

Minutes of the Third Meeting of the Investors Council

20th May 15:00 at the State Chancellery chaired by the
Prime Minister of Georgia, Giorgi Kvirikashvili

Present at the meeting

Participating Members of the Investors Council:

- Giorgi Kvirikashvili, Prime Minister, Chair of Investors Council
- Dimitry Kumsishvili, Vice-Prime Minister, Minister of Economy and Sustainable Development
- Nodar Khaduri, Minister of Finance
- Otar Danelia, Minister of Agriculture
- Nodar Javakhishvili, Minister of Regional Development and Infrastructure
- Iliia Eloshvili, Deputy Minister of Energy
- Sarah Williamson, President, American Chamber of Georgia
- George Chirakadze, Chairman, Business Association of Georgia
- Nino Chikovani, President, Georgian Chamber of Commerce and Industry
- Zviad Chumburidze, President, EU-Georgia Business Council
- Fady Asly, Chairman, International Chamber of Commerce Georgia
- Bruno Balvanera, Director for Caucasus, Moldova and Belarus, EBRD
- Jan Van Bilsen, Regional Manager for South Caucasus, IFC
- Giorgi Kiziria, Senior Project Officer, Georgia Resident Mission, ADB
- Mariam Megvinetukhutsesi, Head of IC Secretariat

Invited guests:

- Tea Tsulukiani, Minister of Justice
- Gela Dumbadze, State Minister for Diaspora Issues
- Lasha Khutsishvili, Deputy Minister of Finance
- John Gabriel Goddard, Lead Economist, World Bank Group
- Tiffany Saddler, Chargé d'affaires, British Embassy
- Loretta Martikian, Advisor, EBRD
- Irakli Aslanishvili, Executive Director, Business Association of Georgia
- George Welton, Executive Director, American Chamber of Commerce
- Giorgi Ckheidze, COP, USAID Project Promoting Rule of Law in Georgia (PROLoG)
- Zurab Katchkatchishvili, Executive Director, ICC GEORGIA
- Givi Giorgadze, Business Analyst, Investors Council Secretariat
- George Jugheli, Legal Expert, Investors Council Secretariat
- Zurab Dznelashvili, Deputy Business Ombudsman
- Nino Javakhadze, Deputy Secretary of Economic Council

Progress on decisions of the previous IC meeting dated 17 February 2016

1. Tax Administration

Presenter: Sarah Williamson, President, American Chamber of Commerce

Main points:

- The IC Working Group on Tax consulting intensively with RS to develop action plan for public private engagement in Tax reform
- AMCHAM together with USAID conducting dialogue with businesses on the operation of the existing Government tax audit
- The IC Working Group in cooperation with RS prepared the TOR for the technical assistance project: RIA of implementation of EU VAT directive
- The IC Secretariat approached the British GGF to obtain financing for the project. The Project expected to commence in June, 2016
- The IC will continue to work with RS to put in place a TC project for implementation of the so called Estonian Model.

Commentary

Lasha Khutsishvili, Deputy Minister of Finance:

- Revenue Service (RS) working on secondary legislation concerning “Estonian model”
- IMF to assess RS progress
- Special topics identified where RS requires additional support

The Prime Minister:

- Stressed the importance of closing any potential loopholes in implementation of the new tax model by 1st of January, 2017

2. One stop front office for foreign and local investors

Presenter: Nino Chikovani, President, Georgian Chamber of Commerce and Industry

The IC was briefed about the progress of the work carried out by the IC working group and the MoESD.

Commentary

Dimitri Kumsishvili, Minister of Economy and Sustainable Development:

- Building design contest winners for the project to be announced by 10th of June, 2016
- Estonian Government support through advisors

3. Legislative changes to address court injunction practices

Presenter: Mariam Megvinetukhutsesi, Head of IC Secretariat

Main points:

- Finalized draft prepared by AMCHAM under the IC framework and discussed by MoESD to be proposed to the Government in June, 2016

Discussion topics of the meeting

1. Reform of Judiciary

Presenter: Sarah Williamson, American Chamber of Commerce

Main points:

- The IC Working group elaborated a list of five priority measures to be incorporated in the current legislation as well as in “the 3rd wave” of legislative package of judicial reforms
- The IC Secretariat drafted TOR for the technical assistance project to assist in capacity building of courts, and in co-operation with the Ministry of Justice and High Council of Justice will seek for donor financing to fund the TA

Commentary

Thea Tsulukiani, Minister of Justice:

- Provided an update on “the 3rd wave” of legislative package of judicial reforms
- Highlighted the risk of “bottle neck” in court system due to the capacity issues

Nino Chikovani, President, Georgian Chamber of Commerce and Industry

- Proposed to prepare suggestions on offloading mechanisms for the next IC meeting

The Prime Minister:

- Encouraged efforts on Arbitration courts and Mediation and other alternative dispute resolution vehicles

Decision:

- To establish a working group together with the Ministry of Justice within the framework of the IC in order to work on proposed initiatives as well as on capacity building issues

2. Proposed Changes to the Law of Entrepreneurs

Presenter: George Chirakadze, Business Association of Georgia

Main points:

- Ministry of Justice of Georgia (MOJ) has been working on the comprehensive new Law of Entrepreneurs (LoE) adoption of which is not envisaged during this calendar year
- As per the request from Business community the IC established the working group which developed the draft immediate changes to the LoE to improve current legislation. It is also hoped that the concepts of IC's current proposed changes shall be reflected in the new Law of Entrepreneurs once it is drafted and approved
- IC working group elaborated proposed changes to the LoE

Decision:

- IC to co-ordinate cooperation with MOJ and MoESD on the LoE via the working group

3. Insolvency Reform:

Main points:

- Insolvency Reform, based on its complexity and multi-disciplinary nature ideally should be co-led by the Ministry of Justice and the Ministry of Economy and Sustainable Development
- Early consultations and information sharing at least on the concept paper level would be largely welcome by businesses who are going to be impacted by the new law

Decision:

- To establish a working group with participation from the Ministry of Justice and the Ministry of Economy and Sustainable Development in order to progress on the Insolvency reform

It was agreed that next meeting would take place within 12 weeks.

One topic has been accepted to be addressed at the next IC meeting with others to be proposed and agreed later:

1. **Pension Reform** as one of the main economic reforms on the Country's agenda

HE Giorgi Kvirikashvili
Chair of Investors Council

Mariam Megvinetukhutsesi
Head of IC Secretariat