


# ANNUAL REPORT

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## Investors Council Secretariat

Supporting structural reforms to enhance the investment climate

Investors Council in Georgia is supported by the European Bank for Reconstruction and Development (EBRD) and funded by the UK Government's Good Governance Fund (GGF)

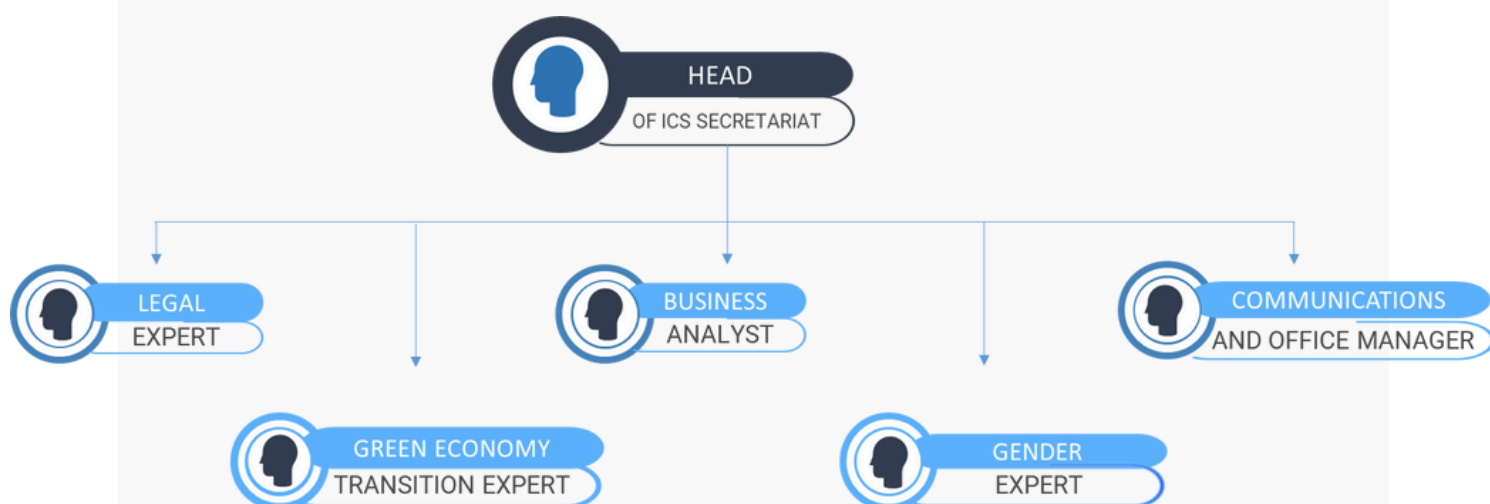
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## Members of the Investors Council Georgia



## Team of Investors Council Georgia







## REFORMS AGENDA OF INVESTORS COUNCIL GEORGIA

**REFORMS TO IMPROVE  
INVESTMENT CLIMATE**

**UPGRADE THE FINANCIAL  
MARKET REGULATORY  
FRAMEWORK**

**UPGRADE THE FINANCIAL  
MARKET REGULATORY  
FRAMEWORK**

**GREEN ECONOMY  
TRANSITION (GET)**

**GENDER MAINSTREAMING  
AND GENDER EQUALITY  
RELATED INITIATIVES**





# HIGHLIGHTS OF 2024

## FACTORING LAW

- Approved by Government of Georgia
- Sent to Parliament

## INSURANCE SECTOR DEVELOPMENT

- ICS initiated the development of a report on Navigating the growth: an analysis of Georgian insurance market and future development pathways. Terms of Reference has been prepared.

## TRANSPORT AND LOGISTICS

- Feasibility study for introduction of Contrailer (RO-LA) services in Georgia and Azerbaijan has launched

## INTERNATIONALISATION OF HIGHER EDUCATION IN GEORGIA

- Research on the internationalization of the education system in Georgia is completed and shared with relevant authorities

## GEORGIA'S OECD RISK CLASSIFICATION IMPROVES FROM 6 TO 5

- During 2007-2023, Georgia invariably was evaluated as category 6. According to the 2024 report, Georgia has advanced to category 5.

## GREEN ECONOMY TRANSITION

- A Technical Assessment of the Digitalization of Environmental Permits was Conducted

## Gender Impact Assessment

- The gender impact assessment of the law of Georgia on entrepreneurs has been published;

## Gender Lens Investing

- The IC is conducting the first-ever research on Gender Lens Investing (GLI) in Georgia.

## WORKING GROUP ACTIVITIES

### PENSION REFORM & CAPITAL MARKET STRATEGY

#### OBJECTIVES

- Development of the III Pillar of the Pension Reform that aims establishment of fully private pension scheme
- Improving the Corporate Governance (CG) of the Pension Agency
- Support development of local capital market and variety of reliable financial instruments
- Support the MoESD and GoG to prepare the Capital Market Development Strategy and (2023-28) and the action plan (2023-24)

#### PROGRESS

The changes to the "Law on Funded Pensions" has been adopted by the Parliament of Georgia on 27 June 2024

- Governance of the Pension Agency (in the draft "Pension Fund")
- Relationship of the Pension Agency with asset management companies.
- Investment mandate and pertaining ratios of the Agency.

#### NEXT STEPS

- ICS will monitor the implementation of the new legislation in cooperation with all stakeholders



## WORKING GROUP ACTIVITIES

### LAW ON SECURITIZATION

#### OBJECTIVES

- Securitization is conducive to the issuance of many types of tailored-made financial instruments.
- Securitization gives the firms otherwise unable to raise capital an opportunity to attract funds through securitization.
- Securitization can be beneficial for investors since they gain the opportunity to access assets that could not otherwise be accessible to them.
- General market liquidity might also improve as illiquid assets obtain liquidity.

#### PROGRESS

- Parliament approved the draft in the third and final reading; the law fully entered into force on April 1st, 2024.
- NBG adopted the secondary normative act: Rules Regulation Securitization (Order N 74/04 of the NBG President)

#### NEXT STEPS

- ICS will monitor the implementation of the new legislation in cooperation with all stakeholders and report periodically on the progress.





## WORKING GROUP ACTIVITIES

### FACTORING REFORM

#### OBJECTIVES

- The reform will increase access to finance for SMEs and create legislative framework for the development of new financial instruments.
- ICS has been involved in the factoring reform since

#### PROGRESS

- ICS organized numerous working meetings and consultations. Based on recommendations provided by the ICS working group many provisions of the draft have been revised and improved.
- The GoG approved the draft on 20 May 2024 and submitted it to the Parliament.
- The legislative process started on 9 September 2024; The law is expected to be adopted by the new parliament by the end of the year.

#### NEXT STEPS

- ICS will support the integration of the factoring registration platform into the existing system of public registries.



## WORKING GROUP ACTIVITIES

### COMPANY LAW REFORM

#### OBJECTIVES

- Further refinements to the LoE will contribute to the development of a more predictable and reliable legal framework

#### PROGRESS

- ICS continued discussions re. IC LoE WG/EG recommendation on improvement to the LoE (2021) based on results of the monitoring of the implementation monitoring of the new law and meetings with stakeholders
- Cooperation with AmCham

#### NEXT STEPS

- IC Secretariat will finalize the text of the proposed changes to the law





## WORKING GROUP ACTIVITIES

### COMMERCIAL ARBITRATION – RECOGNITION & ENFORCEMENT OF ARBITRAL AWARDS

#### OBJECTIVES

- Promotion of a well-functioning ADR including commercial arbitration as an important factor for supporting in Georgia's corporate landscape, facilitating swift resolution of commercial disputes and easing strain on the overloaded court system.

#### PROGRESS

- Arbitration in Georgia has recently encountered difficulties stemming from the newest developments in the case law of the Tbilisi Court of Appeals with respect of conflict-of-interest rules.
- This, if not addressed timely, might undermine the arbitration system, and discourages lawyers and businesses from participating in arbitration,
- Presentation for IC members on longstanding and newly emerged challenges to arbitration and possibilities to address them.

#### NEXT STEPS

- ICS will work closely with the stakeholders to address the challenges



## WORKING GROUP ACTIVITIES

### FRAMEWORK INVESTMENT LAW

#### OBJECTIVES

- Improve existing Framework Investment Laws in Georgia according to the best international practice.

#### PROGRESS

- IC members raised the issue of improving existing investment framework legislation at the 18th IC meeting.
- ICS discussed the initiative with stakeholders
- IFC is financing the project and hired international consultants to elaborate the new Framework Investment law.
- Draft law is already prepared and reviewed by ICS. Ongoing internal discussion within MoESD.

#### NEXT STEPS

- ICS remains in cooperation with the MoESD Investment Department to help with the finalization of the draft.





## WORKING GROUP ACTIVITIES

### POSTAL LAW

#### OBJECTIVES

- Facilitation of PPD between the MoESD (author of the draft Postal Law), providers of postal services in Georgia and IC members
- Reconsideration of legal proposals that might pose an unjustified challenge to the industry

#### PROGRESS

- Draft postal law has been in discussion between the MoESD and industry representatives for the last 10 years.
- The IC Secretariat and AmCham facilitated several discussion meetings between the MoESD and postal service providers to discuss the draft Postal Law and challenges the draft may pose to the industry via imposing additional financial obligations on private postal service providers. Industry representatives and IC members provided the Ministry with their suggestions regarding the draft.

#### NEXT STEPS

- The Secretariat is committed to continue supporting the PPD process and assisting the state and private stakeholders to find common ground.



## WORKING GROUP ACTIVITIES

### INSURANCE SECTOR DEVELOPMENT

#### OBJECTIVES

- Development of Third-Party Liability Insurance to address the problems of dealing with high costs systematically caused by road traffic accidents for aligning Georgian law with the EU legal instruments under the EU-Georgia Association Agreement (2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability.)
- Support the development of the Insurance market in Georgia through diversification of the products .

#### PROGRESS

- The Secretariat reviewed the draft law on “Mandatory Insurance of Civil Liability of Vehicle Owners” prepared by the Ministry of Economy and Sustainable Development (MoESD), gathered feedback from Investors Council (IC) members, and facilitated discussions with relevant stakeholders to ensure a holistic approach.
- The ICS developed a questionnaire and shared it with the Georgian Insurance Association for distribution among its members, aiming to identify key areas for improvement within the insurance sector.
- ICS initiated the development of a report on Navigating the growth: an analysis of Georgian insurance market and future development pathways. Terms of Reference has been prepared and shared with potential donors.

#### NEXT STEPS

- ICS will continue supporting the adoption of the draft law once approved by GoG and adopted by Parliament of Georgia
- ICS will continue working with international donor organizations to obtain funding for the development of a report on Navigating the growth: an analysis of Georgian insurance market and future development pathways.



## TRANSPORT AND LOGISTICS

### OBJECTIVES

- Support transport and logistics sector development in Georgia

### PROGRESS

- With the support of the EU and the EBRD the Feasibility Study on the Introduction of Contrailer (Ro-La) Services was launched
- Working Group of Transport and Logistics with a focus on the Middle Corridor issues reestablished
- A survey to identify bottlenecks in the sector was prepared by ICS and shared with members

### NEXT STEPS

- Support in implementation of the feasibility study on Contrailer (Ro-La) Services
- Organize meetings with representatives of relevant Government Agencies





# SUPPORT INVESTMENT PROMOTION AND EXPORT PROMOTION

## OBJECTIVES

- Support FDI promotion to Georgia and increase the effectiveness of aftercare services.
- Support export promotion through identifying sectors and diversifying markets.

## PROGRESS

- The FDI Promotion Strategy of Enterprise Georgia has been finalized .
- In August 2024, Enterprise Georgia started elaboration of the Export Promotion Strategy with the support of the UNDP
- ICS held several meetings with EY (implementing company) and provided support in identifying stakeholders.

## NEXT STEPS

- ICS will continue monitoring implementation of FDI promotion Strategy .
- ICS will continue working with experts in the field to provide assistance in the elaboration process as the main stakeholder and will share progress updates with IC members
- Strategy is expected to be finalized by May 2025.



## WORKING GROUP ACTIVITIES

### SUPPORT TRADE FACILITATION

#### OBJECTIVES

- To address trade facilitation challenges through the Georgian National Trade Facilitation Committee (GNTFC)

#### PROGRESS

- With the Resolution of the Government of Georgia (339) issued on October 7th, ICS became the co-chair of the GNTFC
- AMCHAM and DWV became members of the GNTFC

#### NEXT STEPS

- ICS will support Revenue Service in preparation work and facilitation of the GNTFC meeting .





## WORKING GROUP ACTIVITIES

### CONSTRUCTION SECTOR

#### OBJECTIVES

- Identify reforms needed in the regulatory and procedural framework in the construction sector.

#### PROGRESS

- The deadline for digitalization of the Construction Permits and Administration Process for Buildings of Special Importance (project financed by EBRD) was prolonged until December 2024 and it is on the final stage of testing the newly developed platform.

#### NEXT STEPS

- Support implementation of the digitalization project of the Construction Permit and Administration Process for Buildings of Special Importance
- Initiate discussions with state authorities and private sector permit issuers to identify bottlenecks and improve the effectiveness of their operations.



## WORKING GROUP ACTIVITIES

### EDUCATION SECTOR

#### OBJECTIVES

- Internationalization of the educational system in Georgia

#### PROGRESS

- Recommendations on internationalization of higher education system have already been developed based on existing policy and legal analysis and approved by ICS and UNDP
- Policy recommendations have been shared with Ministry of Education and Government of Georgia and are publicly available on the IC website

#### NEXT STEPS

- ICS will continue monitoring the implementation of recommendations and reporting on progress.



## IMPROVEMENT OF GEORGIA'S RANKING IN THE OECD COUNTRY RISK CLASSIFICATION

- GEORGIA'S OECD RISK CLASSIFICATION IMPROVES FROM 6 TO 5

### PROGRESS

Georgia's ranking in the OECD Country Risk Classification has improved by one step. During 2007-2023, Georgia invariably was evaluated as category 6. According to the 2024 report, Georgia has advanced to category 5.

It is noteworthy, that the topic of OECD country risk classification was discussed during the 20th meeting of the Investors Council, held on July 14, 2023, and in this regard, the Investors Council actively cooperated with the relevant government agencies.

The improvement of Georgia's ranking will increase access to finance for the private sector and will positively influence the country's investment potential.





## WORKING GROUP ACTIVITIES

### GREEN ECONOMY TRANSITION

#### OBJECTIVES

- Support the Green Economy Transition (GET) in Georgia to ensure the development of a resilient and low-carbon economy, through raising the GET profile within public-private sector policy dialogue and promoting its benefits among the representatives of the Georgian Private Sector and members of the IC.

#### PROGRESS

- With the support of the IC, the EBRD has conducted a technical assessment for Digitalization of Environmental Permitting procedures;
- With the support of the EU and the EBRD, a feasibility study on the introduction of Contrailer (Ro-La) services is currently underway.
- ICS has developed the ToR for the creation of a Carbon Pricing Framework for Georgia.

#### NEXT STEPS

- Identify new funding sources for the implementation of the second phase of the digitalization of environmental permitting procedures for MEPA.
- Support the process of conducting feasibility study for the Introduction of Contrailer (Ro-La) services
- Identifying funding sources for the development of Carbon Pricing Framework for Georgia
- Development of the ToR and identification of potential funding for developing Electronic Systems for MRV
- In partnership with Sparkassenstiftung Fund Georgia IC develop a GET Manual tailored to the needs of the private sector
- Awareness raising on GET and Gender related aspects, including regional coverage.



## WORKING GROUP ACTIVITIES

### GIA REPORT: EMPOWERING WOMEN ENTREPRENEURS IN GEORGIA

#### OBJECTIVES

- The GIA document is published: to analyze barriers and propose solutions to increase women's participation in entrepreneurship

#### PROGRESS

##### Key Findings:

- Underrepresentation: Few women lead businesses, especially in non-traditional sectors.
- Barriers: Limited access to finance, knowledge gaps, and societal stereotypes.
- Consequences: Lost economic potential, limited female employment, and restricted social mobility.

##### Policy Recommendations:

- Gender quotas on supervisory boards.
- Mandatory gender reporting for companies.
- Improved legal enforcement, awareness-raising, skills development, and data collection.

#### NEXT STEPS

- Advocate for policy implementation.
- Develop supporting programs (capacity building around non-financial reporting, awareness campaigns).





## WORKING GROUP ACTIVITIES

### INSTITUTIONALIZATION OF THE WOMEN-OWNED BUSINESS CRITERIA IN GEORGIA

#### OBJECTIVES

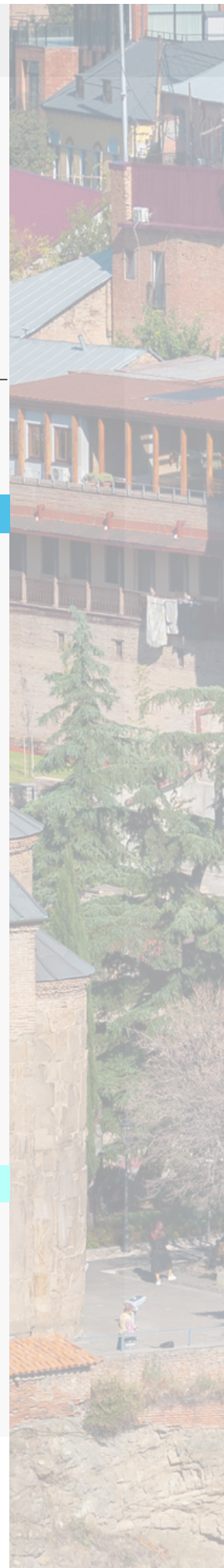
- To establish a standardized definition of "women-owned business" and "women entrepreneur" in Georgia.

#### PROGRESS

- Initiated Dialogue: The Investors Council of Georgia spearheaded discussions on WOB certification, highlighting the challenges faced by women entrepreneurs.
- Collaborated with Stakeholders: Engaged with the Ministry of Economy, NBG and Sustainable Development and the Georgian Chamber of Commerce to advance the initiative.
- Collaboration with the National Bank of Georgia (NBG) to institutionalize women-owned business criteria.
- Emphasized Data Collection: Highlighted the importance of data to inform policy and attract resources for women's economic empowerment.
- Outlined Benefits: Showcased the potential of certification to increase WOB visibility, access to procurement opportunities, and international market representation.

#### NEXT STEPS

- Track and analyze lending data to measure the impact of the initiative and demonstrate increased access to finance for women-owned businesses.





## WORKING GROUP ACTIVITIES

### GENDER LENS INVESTING IN GEORGIA

#### OBJECTIVES

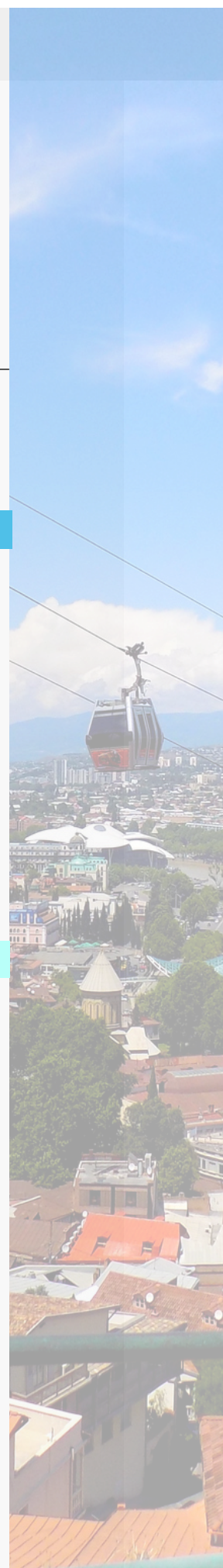
- Promote a fair and inclusive investment landscape in Georgia by integrating gender considerations into investment practices.

#### PROGRESS

- Launched GLI Initiative: Formalized the commitment to promoting GLI in Georgia.
- Partnership established with UN Women to implement the GLI initiative.
- Planning underway for a regional workshop convening gender experts and representatives from Investors' Councils in the region.

#### NEXT STEPS

- Develop sector-specific metrics and a tool/methodology for assessing the investment climate through a gender lens.
- Increase awareness of GLI, its definition, available tools, and benefits through dissemination of workshop materials and the report.





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