

## **Minutes of the First Meeting of the Investors Council**

**29<sup>th</sup> October 15:00 at the State Chancellery chaired by the  
Prime Minister of Georgia, Irakli Gharibashvili**

### **Present at the meeting**

#### **Participating Members of the Investors Council:**

- Irakli Gharibashvili, Prime Minister, Chair of Investors Council
- Dimitry Kumsishvili, Minister of Economy and Sustainable Development
- Otar Danelia, Minister of Agriculture
- Ilia Eloshvili, Deputy Minister of Energy
- Giorgi Tabuashvili, First Deputy Minister of Finance
- Ilia Darchiashvili, Deputy Minister of Regional Development and Infrastructure
- George Gakharyia, Business Ombudsman
- Sarah Williamson, President, AmCham Georgia
- George Chirakadze, Chairman, BAG
- Nino Chikovani, President, GCCI
- Zviad Chumburidze, President, EU-Georgia Business Council
- Bruno Balvanera, Director forCaucasus, Moldova and Belarus, EBRD
- Thea Gigiberia, Country Representative, IFC Georgia
- Giorgi Luarsabishvili, Country Economist, ADB
- Mariam Megvinetukhutsesi, Head of IC Secretariat

#### **Invited guests:**

- Janos Herman, EU Ambassador to Georgia
- Nicolas Berliner, Deputy Chief of Mission, US Embassy
- Kristian Moor, Deputy Chief of Political and Economic Affairs, US Embassy
- Rashmi Shankar, Lead Economist, World Bank Mission in Georgia
- Umit Aydogan, Member of the Board, Georgian Turkish Business Association (Gurtiad)
- Loretta Martikian, EBRD

Introductory Remarks were delivered on the importance of the Investors Council initiative that sets a platform for constructive public/private dialogue that will help to improve the business climate and ultimately lead to increased domestic and international investments.

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Moderated by Mariam Megvinetukhutsesi, Head of IC Secretariat

## Topics Discussed and Decisions of IC

### 1. Pension Reform

Pension reform is considered to be one of the most important reforms to be implemented by the government of Georgia that will have strong social impact. The importance of the implementation of the pension reforms was discussed, its effect on the development of the capital market, banking sector, its impact on strengthening and stabilizing the local currency and its long-term benefits to the private sector and the overall economy.

Minister of Economy and Sustainable Development noted that:

- The necessary drafting of the legislation is being processed and should be adopted during 2016, in accordance with the plan agreed with the World Bank and the ADB.
- The actual reform will be implemented in 2017.
- Mid December 2015, the MoESD intends to share the proposed scheme with business associations and the IC to provide their feedback and be actively involved in the process.

## **2. Creation of Mechanism for Public Disclosure of Draft Legislation**

- Business associations suggested that there should be a 6 weeks ‘posting period’ for public consultations on Draft Legislation in order that the private sector can provide appropriate feedback, well before the legislation is adopted by the Parliament. Businesses also underlined the good cooperation and co-ordination with the MoESD and suggested to the Prime Minister to request other relevant ministries to follow this practice.

MoESD response:

A list with 20 laws changes has been already provided to IC members. This list covers the main areas of economic legislation and any changes to laws on this list can be posted on ”Sakanonmdeblo Matsne”.

Prime Minister’s position:

- The Prime Minister suggested that it would be desirable to allocate, as a compromise, a 3-week disclosure period for public consultations.
- The Public Disclosure Mechanism to be further elaborated between the Investors Council Secretariat and PM’s Economic Council.

## **3. Defining the Scope of the Labor Inspectorate**

The Scope of the Labor Inspectorate, to be defined by the Ministry of Labor, Health and Social Affairs, was discussed in particular its long-term social impact and significance for Georgia’s compliance with the AA requirements. The concerns of the private sector were also discussed as well as the necessity for adoption of adequate communication method to explain the importance of the implementation to the businesses.

PM underlined that, while he understands the sensitive nature of the issue and the caution the businesses express in view of introduction of this body, he would like to underline its importance as a step towards harmonization with the EU and the best International practices to which Georgia needs to abide.

- From 1<sup>st</sup> January 2016 the inspection agency will start to operate.
- The Chair expressed the Government’s commitment to the establishment of an efficiently operating agency. This will include a small apparatus of highly competent and skilled professionals to make sure the process is implemented with transparent procedures and satisfactory notice period to be provided to the private sector for compliance.

## **4. Legislative changes to address the Court injunction practices**

The business associations emphasized the injunction practices to be one of the most critical issues the private sector faces at present. Current problems and shortcomings of procedures in relation to the Court injunctions were discussed, together with a preliminary draft of legislative changes produced by the Association of Georgian Law Firms.

MoESD expressed the view that the Ministry shared the proposed principle for injunctions to be proportionate to the amounts of claims.

- It was agreed to establish a working group, led by the MoESD in order to produce draft changes to the legislation in line with discussed principle.

#### **5. Approval of the IC December 2015 Meeting date and Preliminary Agenda**

**It was agreed that next meeting will take place before mid-December 2015. The exact date to be finalized with the PM's administration.**

**Two topics have been accepted to be addressed at the December IC meeting:**

**Tax Administration issues** – analysis of current situation in order to understand whether the issue requires a quick fix or will need significant work done potentially via mobilization of Technical Cooperation funding resources from the IFIs. It was requested for the Minister of Finance to be present at the next meeting and the importance of the feedback to be received from the Business Ombudsman.

**Increasing attractiveness of investing in Georgia – IC charged with** development of an immediate action plan to increase visibility of Georgia as well as attractiveness of doing business in Georgia. IC to work closely with Economic Council Staff and produce recommendations also utilizing its member IFI's resources.

#### **6. Approval of the IC rules of Procedure:**

Approvals to be sought through emails from members of the IC before COB 6 November 2015.

#### **7. Appointment of Vice-Prime Minister of Georgia Minister of Foreign Affairs as Permanent Member of the Investors Council:**

Approved.