



INVESTORS
COUNCIL

Annual Report

December 16, 2020



Investors Council Meetings

- February 3, 2020 – Chaired by the Prime Minister Giorgi Gakharia
- April 22, 2020 - Chaired by the Deputy Prime Minister Maya Tskitishvili
- June 22, 2020- Chaired by the Prime Minister Giorgi Gakharia

Investors Council Meeting #11 February 3, 2020



Discussed Topics

- Insolvency Reform
- Law on Investment Funds
- Work Plan 2020-2021
- Construction Permits
- New Labor Legislation
- GMP – Pharmaceuticals

Results

- Law on Investment Funds approved by the Government (March 2020) and sent to the Parliament; the Parliament adopted the law.
- Law on Insolvency (Rehabilitation and collective satisfaction of creditors) approved by the Government (March 2020) and sent to the Parliament; the Parliament approved the draft in the first hearing.
- Working group on Pharmaceuticals has been established.
- Approved Work Plan 2020-2021.

Investors Council Meeting #12 April 22, 2020



Discussed Topics

- FDI geographic preferences as a result of COVID-19
- Tax cut and benefits for legal entities and individuals
- Suggestions to the government on economic anti-crisis measures
- Effective communication between government and business
- Lifting of the lockdown and restarting of the economy

Results

- Agreed that IC will provide recommendation for Investment Strategy
- A set of meetings was held with MoH, Business Ombudsman and the members of business associations

Investors Council Meeting #13 June 22, 2020



Discussed Topics

- Investors Council Recommendations for Investment Strategy
 - Land Ownerships and Regulations to support FDI in Agricultural Sector
 - Judiciary Reform
 - Capital Market Development
 - Energy, Transport and Infrastructure
 - Manufacturing
 - Education
 - Coordination from the Government on FDI attraction
 - Labor Code

Results

- The fee and time frame of approval procedures for foreign investors on agricultural projects will decrease and further improvements will be made on land legislation.

Working Groups Activities



Investment Funds

Objectives:

- Creation of a modern legal framework for Investment Funds considering EU Directives

Progress:

- Parliament adopted the law in July 2020.
- NBG already adopted several secondary normative acts under the new law.

Next steps:

- ICS will be working closely with NBG as well as MoESD and other industry representatives on further secondary legislation to make new Law on Investment Funds fully operative

Working Groups Activities



Insolvency Reform

Objectives:

- Reform of current insolvency legal framework and practice;
- Protection of secured and unsecured creditors;
- Elimination of uncertainties because of deficiencies of the legal framework.

Progress:

- New Insolvency act – Law on Rehabilitation and Collective Satisfaction of Creditors adopted by the Parliament

Next steps:

- ICS will cooperate with MoJ Association of Insolvency Practitioners to assure a smooth transition to the new regime (capacity building for the profession of insolvency practitioners, continuous training)

Working Groups Activities



Company Law Reform

Objectives:

- Modernization of Georgian company law with the emphasis on its harmonization with EU 2017/1132 Directive on June 14, 2017 on certain aspects of company law

Progress:

- Draft LoE approved by the Government and just before the election sent to the Parliament

Next steps:

- ICS will be participating in discussions within parliamentary committees and in public outreach activities (trainings for lawyers, company registry people etc.)

Working Groups Activities



Ownership of Agricultural Land by Foreigners

Objectives:

- Avoiding creation of additional bureaucratic barriers for foreign investors willing to invest in the agricultural sector

Progress:

- The draft has been discussed several times with the representatives of the Ministry of Environmental Protection and Agriculture of Georgia. The draft has been revised, respectively.

Next steps:

- Government to produce a revised investment friendly secondary legislation as soon as feasible to enable much needed investments in the agricultural sector

Working Groups Activities



Securitization Law

Objectives:

- Securitization can be an additional financing mechanism for the firms with a forecastable cash-flows;
- In cooperation with MoESD, NBG, IC members, Industry representatives to create inclusive platform for discussions on draft Law on Securitization

Progress:

- Under the lead of MoESD discussions platform created – Editing group, larger drafting group, kick-off meetings held.

Next steps:

- Further meetings are being planned with MoESD, NBG, IC members and industry;
- Involvement of international experts necessary

Working Groups Activities



Draft Law on Factoring

Objectives:

- To create enabling legal framework for factoring companies

Progress:

- Draft Law discussed with factoring working group with participation of NBG, MoESD, MoF and industry representatives. Recommendations and suggestions developed.

Next steps:

- Involvement of the Public Register of Georgia to discuss capacities for factoring operations Registry;
- Amendments to the relevant laws including AML;
- Factoring companies' licensing by NBG.

Working Groups Activities



Pharmaceutical Industry

Objectives:

- Facilitate smooth transition to mandatory GMP standardization for Georgian pharmaceutical companies

Progress:

- MoESD included pharmaceutical industry in the list of priority sectors for FDI;
- Enterprise Georgia made favorable changes to the conditions for financing of pharmaceutical companies;
- Georgian pharmaceutical companies received exemption from VAT on purchases of equipment;
- Business Ombudsman's office took the lead of the process and facilitated submission of business plans of transition to the GMP from several Georgian companies to MoESD and Ministry of Healthcare.

Next steps:

- The Government is expected to make a decision on granting time extension to Georgian pharmaceutical companies that prove readiness for upgrade to the new GMP standard.

Working Groups Activities



Energy sector

Objectives:

- Identify key institutional problems in the development of energy sector (electric energy in particular);
- Suggest solutions and provide recommendations on relevant legislative changes to the GoG.

Progress:

- Initial meetings of the working group and separate meetings with several key stakeholders were held and major problems were identified.

Next steps:

- Optimize the size and composition of the working group and include representatives of the Government and state enterprises so that the working group would serve as effective dialog platform between the investors and the authorities.

Other Initiatives



- **Leasing Market Development Strategy**

- TA project will support the Government to elaborate development strategy of leasing;
- GGF approved funding;
- The project team (PMCG, GCSD) started working and International and local experts were selected;
- The project implementation will start in the nearest future and final report will be available in March-April 2021.

- **Functional Analysis and Development of Roadmap for State Support Programmes**

- The TA project will support the Government to prepare the new methodology and will provide implementation roadmap for improving the efficiency of state support programmes for MSMEs
- GGF approved funding;
- The project team (PMCG, GCSD) started working and International and local experts were selected;
- The project implementation has already started and final report will be available in March-April 2021.

Other Initiatives



- **Assessment of the Impact of COVID-19 on the Georgian Economy**
 - TA project will support the Government to assess the impact of COVID-19 on the Georgian Economy and prepare a medium-term strategy for recovery;
 - GGF approved funding;
 - EBRD started selection process for the implementation company.
 - The implementation is expected to start in January 2021;
- **Port Community System Feasibility Study**
 - TA project will support the Maritime Agency of Georgia to prepare Feasibility Study for Development of a Port Community System in Georgia's Ports to contribute the full integration and digitalization of the maritime transport chain.
 - EBRD already approved the project and will start selection process for the implementation company in the nearest future;
 - The implementation is expected to start in early 2021.

Other Initiatives



- **Surveys on impact of the COVID-19 on Georgian economy and business**
 - 1st phase of the survey covered the period of April-May, 2020; more than 2000 companies participated.
 - 2nd phase of the survey covered the period September-October 2020; more than 700 companies participated and 10 deep interviews have been conducted.
 - The survey was conducted by PwC with the support of IC member associations, Enterprise Georgia, Mining Agency and ARDA;
 - Survey results was discussed with IC members, MoESD, PM Economic advising team and other stakeholders
- **“Enterprise Georgia” FDI Strategy**
 - Round table with Deputy Minister Irakli Nadareishvili and Head of Enterprise Georgia Mikheil Khidureli
 - Presentation of the new FDI grants program for the Investors Council

Other Initiatives



- **“100 Investment Offers for Business”**

- Meeting introduction of the new proposals from the MoESD, State Property Agency and Agency on Mines in mining sector and privatization of the state property.
- More than 120 companies participated

- **Safety Requirements**

- Meeting of the business sector with Deputy Minister of Health, Head of Labor Conditions Inspection Department and Business Ombudsman in order to discuss new requirement for the opening economy after lockdown.

Other Initiatives



- **Newsletter**

- First newsletter for the period of January – October 2020, was published on ICS website www.ics.ge and distributed between the IC members.



Milestones of Investors Council January 2020 – October 2020

Investors Council Meetings:

Since January 2020 Investors Council has held 3 official meetings:

3 February, 2020 – chaired by Giorgi Gakharia, the Prime Minister of Georgia.
Please see the [link to the minutes of the meeting](#).

22 April, 2020 - chaired by Maya Tskitishvili, the Vice Prime Minister, Minister of Regional Development and Infrastructure of Georgia.
Please see the [link to the minutes of the meeting](#).

22 June, 2020 - chaired by Giorgi Gakharia, the Prime Minister of Georgia.
Please see the [link to the minutes of the meeting](#).

COVID-19 Emergency Response

Survey - Impact on Business

Investors Council Secretariat from the very beginning of the Covid-19 pandemic initiated



Thank you !