



# Annual Report 2017

## Investors Council Secretariat of Georgia

The report summarizes the work performed by the Investors Council Secretariat during January - December 2017

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## 1. Introduction

The main objective of the report is to present an overview of the performance and achievements of the Investors Council Secretariat (ICS) during January 01- December 31 2017 in view of the duties as specified in:

- The memorandum of Understanding signed between the Government of Georgia and EBRD on 12 April 2015;
- Terms of Reference related to the Head of the Secretariat of Investors Council position

During the period in question, the ICS's main objective was to consolidate constructive dialogue between the private sector and the government.

In addition, the core objective has been to provide feasible recommendations to the Government of Georgia on the topics suggested by the business sector, and approved by the IC in 2017.

ICS continues to adhere to its main principle of transparency, inclusiveness, protection of interest of the business community and continuous support to the important initiatives undertaken by the government to enhance a healthy business and investment climate.

## 2. The Secretariat

### 2.1 Objective of the Secretariat

Daily activity of the Investors Council (IC) is coordinated by the Secretariat of the Investors Council.

The Secretariat of the Investors Council:

- Based on the member's proposals, but also on the Government's priorities, develops the agenda of the meetings of the Investors Council (and submits for the approval to the Prime Minister);
- Coordinates everyday activity of the Investors Council: prepares the meetings, drafts proposals for discussion, conducts consultations with businesses,
- Provides to the Investors Council members summary views and suggestions on the subjects from the Investors Council agenda.
- Steers the implementation process of the Investors Council decisions, monitors and evaluates the results and assesses their impact and effectiveness on the business environment;
- Reports to the members of the Investors Council and to the Prime Minister on progress;
- Maintains close communication with the members of the Investors Council, state institutions and business community;

- Ensures the sustainability and continuity of the Investors Council;
- In collaboration with the press service of the Government, informs the public about the activities of the Investors Council.

## 2.2 Mandate

The Investors Council is established under the Prime Minister to act as a platform for dialogue between the representatives of the business community and the Government in order to further develop a favourable, non-discriminatory, transparent and constructive business environment.

The working languages of the Investors Council are English and Georgian .

## 3. Key Functions

The Investors Council is established as an inclusive platform for high-level dialogue between the government, IFIs and business community, with the purpose of:

- Promoting constructive dialogue and the consensus-building on the necessary steps between the government and the private sector in order to address the most pressing issues for the development of the private sector, to improve the business and investment climate in the country.
- Identifying the main impediments to the business environment in different sectors of the economy and proposing intervention measures with efficiency and maximum impact for the business environment and investment climate.
- Discussing proposals for the relevant changes to the legislative or regulatory framework to address the above.
- Facilitating the exchange of experience and the best practices in the regulatory reform promotion process from other countries to contribute to the objectives of the Investors Council.

The Investors Council itself has no decision-making powers, yet on the basis of the debates and proposals of the Investors Council members, the Prime Minister will make informed decisions.

The Investors Council is not meant to replace activity of any institution or any Ministry or the Economic Council, but rather to provide a platform for dialogue, coordination and prioritisation of policies pursued by the State in the business environment, and to analyse the effectiveness of their activity.



**Picture 1.** Investors Council is a platform connecting private sector and the government.

#### 4. Topics Dealt by ICS

During the reporting period, there were four IC meetings conducted, preceded by multiple working group meetings to address the following issues:

1. Tax administration
2. Changes to court injunction practices
3. Insolvency Law
4. Law of Entrepreneurs
5. Tourism budget review
6. Pension reform
7. Judicial reform
8. Legislative changes to agricultural land ownership rights/Organic Law on Agricultural Land Ownership

Prime-Minister Giorgi Kvirikashvili chaired all four of the IC meetings.

##### 4.1 Tax Administration

The Investors Council has identified the Tax Administration as one of the key areas for further reforms required to improve the investment climate in Georgia. The ICS has been

working with the Revenue Services (RS) since 2016. Due to this cooperation three important projects supported by the Investors Council secretariat were carried out:

1) Estonian Tax model implementation technical assistance project

In view of the **Estonian Tax Model** implementation from 1<sup>st</sup> January 2017 the IC working group designed a technical assistance project with the Assistance from Price Waterhouse Coopers (PWC) Georgia, to help the Revenue Service (RS) in the implementation of the said model. The Technical assistance project was implemented by PWC, and was funded by the British GGF.

**Recommendation:** ICS stressed the urgent need for the RS to start communicating with the businesses and to put in place trainings for the businesses, both in the capital and in the regions on the new tax model. As a result, multiple trainings were held throughout the country to educate the companies about the changes.

2) USAID funded and American Chamber of Commerce (AmCham) implemented Project to identify businesses perceptions on Tax audit practices in Georgia.

AmCham conducted a dialogue with businesses on the operation of the existing Government tax audit, in order to connect with work on the implementation of the Estonian Model and broader reform of the tax system.

3) Also, at the request of the RS, the IC working group cooperated with the RS to prepare the TOR for the technical assistance project: on **implementation of EU VAT directive**. The project envisaged providing support to Georgia in implementation of Estonian CIT model and thus would contribute to further improvement of risk-based audit. The project was aimed to help increase the Tax Revenue by decreasing the cases of tax evasion, and to provide better service to the taxpayers.

The IC continued the engagement with the RS in addressing RS's needs, and in further promoting dialogue between the businesses and the RS.

## 4.2 Changes to court injunction Practice

The ICS has been engaged in working with the Ministry of Economy and Sustainable Development (MoESD) on the amendments to the legislation regarding the Court injunction practices. The finalized draft prepared by the AmCham under the IC framework was provided to the Ministry. The proposed changes were presented to the Parliament for consideration. Parts of the changes were approved by the Parliament (June 24<sup>th</sup>, 2017), specifically changes in relation to proportionality of liens to the amounts of claims.

However, there were several issues outstanding in this regard:

A judge can order injunctive measures before the lawsuit is filed with the court. According to Civil Procedural Code (CivPC) decision of application of an injunctive

measure/s has to be made by the court within 24 hours, without giving notice to the opposing party.

There is a risk that injunctive measure might unjustifiably obstruct the responding party's business operations; impinge on its property rights and may be used as a leverage to reach favorable settlement even if the case lacks merit.

Consequently, the current CivPC regulations still raise procedural *Due Process* questions.

ICS suggested that injunctive measures should, as a rule, require that the court give notice to and hear the parties before ordering an injunction. Only in exceptional cases (e.g. if immediate and irreparable damage will result to the applicant before the opposing party can be heard) an (temporary) injunctive measure might be ordered without a notice and for a shortest possible period of time. To address these concerns further changes to CivPC are still necessary.

**Process:** Despite an initial resistance to ICS's recommendation, Ministry of Justice and the Supreme Court expressed their will to work on the Injunction law, so that it will respond to the needs of businesses. ICS cooperated with the judiciary, the Ministry of Justice, the Georgian Bar Association, the Georgian Law Firms Association, within a GIZ supported working group, created with the mission to draft proposals for a reform of the Georgian Civil Procedural Code.

The initial objective of the group to come up with the first draft changes in November 2017 could not be met. The renewed deadline is February 2018, when the draft should be presented to the group member for further consideration.

### 4.3 Insolvency Law

Ministry of Justice of Georgia has been working on the insolvency reform with the assistance from GIZ. The Insolvency Law Reform, based on its complexity and multi-disciplinary nature, ideally should be co-led by the Ministry of Finance (MoF), the Ministry of Justice and the Ministry of Economy and Sustainable Development.

To meet those needs, all three ministries are represented in the working group created by German Development Agency GIZ. ICS is also invited as an institutional member.

In late November 2016 the working group presented a concept of the reform to a wider pool of stakeholders. We expect that drafting of the law will be an inclusive process, and, considering heightened interest of the business community towards the insolvency law, stakeholders will be kept in the loop of all relevant developments in this regard.

ICS recommended having early consultations with businesses that might be affected by the changes in the law.

To address the problem with the Insolvency Law, a drafting group was created consisting of representatives of the MoF, MoJ and MoESD, ICS, local practitioners and foreign experts lead by GIZ, where ICS was represented by a legal Expert Dr. George Jugeli.

EBRD Legal Transition Team expressed interest to provide comments to the draft once the initial text would have been finalized. The drafting of the Insolvency Law might be followed by development of a RIA document evaluating impact of the planned legislative novelties.

ICS suggests giving respective ICS working groups an opportunity to review the final draft of the law before they are presented to the parliament.

#### 4.4 Law of Entrepreneurs

New Law drafting process has been initiated by the Ministry of Justice of Georgia back in 2013 with support of USAID and GIZ legal programs. First draft was complete by the end of 2016. Draft was intended to provide for more detailed and coherent regulations for the business organizations to contribute to a more predictable legal and judicial practice. Another major objective of the draft was the harmonization of the Georgian company law with the relevant EU directives.



**Picture 2.** Dr. George Jugeli, ICS Legal expert has been leading all workgroups associated with legislative changes

To provide recommendations to this important piece of legislation and to assist the Government and the drafters in making the draft as business friendly as possible, IC Secretariat reached out to leading Georgian business lawyers and representatives of businesses to set up a Company Law Working Group. ICS organized numerous meetings of the group to meticulously analyze and comment the draft. As a result of this work, the group produced a consolidated position (detailed comments to the draft) that, reflects needs of the Georgian business community, and is in line with the international best practice.

IC Secretariat provided relevant ministries and other stakeholders with the document. After several meetings with the representatives of various government agencies, the drafting group members and international experts, overwhelming majority of the recommendations (around 90%) were accepted by all stakeholders, therefore the respective parts of the draft have been modified.

According to the Ministry of Justice the New Law on Entrepreneurs together with further required legislative changes will be presented to the parliament in the spring 2018.

#### 4.5 Tourism Budget Review

Upon the request of the Prime Minister during the fourth IC Meeting, the ICS established the Tourism Working Group with the aim to review the Tourism Budget 2017 and to formulate a letter of recommendation for the MoESD and Georgian National Tourism administration (GNTA).

ICS Advised to involve an independent advisory board to contribute in budget planning procedures for the future. For full details on the ICS recommendations on the Tourism Budget refer to the **Annex 1**.

In addition to the letter of recommendation, the ICS initiated and developed a technical assistance project to assist the Tourism Administration to evaluate its current advertising campaigns, marketing tools and to introduce the methodology to assess the effectiveness of public spending by the Administration.

The ICS approached the GGF to fund such a project, and a number of high-level meetings took place to facilitate initiation of the project. The project concept has been approved by the British government and it is hoped to commence in early 2018.

As per recommendation of the Tourism Working Group, ICS nominated the Tourism Board to review the Tourism Budget 2018 and provide recommendations. Thereafter the board will have quarterly meetings with the GNTA to ensure regular formalized public private dialogue on tourism.

#### 4.6 Pension Reform

In January 2017, the government presented the planned Pension Reform to the IC as well as the implementation schedule.

ICS recommended an open public discussion with the private sector due to Pension Reform's complexity and importance.

MoESD started discussions on the pension reform with business associations in Georgia, and the ICS offered to act as a coordination agency for this purpose where required.

## 4.7 Judicial Reform

The state of the Judiciary remains the key challenge the country faces, affecting negatively the public image of Georgia. ICS has repeatedly stressed the importance of the reform of judiciary.

Court overload and qualification of judges to deal with complex business disputes are amongst the biggest challenges the Georgian court system faces.

As a partial solution to these problems, the Ministry of Justice (MoJ) proposed creation of Commercial Chambers within the common courts system in order to provide comfort to investors both, local and international, in making investment commitments in the country.

IC numerously underlined the importance of the support for creation of Commercial Chambers. Government also expressed interest in supporting the implementation of the initiative.

It is critical that the new institution enjoys high reputation and trust from all stakeholders. ICS continued working with MoJ to coordinate number of donors' efforts to assist the Georgian Government in establishing the chambers:

- Dechert Consultants were engaged by MoJ to draft the concept for the establishment of Commercial and Tax Chambers. Building on this work, ICS worked with GGF and PWC/Dechert on the risk and cost/benefit analysis, drafting amendments to legal acts, and developing structural/organizational setup, technical setup, and financial plan for the commercial/tax chambers technical assistance project to the Ministry of Justice.
- British government agreed to provide the funding for the first stage of the project. Dechert/PWC started working with the MoJ on the project and hopefully for the next IC meeting Dechert will have completed working on the proposal on structure, governance and management of the Commercial Chambers.
- EBRD and the US government agreed to consider assistance with the capacity building for the new judges, which will be the second phase of the project.
- GIZ consultants consented to undertake a Regulatory Impact Assessment after Dechert/PWC's work is completed to make sure the project is in line with the current legislation as well as with Georgia's EU aspirations.

According to MoJ, legislative drafts regarding introduction of Commercial Chambers will be presented to the parliament in 2018 and, if adopted, their implementation will commence in January 2019.

Furthermore, ICS discussed and agreed with Ms Eka Beselia (Head of the Legal Committee of the Parliament of Georgia) the ways to cooperate and share information with the Interagency Working Group, newly established in the Parliament of Georgia to support judicial reform.

Another initiative aimed at reducing the court's backlog, is a possible expansion of competences of court officers (magistrates) to decide on low value cases (e.g. up to 5000 Gel). Currently the Committee of Legal Affairs of the Georgian Parliament is considering the draft aimed at offloading of the courts by introducing special rules for low value claims.

Active use of the court-annexed mediation would also be expedient for reducing the workload of the judges. MoJ finished working on the draft Law on Mediation, which was shared with and commented on by the ICS, and which will probably be presented to the Parliament in the spring 2018.

In addition to the reform initiatives outlined above, ICS believes that it is very important to have adequate remuneration for the judges, to ensure integrity, competence and independence of the profession. However, the high pay would need to be combined with a high degree of accountability. There is also a need to maximize communication between the judiciary and the businesses, in order for the Judiciary to clearly understand what the concerns are the society and the business community in particular has with the system.

#### 4.8 Legislative Changes to Agricultural Land Ownership Rights/ Organic Law on Agricultural Land

ICS formed the Land Law Working Group to draft recommendations on the ban of the ownership of the Agricultural Land by foreign citizens pursuant to the draft constitutional changes. The detailed recommendations can be found in the Letter addressed to the Members of the IC attached to the minutes as **Annex 2**.

ICS stressed the importance of the new organic law on land ownership referred to by the relevant constitutional provision of the mentioned draft to include reasonable exceptions to the ban to avoid damage by the legislative changes to the agricultural land ownership rights. Also, to make sure the organic law answers private sector's interests, it is highly recommended the government to share the draft with the ICS Land Ownership Working Group before the start of the legislative procedures.

It was decided that the draft of the Organic Law on Land Ownership would be shared with the ICS working group for review and comments.

**Progress:** Constitutional changes, banning foreign ownership of the agricultural land in Georgia were adopted by the Parliament on September 26<sup>th</sup>, 2017. However, it is expected that the criteria for reasonable exceptions will be incorporated into the new organic law.

The process of the drafting of the organic law has started without due public consultations, which has been disappointing.

Investors' council addressed the Prime Minister with the request to engage the Investors Council Land Ownership working group in the drafting early consultation process. It was decided that ICS would obtain the draft once it is ready for public disclosure. Please refer to **Annex 3** for the letter.

## 8. Communications and Publicity

### 8.1. Website

The IC Website ([www.ics.ge](http://www.ics.ge)) has been managed by the Secretariat since its launch in December 2015. The website provides essential information about the Investment Council such as IC meetings (agenda, minutes of meeting, PPT presentations, technical notes etc.), press releases after every IC Meeting, IC & Secretariat's activities such as important meetings with stakeholders and focus group meetings, publications in the media, etc.



**Picture 3.** Head of Secretariat giving a live interview about ICS meeting

### 8.2. Media Appearance

Media and the general population interested in the business environment in Georgia keep track of Investors Council's meetings. There are several articles and videos uploaded online describing major events concerning the IC. Few of the media reports include: Maestro TV, Rustavi 2, interpressnews.ge, ebrd.com, agenda.ge, cbw.ge, etc. The head of the Secretariat, Mariam Megvinetukhutsesi also gave several interviews to the local TV channel Pirveli's show about business news.

## ANNEX 1.



Investors Council

Investors Council Secretariat

### **Recommendations for the Georgian Tourism Agency and the National Tourism Budget**

By IC Tourism Working Group

Following discussions with GNTA, we found that the marketing strategy is well thought out and implemented. However, we think that there are a few areas where modifications to allocations could result in a better impact for a given level of financing.

Given the significance of tourism for the Georgian economy, the budget for GNTA is low. Through a better allocation strategy we can decrease expenses for less effective events and increase the budget for tourism marketing.

The initiative by the PM to gain input from tourism businesses is clearly valuable - but this needs an institutional basis – and needs to occur earlier in the financial planning process if it intends to be more effective in the future

There are reasonable concerns over the lack of transparency in the planning process and the effectiveness of Check-in Georgia. There is a lack of rationale for the events calendar: unjustified schedule during popular season, when tourism is peaking anyway.

To address the mentioned issues, the IC Tourism Working Group came up with the following suggestions:

#### **1) Changes to the Check-in Georgia:**

- Allocate the remaining unallocated amount from “Check-in Georgia” for a more targeted advertising in cities with population over 1 million and with direct flights to Georgia (Tbilisi, Kutaisi, Batumi).
- Use mass events such as concerts to attract tourists during a low tourism season, instead of planning those events when the country enjoys high number of tourists anyway. This will help balance the country’s seasonality in the industry.

- Evaluation of check in Georgia activities effectiveness and impact on tourisms by International Experts.

## **2) Initial suggestions for modifications to marketing strategy**

- Save on mass marketing strategies in big countries like Russia and instead, use the resources in alternative efficient channels by targeting young lifestyle travelers and segment of influencers. As a result, quality travelers can be attracted, while projecting the right image of the country.
- Georgia hosted around 600 journalists last year. It may be more efficient to decrease the number of journalists, but to target lesser number of “Top Influencers”, who can elevate Georgia’s image internationally to a bigger audience.
- Measuring effectiveness of Exhibitions. The PPP component makes sense, however the private sector engagement seems low. It may be worthwhile to increase the threshold for participating number of companies during exhibitions.
- Georgia’s travel website needs to be upgraded both content and technology wise. For example, more language options can be added.

## **3) Structured Private Sector Involvement**

- GNTA to create a Marketing Advisory Board consisting of the country’s leading marketing specialists with creative minds, who would be consulted on regular bases in order to consistently upgrade our branding and marketing strategies.
- More engagement with the private sector. Quality collaboration with the private sector will benefit the country’s tourism and economy, as a lot of untapped cooperation opportunities could end up extremely useful while coupled with the existing strategy. The “marketing advisory board” will have a potential to come up with interesting ideas and facilitate mutually beneficial collaboration between GNTA and many Georgian companies that represent the country with their brands abroad.
- Have a group of independent experts validate the marketing budget allocation, and all the planned activities before the decision is final. This way the marketing strategy will be all-inclusive while having a stronger reasoning behind each decision.

## ANNEX 2.



Investors Council

Investors Council Secretariat

### **Recommendations on the Ban of Ownership of the Agricultural Land by Foreigners**

Investors Council Land Law Working Group

Below recommendations relate to the proposed ban of ownership of the agricultural land by foreigners/Georgian companies with foreign shareholders.

The issue became particularly urgent after the second hearing on the draft constitutional changes by the Parliament of Georgia and the initiation of draft changes to the existing Law on Agricultural Land Ownership.

#### **Background**

Georgian farm yields are generally 25% that of Western Europe and only half the arable land is used.<sup>1</sup> Hence, Georgia could eventually produce up to eight times the food it currently does. However, this will require a great deal of fixed capital investment on-farm (GEL 12,000-50,000/Ha depending on the crop). An approximate estimate would be USD \$7 billion in on-farm capital investment on Georgia's 1 million hectares of arable land. Georgia does not have those resources, privately or at state level, and neither do foreign donors to Georgia, thus foreign private capital is a necessary part of the investment mix for Agricultural development.

Experience suggests that FDI, commercial farming and western best practices, combined with the modern post-harvest management, cold chain infrastructure and modern logistics lead to increased yields, greater prosperity, and financial security for all participants. Local rural communities probably need a funded western / IFI program to gain confidence and move forwards.

Majority of stakeholders agree that a ban on the ownership of the agricultural land by foreigners will most likely cause hindrance of economic and agricultural development in Georgia. However, provided that the relevant legislative changes are passed, the high tech FDI in the agricultural sector may be less jeopardised.

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<sup>1</sup> <http://www.geostat.ge>; <http://moa.gov.ge>; <http://data.worldbank.org>; <http://ec.europa.eu>; 2014 Agricultural Census

To address this issue of utmost importance the ICS established a working group comprising IC members and other stakeholders to provide recommendations to the Georgian Government. The present document summarizes the main points based on the recent discussions:

- At the current time the constitutional change reads, “land” rather than “agricultural land”. If left unchanged (just “land”), the impact on the investment will be disastrous, as it will make it more or less impossible for foreign investors including IFIs and banks, to invest in large categories of the Georgian economy.

The new Art. 19.4 of Draft Changes to the Constitution of Georgia should read: “***Agricultural land*** as a resource of special significance may only be in the ownership of the state, a municipality, a Georgian citizen, an association of Georgian citizens, or a legal entity incorporated in Georgia with majority Georgian Nationals’ shareholding. Exceptions thereto *will be* stipulated by an organic law adopted by two thirds of the total number of the members of the Parliament of Georgia.”

- Exceptions should explicitly be mentioned in the constitution, something like “Exceptions to this rule will be made under a separate organic law”;
- The exceptions will have to be stipulated in a clear and transparent way in the Organic Law, in order to limit uncertainties among the potential investors.
- The decision making process should be streamlined and centralized.
- There is also significant concern that the suggested constitutional amendment appears to be in conflict with most of the more than 30 Bilateral Investment Treaties (BIT) that Georgia has signed with other countries. This could make any such law even more damaging to international investor relations and subject to legal challenge. The BIT with the United States (1995), Article II, Paragraph 1, states that US Investors and Companies cannot face more difficult investment terms than Georgian nationals. Furthermore, since many other BITs invoke Most Favoured Nation clauses, this provision would also apply to them.
- The organic law should include the following:
  - A statement that the ban does not affect already purchased property. The law needs to state explicitly that existing investors can pass on ownership through inheritance, otherwise transfer or sell their shares to any other foreign owners they choose. Allowing such flexibility sends a clear signal that existing investors in Georgia are protected. Without this measure, there is a significant risk that investors in all fields will conclude that laws could change to constrain their rights retroactively. This could do a huge damage to any kind of FDI.
  - Commercial Banks, Microfinance Institutions, Merchant Banks, Investment Banks, Private Equity Funds and International Financial Institutions, that own

- land as a result of foreclosure on defaulted debt, should ideally be excluded from the Ban. However if this is not accepted, then these institutions should be given a minimum term of 4 years to liquidate these assets. There should be no discrimination regarding the country of domicile of the financial institution.
- Inalienable ownership right of agricultural land for companies with a minority (lower than 50%) foreign ownership. Minority shareholdings must remain attractive. (Otherwise you exclude foreigners from even being PART of any agricultural development.)
  - Inalienable ownership right of agricultural right for companies who can demonstrate capital-intensive investment<sup>2</sup>.
  - Laws governing land ownership are commonplace internationally, but small changes can create large and negative unintended results. To develop the best possible law, in agreement with Georgia's overall European and Atlantic path, it is necessary to integrate international expertise in the development of the organic law. This expertise should be mobilized, from partners with relevant experience. The ICS can help identify and mobilize donor financing for such technical assistance work.
  - There should be extensive consultation with all the stakeholders, including small farmers and foreign parties/players, and finally it would be helpful to obtain an in-depth understanding of the concerns the Authorities have on the matter of land ownership by foreigners in order to assess where parties can meet.
  - Investors Council Land Law Working Group would like to have opportunity to review the draft law, before it goes out to the Parliament.

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<sup>2</sup> However it's not clear what 'intensive' should be. An easy threshold would be to say something like - for every m2 of land, xxxx GEL has to be spent on investment

## ANNEX 3.



INVESTORS COUNCIL

HE Giorgi Kvirikashvili  
Prime Minister of Georgia  
State Chancellery,  
7 Pavle Ingorkva Street,  
Tbilisi 0134

**N 1/12-2017**  
4 December 2017

**Re: Agricultural Land ownership Organic law**

Your Excellency,

On behalf of the Investors Council members allow me to draw your attention to the concerns that we have about the development of the organic law, laying out the public-interest exceptions to the ban of ownership of Agricultural land by foreigners.

As you know, now that the language of the new constitution explicitly stipulates that the *Agricultural land* as a resource of special significance may only be in the ownership of Georgians, a new organic law is to be drafted to regulate the details of public-interest exceptions to the law.

The Investors Council members agree that a ban on the ownership of the agricultural land by foreigners, if done without significant and explicit exceptions, will have a negative impact on economic and agricultural development in Georgia. However, provided that the relevant exceptions are laid out in this organic law, these negative impacts may be mitigated.

As we agreed, the development of this law will require participation by all stakeholders. Hence, we have been looking forward to contributing to this discussion through the Investors Council Land Ownership working group, in accordance with the last Investors Council Meeting of 6 September 2017.

In addition to the above, allow me to inform you that a number of donors have expressed readiness to provide expert technical advice to Georgia to the end of sharing best international practice with respect to the issue of the Ownership rights of Agricultural land, provided such assistance is accepted by the Government of Georgia. The IC secretariat would then act as a coordinator agency for mobilization of such assistance.

Unfortunately, we have been unable to identify the correct agency with which to start these consultations yet and, furthermore, senior figures in the parliament have made public statements, which suggest that a process of developing the organic law has already started without the consultation. Furthermore, it has been suggested that the exceptions will be minimal. We, therefore, would appreciate the government to identify and allocate a point-person for consultations allowing us to review and discuss any current drafts that may be under consideration.

As always, we appreciate your efforts and look forward to further engagement on this issue, which we consider to be beneficial and necessary. With our collective efforts, we remain confident that we can create an outcome that serves to enhance Georgia's growth and the economic opportunities of the Georgian people.

Respectfully,

Mariam Megvinetukhutsesi  
Head of Secretariat



On behalf of the Investors Council members

cc: Irakli Kobakhidze, Chairman of the Parliament;  
Dimitry Kumsishvili, First Vice Prime Minister, Minister of Economy and Sustainable Development;  
Mamuka Bakhtadze, Minister of Finance;  
Levan Davitashvili, Minister of Agriculture;  
Zurab Alavidze, Minister of Regional Development and Infrastructure;  
Tea Tsulukiani, Minister of Justice;  
Zurab Dzelashvili, Business Ombudsman.