

Minutes of the 18th Meeting of the Investors Council

October 19, 2022

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
- Irakli Karseladze, Minister of Regional Development and Infrastructure
- Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD
- Mark Clayton, Ambassador of the UK to Georgia
- Irakli Baidashvili, First Vice President, American Chamber of Commerce in Georgia
- Levan Vepkhvadze, Executive Director, Business Association of Georgia
- Zviad Chumburidze, Secretary General, EUGBC
- Sascha Ternes, Chairman of the Board, German Business Association
- Thea Gigiberia, Country Officer, IFC
- Otar Danelia, Business Ombudsman of Georgia
- Giorgi Cherkezishvili, Head of Investors Council Secretariat

Invited Guests:

- Revaz Javelidze, Head of the Government Administration
- George Welton, Executive Director, American Chamber of Commerce in Georgia
- 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
- Levan Bolkvadze, Secretary General, Georgian and Turkish Businessmen's Association
- 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 up-to-date information on recent developments in our country, including the pattern of economic growth.
- Underlined the importance of developing the energy sector and provided information on the process of implementation of the new support mechanism in the sector.
- Stressed the importance of the development of additional tourist infrastructure in the country, including new resorts in different regions of Georgia.

Mark Clayton, Ambassador of the UK to Georgia:

- Provided information on the global economic growth tendency and outlined strong growth in Georgia.
- Overviewed of UK firms' interest in investing in green power generation in Georgia.
- Outlined recent Fintech conference, where the UK companies expressed interested in exploring partnerships with Georgia.
- Stressed that the UK is pleased to continue to support IC as it is critical to have an open dialogue between investors and the government.

Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD:

- Congratulated on the progress made in accessing the Single Euro Payment Area and stressed the importance of the process.
- Emphasized the importance of the IC meetings and dialogue between the private sector and government agencies.

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.
- ICS continues working on the Law on Entrepreneurs. Based on feedback from IC members and stakeholders, detailed recommendations have been prepared for amendments to address issues raised following the adoption of the new law.
- Thanked the government and MoESD for the approval of the Law on the Covered Bonds and Securitization.
- Outlined the progress of the working group in construction sector. The working group provide recommendation for improvement procedural and regulatory framework. In addition, work has begun on reforms to address current issues.

- Outlined the work on the Law of Factoring and informed the meeting that, at the moment, experts are working on the digitalization of the registration process of the invoices.
- Provided information on technical assistance projects to simplify customs procedures and improve investors aftercare services in Georgia
- Informed IC members on follow up of the tax lien issue raised during the previous IC meeting
- Outlined the working process of the gender equality working group that has supported the preparation of the first national concept note on WEE, which is under the GEC of the Parliament of Georgia.
- Highlighted that recently, with support from the UK government, IC has begun work on green economy transition issues.

"Framework Investment Laws" in Georgia and

Update FDI Strategy - technical assistance to "Enterprise Georgia"

Thea Gigiberia, Country Officer, IFC:

- Raised the issues related to framework investment laws in Georgia and outlined importance of modernisation of existing laws.
- Emphasized the necessity of updating Enterprise Georgia's investment promotion strategy. Reminding the meeting that in 2019 with the support of IFC the agency prepared the Investment Promotion Strategy and the action plan which expires by the end of this year. The new strategy will analyse the success stories, gaps, and shortcomings of the previous strategy, as well as the outcomes of the previous action plan.

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

- Thanked IC and IFC for good cooperation.
- Agreed on the importance of modernising existing framework laws on investment and updating Enterprise Georgia's investment promotion strategy.

Further Development of the Insurance Sector in Georgia

Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD:

- Outlined importance of further development of the insurance market to make the sector attractive for both foreign and domestic investors.
- Proposed several initiatives that could support the sector development to accommodate additional financial resources.

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

Commented on proposed reforms in insurance sector, including TPL-third party liability insurance. Also expressed interest in increasing insurance policy capacity within the ministry.

Pension Reform

George Welton, Executive Director, American Chamber of Commerce in Georgia:

- Commented on the planned amendments related to the activities of the Pension Agency, including enforcement responsibilities and risk assessment policy.
- Stressed that the private sector needs additional time to familiarize themselves with the amendments that have been initiated in the Parliament of Georgia.

Lasha Khutsishvili, Minister of Finance:

Outlined that the amendments are sent to the Parliaments where additional discussions will take place. Also, provide comments on stated opinion on possible changes.

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

Expressed readiness to continue discussion on proposed changes in the activities of Pension Agency.

Issues of Labor Legislation

Levan Vepkhvadze, Executive Director, Business Association of Georgia:

- Underlined the importance of making changes to labour legislation to avoid improper burden on the private sector and outlined several initiatives.

The Prime Minister asked the ICS to organize a working meeting with the ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia to discuss the proposed changes.

Land Ownership by Foreigners

Sascha Ternes, Chairman of the Board, German Business Association:

- Outlined importance of attracting additional capital to Georgian agriculture sector.
- Proposed to start discussion on amendments to the relevant regulations to increase attractiveness of the sector for FDI

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

Emphasized on the importance of attracting additional capital in agriculture. Provided information on existing regulations and mechanism for FDI promotion in the industry.

Internationalization of the Education System

Irakli Baidashvili, First Vice President, American Chamber of Commerce in Georgia:

- Provided information on international students in Georgia and the effects on the Georgian economy. Described the problems associated with attracting more international students who could develop the education sector and have a positive impact on the economy.

The Prime Minister asked the ICS to organize a working meeting with the Ministry of Education, Science, Culture and Sport of Georgia to discuss the identified issues.

Opening bidding for rotating membership

Giorgi Cherkezishvili, Head of Investors Council Secretariat:

- Provided information about rotation of IC members and informed participant on upcoming selection process.