



European Bank
for Reconstruction and Development

MEMORANDUM OF UNDERSTANDING

BETWEEN

GOVERNMENT OF GEORGIA

AND

**EUROPEAN BANK FOR RECONSTRUCTION AND
DEVELOPMENT**

IN RESPECT OF

**COOPERATION IN SUPPORT OF THE
INVESTORS COUNCIL OF GEORGIA**

12 APRIL 2015

MEMORANDUM OF UNDERSTANDING (hereinafter referred to as the “**Memorandum**”) between the Government of Georgia (hereinafter referred to as the “**Government**”) and the European Bank for Reconstruction and Development (hereinafter referred to as the “**EBRD**”), hereinafter separately referred to as a “**Party**” and jointly referred to as the “**Parties**”.

WHEREAS the EBRD has launched the Early Transition Countries Initiative (“**ETCI**”), the Small Business Initiative (“**SBI**”) and the Investment Climate and Governance Initiative (“**ICGI**”) in order to stimulate economic transition, support small business development and improve the investment climate and governance in a number of its countries of operations, including Georgia, activities that are supported by donor funding through dedicated bilateral and multi-donor funds;

WHEREAS as part of the ETCI, SBI and ICGI, the EBRD has developed a programme of national advisory councils which seek to improve policy dialogue between the private sector and government with a view to enhancing investment climate;

WHEREAS the Government has established the Investors Council for Georgia (the “**Investors Council**”), the concept of which is reflected in part 3 of this Memorandum;

WHEREAS the Government has adopted the Social-Economic Development Strategy of Georgia – Georgia 2020; signed and adopted an Association Agreement (“**AA**”) with an integral Deep and Comprehensive Free Trade Area (“**DCFTA**”) with the European Union;

WHEREAS the EBRD, acting as administrator of bilateral and multi-donor funds, has agreed to finance the independent Secretariat of the Investors Council.

The Parties have come to the following understanding:

I. PURPOSE

This Memorandum aims to provide a framework for cooperation between the EBRD and the Government of Georgia in support of the Investors Council, with the aim of improving the development of the private sector and of the business climate in general in Georgia, and to reflect the concept of the Investors Council agreed between the Parties.

II. COOPERATION

1. Role of the Government

The Government, within its competence and in accordance with the legislation of Georgia, intends to:

- Identify areas in which action by the Government and assistance by the EBRD may result in a significant improvement of the business climate and development of the private sector in Georgia;
- Participate in the activities of the Investors Council and implement, when it deems appropriate, the measures suggested by the business community and discussed at the Investors Council meetings;

- Cooperate with the EBRD and other international financial institutions (“**IFIs**”) on joint analysis and definition of possible ways to improve legislation, practices and other relevant areas aimed at fostering investment, both foreign and domestic, into the economy of Georgia;
- Considering that the Investors Council has already been created by the Government of Georgia’s respective resolution, take necessary measures to ensure that the Secretariat is established and make available adequate office space for the Secretariat for a minimum period of two years as an in-kind or cash contribution and will also cover the cost of certain utilities, such as electricity and water supply in case the office space is provided in the premises of the state authority as in-kind contribution.

2. Role of the EBRD

The EBRD in accordance with its Strategy for Georgia, as may be updated from time to time by its Board of Directors, and its other internal rules and procedures, intends to:

- Support the Government’s implementation of the Development Strategy of Georgia and the AA/DCFTA, as well as its efforts aimed at increasing investment and improving the development of the private sector and business climate in general;
- Participate in the activities of the Investors Council, monitor and provide oversight to the functioning of the Secretariat;
- Work closely with the Government in defining areas where the EBRD can apply its experience and expertise to support the Government’s efforts of strengthening and stimulating the development of the private sector and the business climate in general in Georgia;
- Cover cost of salaries for the staff of the Secretariat, maintenance, expenses, etc. for a minimum period of 2 years;
- Cover cost of utilities such as electricity and water supply in case the office space of secretariat is other than the premises of state authorities, for a minimum period of 2 years.

III. THE CONCEPT OF INVESTORS COUNCIL

1. Mandate

The mandate of the Investors Council is defined in accordance with Government Decision _____.

The Investors Council is established under the Prime Minister to act as platform for dialogue between 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 Georgian and English.

2. 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 consensus-building on the necessary steps between the government and private sector in order to address the most pressing issues for the development of the private sector, improve the business climate in general and foster domestic and foreign investment.
- 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 relevant changes to the legislative or regulatory framework to address the above.
- Facilitating the exchange of experience and 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's members, the Prime Minister will make informed decisions.

The Investors Council is not meant to replace the 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.

3. Members

The Prime Minister shall be the Chairman of the Investors Council.

The Investors Council shall be composed of a maximum of 15 members, bringing together several groups of participants (stakeholders).

Permanent members:

- *State Ministers*
 - *Vice Prime-Minister, Minister of Economy and Sustainable Development*
 - *Vice Prime-Minister, Minister of Energy and Natural Resources*
 - *Minister of Finance*
 - *Minister of Agriculture*
 - *Minister of Regional Development and Infrastructure*
- *Representatives of domestic and foreign business associations*
 - *Business Association of Georgia (BAG)*
 - *American Chamber of Commerce (AmCham)*
 - *EU Georgia Business Council (EUGBC)*

- *Georgia Chamber of Commerce and Industry (GCCI)*
- *International Chamber of Commerce (ICC)*
- *Business Ombudsman of Georgia*
- *European Bank for Reconstruction and Development (EBRD)*

Rotating members:

- Two representatives of IFIs active in the field of private sector development.

Changes in the nominal composition of the Investors Council shall be approved by the Prime Minister upon proposal by the EBRD in consultation with the permanent members of the Investors Council.

In addition to the permanent members, depending on the Investors Council's meeting agenda and topics/sectors discussed, ministers, experts, sector associations, state specialised institutions, representatives of the business community, etc., can be invited to specific discussions of the Investors Council.

4. Secretariat

The daily activity of the Investors Council shall be coordinated by the Secretariat of the Investors Council. The members of the Secretariat must have no political affiliation.

The Secretariat of the Investors Council:

- Based on the members' proposals, but also on the Government's priorities, develops the agenda of the meetings of the Investors Council (and submits for the approval by the Prime Minister);
- Coordinates the everyday activity of the Investors Council: prepares the meetings, drafts proposals for discussion, conducts consultation with businesses, organises technical training sessions;
- Provides to the Prime Minister and the Investors Council's members summary views and suggestions on the subjects from the Investors Council's agenda, in order to ensure the high quality of decisions made within the Council;
- Steers the Investors Council's decisions implementation process, 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.

5. Meetings' Agenda

The Investors Council will convene regularly, aiming at 6 times a year, i.e., once every two months.

Critical for the effectiveness of the work of the Investors Council will be the process of setting its agenda so that the recommendations of the Council are relevant and effective. The Secretariat, in collaboration with the Prime Minister's Office and the Council's members, will set up a restricted agenda of topics, specific and targeted to achieve maximum effect.

The Agenda of the meetings of the Investors Council shall be announced to its members and invited attendees at least one week in advance.

The Investors Council shall be empowered to instruct the Secretariat to convene technical sessions focused on preparing the agenda for the meetings of the Investors Council or on supporting the state institutions in the productive implementation of its decisions.

Each technical session shall be focused on a specific subject, based on a decision or initiative of the Investors Council, their objective being to develop clear recommendations and advancing the reform process. The technical sessions shall involve independent experts in the field, experts from the state institutions, representatives of business associations, and representatives of donor organisations that are active in the field.

IV. FINAL PROVISIONS

This Memorandum reflects the views and intentions of the Parties to co-operate on a non-exclusive basis, expressed in good faith but without the creation of any legal obligation or incurrence of any liability on the part of any of them. Nor shall any third party obtain any legal benefit from this Memorandum.

It is understood and agreed that nothing in this Memorandum shall constitute, or be construed as, an offer, promise or undertaking by either Party to finance all or part of any activity or project identified in or pursuant to this Memorandum.

Nothing in this Memorandum will limit the right of, or prevent the Parties from entering into memoranda or arrangements with other parties with respect to any activity, project or area of co-operation covered by this Memorandum.

Nothing in this Memorandum will constitute nor be construed as a waiver, renunciation or other modification of any of the privileges, immunities and exemptions granted to the EBRD under the Agreement Establishing the European Bank for Reconstruction and Development, international conventions or any applicable laws.

Any dispute arising out of, or in connection with, the interpretation or application of any provision of this Memorandum of Understanding will be settled amicably through consultations.

This Memorandum of Understanding shall become effective on the date it is signed by both Parties. It may be amended by mutual written consent of the Parties. Either Party may terminate this Memorandum of Understanding at any time by giving the other Party written notice to this effect no later than one month prior to the termination date.

Signed in Tbilisi, on the 12th of May 2015 in two originals in the English language and two originals in the Georgian language. Should there be any discrepancy between the two languages versions, the English version shall prevail.

Government of Georgia

**European Bank for Reconstruction and
Development**