead of having an employee or a service provider as a labor safety specialist on a regular basis, for low-risk enterprises, it might be sufficient to prepare a risk assessment document every 4-6 months, depending on the risk category of the enterprise. The issue can be resolved by amending the relevant by-law.

- **Changes to the rules for accounting the working time**

The working time registration form, which is approved by the Minister's order in 2021, provides up to 30 fields for each employee, including data that cannot be recorded (for example, remotely worked hours); The form of recording is incompatible with modern electronic systems for working time recording.

Draft of relevant changes, envisaging reduction of the graphs to be filled in the reporting form, the possibility of electronic reporting, and the revocation of the requirement of reporting the hours worked remotely was submitted to the Ministry of Health for consideration;

For the most part, the issue has been addressed in the relevant decree of the Ministry of Labor, Health, and Social Affairs, that eased the regulations on recording of the employees' time (Decree 01/89 of 8 November 2022).

- **A new list of industries with a specific work regime (48 hours)**

The previously existing list of industries with a specific work regime was repealed on September 29, 2020 (Government Decree No. 329 (2013)). A new list (Government Decree No. 597) differs from the previous one and does not include several branches previously covered, including hotels and restaurants. The views of the Ministry of Health and business representatives on which branches should be subject to a specific work regime still differ.

The secretariat will continue working with business organizations and state actors alike to reflect a more business-friendly approach in labor legislation, considering the best international (especially European) practices and relevant legal instruments of the EU. Many businesses believe that the forms for reporting the working time of employees could be further simplified. As for labor safety specialists, businesses believe that they might be engaged on a non-permanent contractual basis. If this view is reflected in the relevant legislation, the predictability of enforcement of regulations for employers will significantly increase.

Counterparty: MoH, MoESD

2.6. Public Procurement Reform

The importance of development/improvement of the public procurement system of Georgia is recognized as one of the crucial processes in respect to overall economic development, especially in the context of the EU-Georgia Association Agreement, which includes in Title IV a dedicated Chapter 8 on public procurement, comprising Articles 141-149 and an associated Annex XVI.

Adoption of the new Law on Public Procurement of Georgia, as well as related bylaws (being part of DCFTA Implementation Action Plan), following broad discussion with business sector representatives might contribute to the development of public procurement system in Georgia. It is important to ensure further digitalization of the procedures and development of e-services e.g., ensuring acceptance of electronic signatures on bank guarantees, creating database for contractors, etc.

ICS supported the adoption of the new Law on Public Procurement prepared by the State Procurement Agency of Georgia when participating in public discussion events in the Parliament or elsewhere. The draft was approved by the GoG on August 6, 2022 and submitted to Parliament. The draft was unanimously approved by the Parliament in the first reading on December 16th, 2022.

ICS will continue monitoring the legislative process and support the final adoption of the law.

Counterparty: State Procurement Agency (LEPL), GoG, MoESD

2.7. Support Digitalization Process and initiatives of AI solutions in Public Sector

It is important to encourage relevant government agencies to increase the scope and quality of the digital services they are offering, especially in the financial sector, construction, transportation and logistics. The first relevant project that was initiated by ICS and is led and financed by EBRD, assists the Maritime Agency of Georgia to prepare a feasibility study for the development of a port community system in the Georgian ports to contribute to the full integration and digitalization of the maritime transport chain.

In 2021, ICS with close cooperation of MoF and Revenue Service (RS), initiated development of Unified Tax and Customs Platform that is a part of the Tax Dispute Reform (TDR).

In 2022, ICS initiated digitalization of issuance of construction permits for constructions of special importance. The project is financed through EBRD and will be completed in April 2024

Further development of e-governance services to maintain high positions in international rankings should also be among the priorities. Rankings provide prospective investors with up-front information on the effectiveness of government services. ICS will continue working with different government agencies and IC members to promote development of e-services as a part of the county's investment attraction strategy.

Governments worldwide are actively recognizing the transformative potential of AI and taking steps to regulate it, promote innovation, and integrate it into public services. AI's ability to revolutionize the investment landscape through data-driven insights, enhanced risk management, and improved market efficiency is undeniable. Additionally, AI supports evidence-based policymaking, highlighting the crucial need to leverage AI technologies effectively. The strategic utilization of AI has the potential to attract investment, drive economic growth, and spur innovation. In this context, IC will actively participate in discussions on AI policy to contribute to the government's strategic vision for AI development and governance.

Counterparty: MoESD, MoJ, MoF

2.8. Reforms of the State-Owned Enterprises (SOEs)

State Owned Enterprises' efficiency and prudent management in Georgia is important for economic and social reasons. It is also crucial to retain fiscal risks and reduce the burden on taxpayers from recurrent and large bailouts. SOEs employ more than 56,000 people in Georgia. Their financial performance needs to be improved as according to MoF, almost all 142 SOEs are loss-maker and they suffered a total loss of more than 1 billion GEL in 2020.

IC shares the IMF's idea that comprehensive reform in this area is "critical" and express readiness to support and be involved in the process. Successful implementation of the reform could lead to successful privatization of the nonstrategic Stated Owned Enterprises and consequently contributing to FDI inflow. ICS and EBRD commented SOE reform Strategy Document Prepared by the MoESD and MoF and discussed the commends and recommendation with the ministries.

ICS will remain actively involved in the discussions of the document to assure its compliance with the best international standards, especially with the OECD Guidelines on Corporate Governance of State-Owned Enterprises.

Counterparty: MoF, MoESD

2.9. Pension Reform

Pension Reform envisages the management of investments and administration of the pension assets within the pension savings scheme, in accordance with the interests of the participants throughout the territory of Georgia. Contributions are envisaged to be invested in a variety of reliable financial instruments, which shall lead to: a) Decent life at the pension age; b) Poverty reduction; c) Creation of large-scale investment capital base; d) Development of the local capital market; e) Powerful stimulus to accelerate the economic growth; f) Creation of new workplaces; and g) Increased income.

The current pension scheme in place consists of the universal pension payouts system (Pillar I) and a contributory pension savings scheme (Pillar II). According to the reform plans of the Government of Georgia Pillar I and Pillar II pension schemes should be complemented by the establishment of a fully private pension scheme (Pillar III), to create further mechanisms for the provision of a decent standard of living to its elderly citizens.

The reform resonates with the commitment of the country under the EU-Georgia Association Agreement to harmonize the domestic legislation to the EU Directive (EU) 2016/2341 on the activities and supervision of institutions for occupational retirement provision (IORPs).

Since it is newly launched reform and taking into consideration the challenges posed by Covid-19 pandemic, there is a need of technical assistance, which, inter alia, covers directions concerning IT infrastructure (software / hardware) development, digitalization of the processes, capacity building and awareness raising activities in order to deliver information on the benefits of the reform to various target groups and ensure smooth and unhindered operation.

IC and the secretariat were actively involved in discussions on the draft law on “Voluntary Pension Schemes”. The law was adopted by the Parliament in June 2023. The Secretariat intends to continue cooperation with MoESD and Pension Agency that oversees the coordination of the reform efforts of all stakeholders in supporting the reform, including by offering IC platform for the public-private dialogue.

Counterparty: MoESD, MoF, NBG, Pension Agency (LEPL)

2.10. Further Development of Insurance Market

Third Party Liability obligatory insurance

The introduction of the Motor Third Party Liability obligatory insurance law is part of the directives of the Georgia-EU association agreement agenda under the association agreement Georgia committed to adopting the law in 2020.

The framework of the law has been discussed for several years and is agreed upon by all important stakeholders approved by the Government has already been submitted (in March 2020) for hearing to the Parliament as a draft law. Despite this fact, the committee hearings have not yet started.

The main benefit of the law is the improvement of Georgia’s social welfare system, as the benefits will involve large parts of the population.

It’s worth mentioning that Georgia is the only country in the region, where obligatory law on insurance of motor civil liability does not exist.

The law will be effective for every vehicle registered in Georgia, which means that it will involve all parts of the population, and every citizen if affected by a car accident, will benefit.

One of the positive outcomes of the law will be considerable relief of the state budget from financing health-related expenses due to bodily injury in case of car accidents.

Other direct and indirect benefits of the law will be:

- Increase of insurance industry’s role in managing the social and economic risks of the country
- Increase of protection from bodily injury and/or death and property damage

- Increase of investment attractiveness of the insurance industry
- Improvement of statistics
- Improvement of investment climate and job creation

Other Insurance-related challenges are:

Subordinated debt

In most markets, tier 2 (e.g., subordinated) debt qualifies as a solvency compliant instrument (up to a limit i.e., 50% of SCR). Indeed, in Georgia, banks have this capital headroom approved already.

As subordinated debt provision exists within the Solvency 1 framework, we do not think it needs to be linked with the Solvency 2 work stream.

Life insurance

At the moment, all of Georgian life insurance is credit insurance – protecting the banks from non-payment of loans. To incentivise the population to buy traditional life insurance, there are two important missing elements - (i) capital markets for investment linked products (ii) tax benefits for buying life insurance. While the former is not easy to achieve quickly, there could be some efforts for incentives by introducing tax benefits for encourage people to buy life and even long-term health insurance products.

Health insurance

The private health system in Georgia is already ahead of many EU/CEE counterparts. Nonetheless, to our understanding, right now if a customer opts for a private insurance through the employer, they are required to forgo their state health insurance benefits.

In contrast, in many countries, the products work in a supplementary/complementary fashion, which allows for a better coverage for customers (higher limits) and/or cheaper pricing of the policy.

Counterparty: MoESD, Insurance State Supervision Service (LEPL)

3. Sector - Specific Working Groups

3.1. Tourism Sector

Since the downturn in the tourism industry during the pandemic, a quick recovery has started. The recovery was stimulated by more tourists and renewed investment in the sector. In 2022, ICS organized several working meetings with representatives of the National Tourism Agency to provide recommendations on post-pandemic strategy and activities.

Post-pandemic travel has created new needs and opportunities for Georgia's tourism industry. Growing numbers of visitors increase demand for goods and services, as well as tourism infrastructure. Implementation of proper tourism policy and development of the necessary infrastructure can support the tourism development and investment in the sector. In This regards, Spatial Planning of various tourist destinations for FDI attraction should be stimulated.

Tourism will remain as the main driver of the Georgian economy and a major catalyst for FDI promotion in the coming years. For that matter, the IC will work closely to provide policy advice to GNTA, Spatial and Urban Development Agency and MoESD.

Counterparty: GNTA, Spatial and Urban Development Agency, MoESD

3.2. Energy Sector

Energy security of the country is one of the key issues where the Investors Council is keen to engage more actively. Matters related to the sector were discussed on several occasions during the IC meeting. Electricity market development is particularly crucial in this regard, since the demand for the electricity increases. Electricity generation via renewable sources (hydro, wind, solar) has a potential to be one of the most attractive sectors for the investors. However, number of circumstances resulted in decrease of FDI in energy sector in recent years.

The IC intends to address the problematic issues of the sector through a working group comprised of industry experts, representatives of companies and investors involved in the sector, IC members, IFIs and development partners. In order to achieve tangible results, the working group will work closely with key government agencies, most importantly the MoESD, Georgian Energy Development Fund (GEDF), Georgian Energy Exchange, GNERC, etc.

IC intends to support the reforms and obligations that Georgia took on climate change and environment which also have major implications for restructuring energy sector, especially in transition to renewable energy sources.

Counterparty: MoESD, GEDF, MoF, MEPA, GNERC

3.3. Construction sector

Construction is one the largest sectors of Georgia's economy. The rapid development of the industry and its investment and employment potential, mean that it has a significant role to play in Georgia's economic development. Over the past several years, construction regulations have been tightening in line with general trend of harmonization with EU regulations. While this is undoubtedly a positive development, it is important to maintain efficiency of the procedures of issuing of construction permits and to ensure adequate quality control during construction. Regulations should be adequate and don't hinder FDI and development of the sector.

Complaints have been voiced by the representatives of the sectors regarding prolonged and nontransparent process of the permit issuance. Improvements in this direction will have a significant positive effect on development of the sector and on investor sentiment.

2022, IC formed a Construction Sector Working Group. The working group provides recommendations to stakeholder authorities on necessary reforms in the construction sector. The working group has already held several meetings during which challenges have been raised. Among the recommendations identified, ICS initiated a project to digitize the issuance of construction permits for buildings of special importance. The project is financed by EBRD and will be completed in April 2024.

ICS intends to continue the working process within the Working Group to provide policy recommendations on the necessary reforms in the sector and analysis of existing obligations and opportunities to incorporate green solutions in the construction sector.

Counterparty: MoESD, MRDI, Local Municipalities, MEPA

3.4. Education sector development and commercialization of science and technology

Development Education system and commercialization of the sector is crucial for FDI promotion to Georgia. According to the number of research conducted by international organizations issues with the education is a key obstacle of investment promotion to Georgia. Including report conducted by the PWC on Georgia's investment climate: Quality education and collaboration with universities is high priority for foreign investors.

Under this topic we have two main objectives:

- Support Internationalization of the educational system in Georgia – Initiate reforms to support increase of quality and scale of demand on local education system. Reforms in this direction can significantly increase number of international students in Georgia and support industry development. ICS engaged International organizations to assist state authorities to receive technical assistance and international expertise. UNDP contracted local and international consultants to prepare detailed research and recommendations. The research is on-going and will be completed in March 2024
- Support commercialization of products of science and technology universities in Georgia. The aim is to support investment promotion in this industry and increase awareness on their activities in private sector. ICS has already organized a working meeting with the IC members and Georgia's Innovation and Technology Agency to discuss the cooperation opportunities.

Counterparty: MoESD, Ministry of Education and Science of Georgia, MFA

3.5. Transport and Logistics Sector

In recent years, investments in relevant infrastructure and ongoing enhancements to legal and institutional frameworks have bolstered the transit and logistics capabilities of Georgia. The Middle Corridor has attracted heightened attention as a prominent logistical route, emerging as a focal point in the broader regional logistics landscape. The COVID-19 pandemic and Russia's conflict with Ukraine have underscored the importance of diversifying transport routes, placing it as a top priority on the global agenda. Consequently, this has also led to an increase in the region's significance as a transit zone.

Recognizing the importance of the strategic development of transport and logistics sector in Georgia, ICS has been working closely with MoESD on "Georgia's National Transport and Logistics Strategy for 2023-2030", specifically the implementation of activities outlined in Action Plan 2023-2024 and will continue participating in elaboration of the Action Plan for 2025-2026.

IC has been actively involved in the introduction of the new contrailer services, the mode of transport which involves the movement of trucks and trailers by rail using specialized railway platforms. This service holds promise in shifting more cargo to rail and alleviating road transport bottlenecks. With the support of the EBRD, the governments of Azerbaijan and Georgia are now considering the development of contrailer transportation, also known as "Rolling Road" (Ro-La). Thus, the development of contrailer services is expected to make a significant contribution to strengthening the Trans-Caspian International Transport Route, invigorating rail transport and achieving sustainable development goals by reducing the carbon footprint from the transport sector and increasing road safety.

As for the enhancement of integration and digitalization in the maritime transport chain, following the completion of a feasibility study for the development of a port community system in Georgian ports, ICS

will continue supporting the implementation of the second phase of the project. Financed by EBRD, this phase involves the development of relevant physical infrastructure.

3.6. Trade and Export Promotion

Since signing the Association Agreement, including the Deep and Comprehensive Free Trade Area (DCFTA) with the EU in 2014, significant progress has been made in harmonizing the regulatory framework for trade with the EU, offering vast opportunities for private companies to expand exports to high purchasing power and sustainable markets. However, while exports to the EU have increased in absolute terms, the full utilization of the DCFTA remains unrealized. ICS will work closely with public institutions to further increase trade turnover between Georgia and the EU.

In recent years, Government has implemented various support mechanisms for local producers. In terms of export promotion, amongst the other support activities, should be underlined Authorized Economic Operator program. This program, enhancing trade facilitation through customs-business partnership, offers benefits such as reduced inspections and faster border clearance for companies with AEO status. Additionally, mutual recognition with other countries is a notable indirect advantage. In order to be able to respond to existing challenges, a detailed analysis of private sector needs such as financing for working capital and export guarantee schemes, could be conducted. Therefore, ICS will participate in identifying those needs and developing further support mechanisms to facilitate the enhancement of exports.

Additionally, compliance with new EU standards poses both challenges and opportunities for Georgian companies. These initiatives can significantly reshape international trade patterns, necessitating a thorough analysis of their direct impact on Georgian exports and their effects on neighbouring countries, particularly in relation to the Middle Corridor initiative. Alongside less time-consuming and competitively priced logistics options, which present a mutual challenge for various supply chains, it is important to adhere to fair trade practices. Often, imbalances in bargaining power result in larger and more powerful trading partners exploiting their position to impose advantageous practices or contracts on smaller partners. Therefore, it is crucial to develop a relevant legal framework to combat these unfair practices. ICS will continue to collaborate with relevant institutions to support the development and implementation of EU Directives and laws.

Counterparty: MoESD

4. Investment Promotion: Support Enterprise Georgia’s “Invest in Georgia”

Invest in Georgia undertakes activities for both attracting and supporting FDI companies in Georgia. IC is involved in provided policy advices in various directions to increase FDI flow to Georgia. The post-pandemic business environment creates new opportunities to effectively increase quality FDI in Georgia, which requires adequate policy decisions.

Promoting FDI to Georgia requires a well-defined and functioning strategy. While Enterprise Georgia has already implemented an investment attraction and facilitation strategy between 2020 - 2022, an assessment of the implementation process and a new longer-term strategy should be defined. The strategy should reflect current needs of the FDI companies and action detailed action plan.

Furthermore, support investment aftercare and presence of FDI companies in Georgia can significantly increase investment flow to Georgia. Development of Investment Aftercare project in on-going and is financed by the EBRD. The project envisages to prepare the gap analysis and deliver capacity building

workshops for Enterprise Georgia (EG) staff in order to enable delivery of high quality and targeted aftercare services. In addition, additional policy decisions should be implemented to support expansion of FDI companies in Georgia.

IC will continue to provide policy recommendations to increase effectiveness of FDI promotion, as well as support exiting FDI companies to expand their activities in Georgia.

Counterparty: EG, MoESD

5. Gender Mainstreaming and Gender Equality Related Initiatives

The Gender Equality Working Group (GEWG) of the Investors Council has been actively involved in contributing to the national policy making on women's economic empowerment. The first meeting of the Gender Equality Working Group (GEWG) of the Investors Council took place on December 8, 2021, and the gender equality working group regularly meets from this date onwards, with the designated gender expert leading the working group.

The Gender Equality Working Group (GEWG) works closely with the Parliamentary Gender Equality Council (GEC) and the MOESD to gender the policy making process. The IC has been actively involved in preparation of the first national concept note on Women's Economic Empowerment. Secretariat also supported the GEC of the Parliament of Georgia by researching gender responsive public procurement practices and introduced the working group the idea of certification of women owned businesses.

The IC cooperates with all the stakeholders, working on Gender Equality and Women's Economic Empowerment in Georgia to avoid duplication of efforts and conversely, fill perceived gaps in this area. As a result, GEWG has elaborated gender equality and women's economic empowerment workplan that focuses on following areas:

- Providing support on the policy and/or regulatory levels to the Institutional mechanisms on gender equality and main partners,
- Strengthening GEWG/partner private sector organizations through the capacity building and increased knowledge on impact investment and gender equality,
- Identification of new relevant targeted investment opportunities and markets that increase women's participation, on equal terms, in the economy and labour market, and
- Mainstreaming gender equality in the ICS working process and strengthening secretariat with gender specific knowledge.

In November 2022, the gender equality working group members introduced the declaration on gender equality to formalize the member organization's commitment for gender equality and women's economic empowerment. [The declaration](#) has been signed by all the IC permanent and non-permanent members.

During 2023, ICS had significant progress about gender-related initiatives and conducted:

- Workshop series with private sector business organizations on equal and inclusive work culture in private sector and a conference on "Gender Lense Investing" in cooperation with UN Women country office Georgia,
- Gender impact assessment (GIA) on the Law of Georgia on Entrepreneurs in cooperation with ISET,
- Institutionalization of the certification of Women owned businesses in Georgia – the legal amendments have been drafted by the working group.
- The Gender mainstreaming checklist has been developed and incorporated into IC work.

In 2024, ICS will continue to work with the strong gender equality agenda that encompasses following activities:

- Awareness raising on gender responsive procurement for private sector organizations – series of events,
- Presentation of key findings of GIA to the wider stakeholder’s group and discussion of future steps,
- Organizing a study visit for GCCI on the certification of Women owned businesses,
- Organizing a workshop for private sector organizations regarding the institutionalization of certification of Women owned businesses.
- Researching the barriers of equal and inclusive workplace culture for private sector organizations with the aim to come up with the communication/advocacy strategy
- Researching the gendered patterns of foreign direct investment in Georgia

Counterparty: Parliamentary Gender Equality Council, Parliament of Georgia, MoESD, MoJ

6. Green Economy Transition (GET)

ICS aims at supporting green economy transition (GET) in Georgia to ensure development of resilient and low-carbon economy.

In 2022, the Secretariat set up a working group involving multiple stakeholders to address matters related to the transition to a green economy. The primary objective is to develop solutions that ensure a seamless transition process for the private sector in Georgia. Additionally, the working group focuses on identifying new opportunities within the realms of the Green Economy and Sustainable Development. Secretariat will continue supporting the GET process in Georgia, will ensure, that all activities in the work plan are accomplished.

Since its inception, ICS has increased the number of the GET Working Group members. Representatives from key organizations involved in Green Economy Transition (GET) matters have actively participated in the group's activities. From the outset, the GET working group successfully developed several commercially viable green initiatives. Additionally, the group played a pivotal role in revising Georgia's Climate Law white paper. Among other areas, GET Working Group is engaged in exploring sustainable finance opportunities, analysis of the Carbon Border Adjustment Mechanisms requirements, analysis of existing obligations and opportunities related to greening the Construction Sector in Georgia etc.

To promote knowledge sharing and capacity development on sustainability and green economy transition matters, ICS organized various awareness-raising activities for its members.

Moving forward, ICS aims to further strengthen the capacity of the Green Economy Transition working group by expanding its membership and incorporating new relevant members. The organization also plans to initiate activities geared towards the ongoing development of working group members’ capabilities in green economy and sustainability related matters.

GET Stakeholder Mapping

As a part of the Green Economy Transition, ICS has initiated Stakeholder Mapping to reveal all major players among the state institutions, private sector representatives, business associations, donor community, which are currently engaged in Green Economy related areas. ICS aims at identification of potential areas for cooperation and synergies, to avoid duplication of activities and ensure efficiency of the efforts.

For the purposes of Stakeholder Mapping, ICS has conducted series of meetings and discussions with the representatives of the government, private and public sectors. As a result, ICS agreed with all potential stakeholders on cooperation in Green Economy and Sustainable Development related fields.

ICS will continue the process of Stakeholder Mapping, to ensure that all newly revealed stakeholders are on board and all planned activities of the ICS are negotiated and thoroughly discussed.

Developing Green Finance Instruments for State SME Support Programs in Georgia

One of the initiatives developed by the Green Economy Working Group focuses on aiding the NNLE Rural Development Agency and LEPL Enterprise Georgia in implementing a new State support scheme. The goal is to enhance SMEs' access to sustainable finance. ICS is committed to furthering efforts in this direction, intending to support both agencies in devising a new scheme tailored for businesses.

Digitalization of Environmental Permitting Procedures

The Ministry of Environmental Protection and Agriculture of Georgia (MEPA) is actively working towards consolidating all major environmental permits into a unified procedure. This initiative is geared towards significantly simplifying the permit acquisition process. A crucial element of this simplification effort involves the creation of electronic services, which will streamline both the issuance of permits and the submission of applications. The introduction of electronic services not only simplifies procedures but also enhances transparency, thereby facilitating the decision-making process.

The ICS is actively involved in developing the Terms of Reference to ensure the smooth implementation and success of this initiative.

Carbon Border Adjustment Mechanism

ICS has started active collaboration with the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Environmental Protection and Agriculture of Georgia to evaluate the impact of the EU CBAM mechanism on the Georgian economy. ICS is working on devising an action plan for the Government of Georgia to facilitate the seamless adoption of CBAM requirements. As of now, ICS has crafted a comprehensive concept note and will persist in working towards the implementation of this specific initiative.

Awareness Raising on GET Issues

Awareness raising on Green Economy related issues is among the top priority for the ICS's Green Economy Transition Working Group. ICS has successfully conducted the series of awareness raising activities related to Sustainable/Green Financing and Sustainable Finance Taxonomy, Opportunities for Decarbonization of Georgian Economy etc.

ICS will continue further exploration of new Awareness Raising approaches primarily targeting representatives of the SME sector of the country

Counterparty: MoESD, MEPA, EG, RDA, NBG