

Minutes of the Seventh Meeting of the Investors Council

**21th March 2018, 16:00 at the State Chancellery Chaired by the
Prime Minister of Georgia Giorgi Kvirikashvili**

Present at the meeting

Participating Members of the Investors Council:

- Giorgi Kvirikashvili, Prime Minister, Chair of Investors Council
- Dimitry Kumsishvili, First Vice Prime Minister, Minister of Economy and Sustainable Development
- Mamuka Bakhtadze, Minister of Finance
- Levan Davitashvili, Minister of Environment and Agriculture
- Zurab Alavidze, Minister of Regional Development and Infrastructure
- Irakli Lekvinadze, Business Ombudsman of Georgia
- Michael Cowgill, President, American Chamber of Georgia
- Irakli Aslanishvili, Executive Director, Business Association of Georgia
- Nino Chikovani, President, Georgian Chamber of Commerce and Industry
- Zviad Chumburidze, President, EU-Georgia Business Council
- Fady Asly, Chairman, International Chamber of Commerce Georgia
- Jan Van Bilsen, Regional Manager for Caucasus, IFC
- Bruno Balvanera, Director for Caucasus, Moldova and Belarus, EBRD
- Mariam Megvinetkhutsesi, Head of IC Secretariat

Invited Guests:

- Katarina Mathernova, Deputy Director General for DG NEAR, EC
- Olaf Zymelka, Director for Eastern Europe, Caucasus and Central Asia, KFW
- Tea Tsulukiani, Minister of Justice
- Giorgi Mikautadze, Secretary of the High Council of Justice
- Janos Herman, Ambassador of the EU to Georgia
- Justin McKenzie Smith, Ambassador of the UK to Georgia
- Mathieu Bousquet, Head of Unit for Georgia and Moldova, DG NEAR, EC
- Vincent Rey, Head of Cooperation, EU Delegation to Georgia
- Ozan Sevimli, Senior Operations Officer & Country Program Coordinator, World Bank
- George Chogovadze, Head of Georgian National Tourism Administration
- Jean-Frederic Paulsen, Senior Advisor to the Minister, MoESD
- Giorgi Kacharava, Projects Director, EU-Georgia Business Council
- George Welton, Executive Director, American Chamber of Commerce
- Zurab Katchkatchishvili, Executive Director, International Chamber of Commerce
- Beka Injia, GCCI, Legal Counsel, Georgian Chamber of Commerce and Industry
- Loretta Martikian, Communications, EBRD
- George Jugeli, Legal Expert, Investors Council Secretariat
- Erekle Kokaia, Business Analyst, Investors Council Secretariat
- Zurab Dzelashvili, Deputy Business Ombudsman of Georgia
- Givi Chanukvadze, Projects Manager, GGF
- Nini Tsintsadze, Communications, EBRD
- Ekaterine Mikabadze, Deputy Minister, Ministry of Economy and Sustainable Development

Opening Remarks by the Prime Minister:

Giorgi Kvirikashvili, Prime Minister in his opening remarks:

- Welcomed the members and the guests, and introduced European Commission's Deputy Director General for DG NEAR, Katarina Mathernova.

Katarina Mathernova, Deputy Director General for DG NEAR, EC:

- Expressed her long lasting strong support towards Georgia.
- Spoke about the new EU programs on energy efficiency, economic and business developments.
- Presented EU Support to Georgia to Foster Investment, covering funding sustainable development, technical assistance and policy reforms.
- Introduced a new comprehensive program launched by EU that includes supporting modernization of financial infrastructure, developing clusters, value chains and incubators, as well as improving commercial courts system and insolvency procedures.

Giorgi Kvirikashvili, Prime Minister:

- Confirmed Georgian Government's commitment to European values.

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Thanked the invited guests including Katarina Mathernova, Mr. Olaf Zymekla and Ambassadors Janos Herman and Justin McKenzie Smith for their support to the country and introduced the agenda of the meeting.

Giorgi Kvirikashvili, Prime Minister:

- Expressed his gratitude towards the ambassadors and the KFW for their assistance to Georgia.

Progress on decisions of the previous IC meeting dated 6th September 2017

1. Judicial Reform:

Update by Tea Tsulukiani, Minister of Justice

- Inception phase of the GGF funded project on establishment of the Commercial and Tax Chambers in Georgian courts, which included meeting with all the stakeholders to have them participate in the drafting process of the commercial court concept from the beginning, with the Dechert has been finalized.
- Multiple legislative draft amendments are under way, including changes to the Law on Common Courts of Georgia on commercial and tax chambers;
- It is expected the drafting process of the amendments to be finalized by the end of spring 2018.
- It was agreed that GIZ would do the Regulatory Impact Assessment (RIA) of the amendments.
- The plan is for the draft to be presented to the parliament in September to be reviewed in the fall session.
- Minister expressed her concerns about the training and remuneration for the new and current judges.

Comments:

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Underlined the importance of the Commercial and Tax Chambers for the improvement of the business environment of the country.
- Stated that ICS has been involved with MoJ in coordinating the donors' initiative to assist the government with the project. The meeting between the donors and the representative of the MoJ was held at EBRD premises with the aim to share the views over the topic.
- The main issues that the IC members consider critical for success of the chambers relate to: selection process and appointment of judges, as well as the jurisdiction of the Commercial and Tax chambers.

Bruno Balvanera, Director for Caucasus, Moldova and Belarus, EBRD

- Underlined EBRD's full support for the proposed Judicial Reform, calling it the most important reform on the country's agenda.
- Confirmed EBRD's support for training new judges and expressed readiness to start drafting the terms of reference for the training Technical Assistance project, in order for the EBRD to include the project in the following year's budget.

Michael Cowgill, President, American Chamber of Commerce:

- Expressed his satisfaction with the speed of the reform and offered the IC working group, particularly the resources available at the business association, to be used by the MoJ, other stakeholders, as well as the project team.

Decision:

ICS will continue coordinating efforts of various donor organizations to support the Commercial and Tax Chambers project. ICS working group will continue close engagement with the project team and the MoJ in order to ensure that the public/private dialogue is effective and ongoing.

2. Pension Reform

Presenter: Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

Main Points:

- Due to Pension reform's significance, ICS organized a high-level meeting between the key stakeholders and the First Deputy Prime Minister Mr. Kumsishvili and the Minister of Finance Mr. Bakhtadze.
- Two issues were raised during the meeting: a) Possibility for the private pension funds to participate in the voluntary part of the proposed pension scheme, within the proposed regulatory framework and guidelines. b) Adoption of pillar III legislation simultaneously with proposed pillar II legislation, to encourage savings, with provision of incentives for savers.
- Another high-level meeting will be organized to finalize the agreement on the above issues, including any amendments/additions to the text of the proposed draft legislation.

Dimitry Kumsishvili, First Vice Prime Minister, Minister of Economy and Sustainable Development

- Spoke about the benefits of such public-private dialogue (PPD) meetings and the importance of the private sectors' feedback for the Government's consideration.

Giorgi Kvirikashvili, Prime Minister:

- As a real supporter of pillar III pension system, underlined the critical importance of the pillar II, but also agreed to work on serious incentives for Pillar III.

Decision:

ICS will arrange a follow up meeting to discuss the changes to the existing draft legislation within a short period.

3. Organic Law on Agricultural Land

Presenter: George Jugeli, Legal Expert, Investors Council Secretariat

Main Points:

- ICS has created a working group that reviewed Draft Organic Law on Agricultural Land and provided the Parliamentary Committee for Agriculture with detailed comments and recommendations to the draft.
- It is crucial that the law has no retroactive effect.
- The draft should specify the body responsible for the decision making on exceptions.
- Exceptions' criteria should be transparent and clearly stated in the organic law.
- Some of the exception principles should involve employment, investment amount, technical knowledge and “extraordinary social benefits”.
- ICS working group is ready to cooperate with all the stakeholders for further improvement of the draft.

Giorgi Kvirikashvili, Prime Minister:

- Reiterated that the law will not have a retroactive impact.
- Suggested to organize high-level PPD working meetings within the framework of the Investors Council in order to work on the organic law.
- Stressed the importance of finding a solution for the development of the Agriculture and other sectors related to it.

Decision:

The ICS will organize meetings to discuss the draft legislation in question.

4. Tourism Board Establishment and cooperation with MoESD and the GNTA

Presenter: Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

Main Points:

- Tourism Board has been established with the main goal to review the draft of country's annual tourism budget, before its submission to the government and to share its recommendations with the GNTA and the Ministry of Economy and Sustainable Development.
- The Board consists of the leading specialists in the tourism and hospitality industry, as well as marketing specialists.
- The board will have quarterly meetings. The first meeting was attended by the first Deputy Prime Minister, Minister of Economy and Sustainable Development Mr. Kumsishvili; Senior Advisor to the Minister Jean Frederic Paulsen and the Head of GNTA Giorgi Chogovadze.
- As per the decision of the members, the Tourism Board provided the GNTA with the recommendations on the Marketing Budget 2018.

- British Government and GGF approved assistance project for the GNTA will commence shortly.

Dimitry Kumsishvili, First Vice Prime Minister, Minister of Economy and Sustainable Development

- Stressed the importance of the involvement of the private sector's experience and expertise for achieving efficient results.

Decision:

Tourism Board will hold its next meeting in April to follow up on the previous meetings deliverables.

Miscellaneous

Temporary EU Employment for Georgian Citizens

Zviad Chumburidze, President, EU-Georgia Business Council of Georgia:

- Suggested to intensify efforts from the EU member states, the Georgian government and the donors to promote Georgian citizens' temporary legal employment in EU.
- Mentioned the main stakeholders who should be involved in these works.
- Explained the positive results this initiative can yield, including the decrease of illegal activities from Georgian citizens and the decrease of the likelihood of "Suspension Mechanism".
- Proposed the topic as an agenda for the next IC meeting and suggested to invite representatives from the relevant ministries and state institutions.

Giorgi Kvirikashvili, Prime Minister:

- Thanked Mr. Chumburidze for proposing the topic and agreed to put it on the agenda for the next meeting.

Decision:

ICS will establish a working group led by EU-Georgia Business Association to provide input for the next IC meeting.

Vocational Education

Nino Chikovani, President, Georgian Chamber of Commerce and Industry:

- Proposed Vocational Education as one of the topics for the next IC meeting.
- Shared GCCI's works on this issue and suggested to take into consideration the best international practice including Germany, which has a leading vocational education system.
- Suggested ICS to establish a working group that will include interested parties and donor organizations to discuss the final draft of the concept as well as provide recommendations on the new draft law.

Giorgi Kvirikashvili, Prime Minister:

- Agreed that due to its importance the topic should be in the agenda.

Katarina Mathernova, Deputy Director General for DG NEAR, EC:

- Noted that EC has around 50 million euros in grants available for vocational education.

Olaf Zymelka, Director for Eastern Europe, Caucasus and Central Asia, KFW:

- Expressed a willingness to share German experience on vocational (dual) education with the Georgian colleagues.

Giorgi Kvirikashvili, Prime Minister, Chair of Investors Council:

- Thanked Mr. Zymelka for his suggestion and thanked KFW for its work in Georgia.

Bruno Balvanera, Director for Caucasus, Moldova and Belarus, EBRD:

- Appreciated high level involvement of the government representatives in the discussions with the working groups to tackle important issues of the agenda.

It was agreed that next meeting would take place in June 2018

Agenda of the next meeting among other issues will include:

1. Land Law
2. Temporary Employment of Georgian Citizens in EU.
3. Vocational Education.
4. Student visas for foreign students in Georgia.

Giorgi Kvirikashvili

Chair of investors Council

Mariam Megvinetukhutsesi

Head of IC Secretariat