

Minutes of the 19th Meeting of the Investors Council

February 22, 2023

Chaired by the Prime Minister of Georgia Irakli Garibashvili

Present at the meeting

Participating Members of the Investors Council:

- Irakli Garibashvili, Prime Minister, Chair of the Investors Council
- Levan Davitashvili, Vice Prime Minister, Minister of Economy and Sustainable Development
- Lasha Khutsishvili, Minister of Finance
- Otar Shamugia, Minister of Environment Protection and Agriculture
- Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD
- Mark Clayton, Ambassador of the UK to Georgia
- Ivana Fernandes Duarte, Regional Manager of the Caucasus, IFC
- Samson Pkhakadze, President, Business Association of Georgia
- George Welton, Executive Director, American Chamber of Commerce in Georgia
- Zviad Chumburidze, Secretary General, EUGBC
- John Braeckveldt, Chairman of the Board, European Business Association
- Sascha Ternes, Chairman of the Board, German Business Association
- Otar Danelia, Business Ombudsman of Georgia
- Giorgi Cherkezishvili, Head of Investors Council Secretariat

Invited Guests:

- Vazil Hudak, Special Adviser of the PM of Georgia for Foreign Investments (Online)
- Revaz Javelidze, Head of the Government Administration
- Thomas Kimmeswenger, Executive Director, German Business Association
- Giorgi Kacharava, Executive Director, EU-Georgia Business Council
- Magda Bolotashvili, Deputy Director of Georgian Chamber of Commerce and Industry
- Lina Jikia, AmCham
- Nino Ushikishvili, Secretary General, European Business Association
- Loretta Martikian, EBRD
- Nicola Lipari, EBRD
- George Jugeli, Legal Expert, Investors Council Secretariat
- Giorgi Edilashvili, Business Analyst, Investors Council Secretariat

Opening Remarks

Irakli Garibashvili, Prime Minister, Chair of Investors Council:

- Welcomed members of the Investors Council and the invited guests.
- Provided updated information about recent developments in Georgia and highlighted the success of maintaining double-digit economic growth over the past year.
- Highlighted major government-funded projects, including SMEs and agricultural support programmes, infrastructure projects, railway modernization, rehabilitation and construction of schools and kindergartens, etc.
- Provided up-to-date information regarding the Black Sea Submarine electricity cable. Transmission cable project, was initiated by Georgia, together with Azerbaijan, Romania and Hungary.
- Emphasized the importance of the development of the Middle Corridor and provided information on the Anaklia Deep Sea Port Project.
- Provided updated information on the implementation of the 12 EU recommendations for Georgia.
- Provided information about on-going work on food prices and food distribution in Georgia. Outlined the work done by Ministry of Economy and Sustainable Development of Georgia.

Mark Clayton, Ambassador of the UK to Georgia:

- Highlighted the impact of the Russian war on Ukraine on the region and stressed the firm support to Ukraine.
- Stated that Georgia's economy has strong growth and emphasized that Georgia remains an attractive place for investment.
- Highlighted fruitful discussions on the Georgian economy, business and investments in the “Wardrop Dialogue” and welcomed planned Georgia Investment Forum in London (March, 2023).

Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD:

- Outlined the progress made by the IC Georgia and its impressive performance over the past years.
- Underlined the achievements of the SME sector in Georgia and pointed to their high growth rate. Also, mentioned challenges related to financial literacy.
- Emphasized the importance of electricity generation to ensure supply to the growing private sector.
- Made the point that the middle corridor is of the utmost importance, and we're now seeing investment going up in speed and intensity, and that's a very welcome development. Underlined the importance of resolving the bottleneck in the development of the corridor.

Progress on activities of the ICS

Giorgi Cherkezishvili, Head of Investors Council Secretariat:

- Thanked the Prime Minister and other members of the Government for continuous support for the IC and its initiatives.
- Provided information on the selection process of the two rotating IC member business associations.
- Highlighted the importance of newly adopted Public Procurement Law. The IC members actively participated in the public discussions with the Procurement Agency. By passing this law, Georgia brought its Public Procurement Legislation in line with the relevant EU directives.
- Noted that the IC and the IC Secretariat worked closely with the MoESD, NBG, and other stakeholders on the draft law on the securitization. After the approval by the Government of Georgia, the draft law was submitted to Parliament.
- Highlighted ongoing work on the Law on Entrepreneurs. The working group is in the process of finalizing the work on the amendments, which will be shared with the Ministry of Justice, followed by Parliament.
- Informed that the Investors Council, within the scope of its Gender Equality Working Group elaborated and finalized the declaration on women's economic empowerment. The declaration's signature formalized the Investors Council's and its member organizations' commitment to contribute to the gender equality and women's economic empowerment.
- Provided information on the modernization of two Framework Investment Laws in Georgia. After the previous IC meeting, the ICS had several discussions with stakeholder organizations and donors, and the project will start soon.
- Provided information on the ongoing project on developing an aftercare service in Enterprise Georgia.
- Outlined ongoing projects (information portal "Infohub" and Artificial Intelligence solutions in preparation export documents) implemented at Revenue Service (Ministry of Finance of Georgia) aimed at improving business climate in Georgia.
- Emphasized on importance of the ongoing reform on Factoring.
- Provided information on projects aimed at the digitalization of the construction permits and administration process for buildings of special importance.
- Informed the participants that the IC became a member of the inter-agency council for sustainable development goals and expressed gratitude towards the Government Administration

Green Economy Development Initiatives

Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD

- Stressed that Georgia has excellent green growth aspirations that is outlined in the government's strategic documents.
- Mentioned that low carbon transition is a complex task, being in an immediate economic self-interest of Georgia. Resource efficiency and affordable, sufficiently ample renewable energy is of

key importance. This needs to be coupled with the electrification of activities to enhance productivity, competitiveness, security and quality of Georgia's economic output.

- Emphasized the importance of concerted public policy actions and mobilization of private capital to phase out fossil fuels from key sectors such as power generation, heating, transport, and industry. Actions in turn leading to sizable new business and growth opportunities.
- Mentioned that IC has a dedicated Green Economy Transition Working Group to help to advance the green economy transition agenda.
- The Green Economy Transition Working Group has already identified priority directions contributing to decision-making and policy prioritization.

Irakli Garibashvili, Prime Minister, Chair of Investors Council:

- Outlined the importance of attracting new investments in the Renewable Energy sector.
- Provided information on a new support mechanism to promote the development of energy generation in Georgia.

Levan Davitashvili, Vice Prime Minister, Minister of Economy and Sustainable Development:

- Emphasized that low carbon transition and decarbonization goes mostly in parallel with development of the renewable energy sector and mentioned that Georgia has great potential in the renewables.
- Stressed the role of the new support program that is considered to encourage investors and developers to invest in the renewable energy sector, speed up this process, implementation projects.

Opportunities and Challenges of the Mining Industry

Samson Pkhakadze, President, Business Association of Georgia:

- Underlined the high potential of natural resources in Georgia and emphasized that the mining industry would play an important role in the economic development of our country.
- To improve the management of this mining sector, and increase the economic activity, there is a need to make decision on policy level, to optimize the mining-related legislation.
- Outlined number of issues raised by investors related to the regulatory framework of mining sector, including issuance of licenses, fees, etc.

Levan Davitashvili, Vice Prime Minister, Minister of Economy and Sustainable Development:

- Confirmed readiness to cooperate on reforms in the mining sector.
- Emphasized that the Ministry of Economy and Sustainable Development of Georgia is working on enhancing the regulatory framework for the mining sector and welcomed involvement of private sector in the process.

- Provided information about ongoing work and planned reform to improve existing regulations in the mining sector.

Samson Pkhakadze, President, Business Association of Georgia:

- Mentioned a new method of issuing information on the tourism industry i.e., number of travelers, nationality, etc. are announced on quarterly basis. Previously it was done on a monthly basis.
- Stressed that the information updated on a monthly basis is important for the private sector to properly assess the performance of the tourism industry.

Internationalization of the Education System

George Welton, Executive Director, AmCham Georgia:

- Highlighted the significant economic impact of the education sector on the Georgian economy.
- Gave information on the current challenges faced by foreign students who come to Georgia to receive a higher education, including admission procedures, visa issues, etc.
- Provided information on the work of IC members and ICS to initiate reform in the education sector, including meetings with stakeholder authorities.
- Emphasized the need for a systemic approach to deal with issues and attract foreign students to Georgia.

Irakli Garibashvili, Prime Minister, Chair of Investors Council:

- Agreed to continue work on necessary reforms in the education sector and to coordinate working meetings with the relevant government authorities.

Mark Clayton, Ambassador of the UK to Georgia:

- Highlighted the enormous impact that the education sector may have on economic development of the country.
- Provided information on UK students interested in receiving higher education in Georgia for various reasons.

The Black Sea Platform – New Initiative for Cooperation

Zviad Chumburidze, Secretary General, EUGBC:

- Provided information on initiative for cooperation – “The Black Sea Platform”.
- Informed the participants that the Black Sea Platform shall provide public-private consultations & support information exchange and facilitate new initiatives and promote joint economic projects.

- Stated that based on the discussions and information exchange among members of the platform, several important challenges/issues for economic cooperation among the black sea and partner countries have been identified.
- Noted that in response to the identified challenges, the Black Sea Platform has already started working with public and private stakeholders.

Irakli Garibashvili, Prime Minister, Chair of Investors Council:

- Welcomed new initiative and creation of “The Black Sea Platform”.
- Emphasized the importance of increasing capacity for increasing the attractiveness of the Middle Corridor.
- Provided information on regional cooperation to develop Middle Corridor.

The Middle Corridor - Development of the Transit Route

John Braeckveldt, Chairman of the Board, European Business Association:

- Emphasized high potential of the Middle Corridor to attract additional cargo, however, existing bottlenecks need to be addressed.
- Provided information on existing challenges in handling cargo in Georgia. These include transit regulations, coordination with neighboring countries, etc.
- Proposed high-level cooperation to address challenges and enhance the attractiveness of the Middle Corridor.

Irakli Garibashvili, Prime Minister, Chair of the Investors Council:

- Agreed that the cargo-related problems should be addressed and the Government is working toward this end.
- Provided information on cooperation with the Middle Corridor countries to increase the competitiveness of the route and make it more attractive for cargo shipment.

Lasha Khutsishvili, Minister of Finance:

- Pointed out that in recent years, Georgian customs work in extraordinary circumstances to serve growing amount of cargo and comply with sanctions.
- Provided information on the complex work carried out by customs officials to meet requirements related to dealing with sanctions.
- Provided information on workshops with corporate associations and the private sector to provide up-to-date information on the regulatory framework.