

REGULATION ON THE ORGANIZATION AND FUNCTIONING OF THE INVESTORS COUNCIL

Article 1. Legal Basis for the Regulation

This Regulation “On the Organization and Functioning of the Investors Council” is based on the Decree of the Government of Georgia No 829 dated 20 April 2015 “On Approval of the Draft Memorandum to be Concluded between the Government of Georgia and European Bank for Reconstruction and Development (EBRD), Creation of Investors Council and the Activities to be performed in respect of its Activities.

Article 2. Purpose

This regulation has the purpose to define:

- a) The internal rules for the organization and functioning of the Investors Council.
- b) Duties, functions and competences of the Secretariat of the Investors Council as an organizational and executive structure within the Investors Council.
- c) The principles and procedures, based on which the Secretariat of the Investors Council executes its duties, functions and competences.

Article 3. Legal Status of the Investors Council

Investors Council is an independent advisory body to the Prime Minister of Georgia, with the objective of promoting dialogue between the private business community, international organizations, donors and Government of Georgia for the development of a favorable, non-discriminatory, transparent and fair business and investment climate in Georgia.

Article 4. Abbreviated designation, logo and stamp

- 4.1 The abbreviated designation of the Investors Council/ is IC
- 4.2 The content of the IC stamp is: Georgia, Investors Council Secretariat (IC).

Article 5. The Scope of Activities of the Investors Council

The scope of IC's activities:

The IC is responsible for facilitating constructive dialogue and exchange of views between the Prime Minister, Ministries and other executive Agencies under their subordination on the one hand, and the private sector on the other hand, in order to improve and encourage a sound investment climate. The IC does this through the following activities:

- a) Regularly consulting with the private sector to identify priority issues to address through the IC meetings, monitor the implementation of decisions taken in the meetings, and to raise awareness of the existence of the IC.
- b) Preparing IC meetings including setting the agenda based on private sector input and coordinating with the private sector, government, and development partners on the preparation of any required legal or economic analysis and recommendations;
- c) Following the periodic IC meetings, submitting recommendations for legislative amendments to the Government of Georgia;
- d) Monitoring implementation of reforms, action plans, or agreements adopted in the IC meetings.

Article 6. Principles of the Functioning and Organization of the Investors Council

The IC is organized and functions in accordance with:

- a) The principle of transparency, by publishing on its official website any decision and recommendation of the IC and Agenda of the IC Meetings.
- b) The principle of inclusiveness, by ensuring that all stakeholders from the public and private sector can share their views to the IC.

Article 7. Investors Council Activities

7.1 The activities of the Investors Council are defined in the Memorandum of Understanding between the European Bank for Reconstruction and Development (EBRD) and the Government of Georgia dated 12 April 2015.

7.2 To fulfill its purpose and in implementation of the objective of its activity, the Investors Council monitors and identifies main impediments for the business environment:

- a) It makes consolidated proposals, supported by the legal and economic professional expertise with the objective to amend and/or improve the regulatory legislation for the business.

- b) According to the IC working needs and in accordance with the procedures of the Secretariat's funding authority, engages specialists to perform assessments for the improvement of business climate.

7.3 Notwithstanding the provision of paragraph 7.2 above, the Investors Council has the right to perform and fulfill any other tasks in accordance with the Decree No. 829 dated 20 April 2015 of the Government of Georgia.

Article 8. IC Functioning

8.1 The day-to-day activities of the IC shall be coordinated by the Secretariat of the Investors Council, which is an organizational and executive structure with no political affiliation in its activity;

8.2 There shall be no less than 4 (four) ordinary IC meetings in a year. Dates and frequency of the meetings will be suggested by the Secretariat in cooperation with the Chairman of the Investors Council and eventually agreed with the IC members during the IC meetings.

8.3 Upon the request of the Chair or any permanent member of the IC, additional ad hoc sessions can be arranged, depending on the agenda and/or the necessity to discuss any specific topic.

8.4 The consultative process of setting the IC agenda is critical for the effectiveness of the work of the Investment Council, to ensure that the items to be discussed at each meeting are well formulated, analyzed and aimed to achieve maximum impact.

8.5 The agenda of the IC meetings will be prepared by the IC Secretariat through the following process:

- a) To ensure inclusivity and transparency, the IC Secretariat shall develop and maintain a website for the IC with an electronic form that allows anyone to propose items for the IC agenda. Proposals for the IC Meetings should also be accepted in writing for any stakeholders who do not have access to the website.
- b) The Secretariat shall develop and utilize a screening mechanism to prioritize issues raised by the stakeholders according to factors such as the relevance to most of the private sector, the impact of the obstacle on investment and job creation, and the feasibility of reform.
- c) At each IC Meeting, the Secretariat will make a brief presentation describing the results of the filtering process and making a proposal for which topics should be on the next IC Meeting agenda. The members of the IC can propose changes or additions at this time and then the topics should be voted on during the IC meeting.

8.6 The draft agenda will be agreed upon if 75% of the members from the business

community and the international development partners agree to it, after which time the Agenda is provided to the Chair of the IC for approval.

8.7 Upon the Secretariat's request when required by more than half of the members, any item which had not been included in the approved agenda, shall be added to the agenda as an item for discussion;

8.8 Transparency in the development of the draft agenda is subject to an extensive consultation process, in close collaboration with the Investors Council's members as well as with other representatives from business community.

Article 9. IC Meeting Quorum Requirements

The IC meetings are deemed quorate when more than 50% of the members are present.

Article 10. Funding sources

Funding for the IC Secretariat will be provided by the EBRD from its donor resources for the first two years of operations, except for the office rental for the IC Secretariat which contribution will be provided by the Government of Georgia for the same period. Thereafter, the EBRD and the Government of Georgia will review the effectiveness of the IC and assess options for renewed funding, including, without limitation, from the business community.

Article 11. Use of Funds

11.1 The funding that IC Secretariat receives from different sources is used in accordance with pre-agreed procedures from the relevant donor/s and only for performing the IC activities.

11.2 The foreign or local donors contributing with financial funding shall receive regular information from the IC Secretariat consistent with the agreed procedures with such donor(s) regarding the use of such funds.

Article 12. IC Bodies

The IC organs are:

- The IC Chair;
- The IC Secretariat.

Article 13. Investors Council's Membership

13.1 Investors Council is chaired by the Chair who is the Prime Minister of Georgia.

13.2 The Investors Council consists of the members with permanent status and members with non-permanent status.

a) Members with permanent status from Georgian government:

- Minister of Economy and Sustainable Development;
- Minister of Finance;
- Minister of Environmental Protection and Agriculture;
- Minister of Regional Development and Infrastructure;
- Minister of Justice;

b) Permanent Member from among IFIs and/or international development partners:

- European Bank for Reconstruction and Development (EBRD);

c) Two non-permanent (rotating) members from among IFIs and/or international development partners:

- International Finance Corporation (IFC);
- British Embassy in Georgia

The rotation will last for eight consecutive IC meetings.

d) Members with permanent status from the businesses community:

Five Business Associations:

- Business Association of Georgia
- American Chamber of Commerce
- Georgian Chamber of Commerce and Industry
- EU-Georgia Business Council
- International Chamber of Commerce

e) There are two rotating non-voting membership seats for representatives of business community. The rotation will last for eight consecutive IC meetings.

f) Business Ombudsman of Georgia

13.3 Participation of members with non-permanent mandate, as well as engagement of guests to the IC meetings is organized by the Secretariat. This is done on a transparent process based on a recommendation from the Head of the IC Secretariat to the Chairman of the Investors Council. It should come following consultation with permanent members and the business community.

13.4 Any member of the Investors Council, by sending a notice to the Secretariat, may

request the participation of other parties, such as public institutions or companies, or representatives from the civil society, for any item on the agenda of the IC.

13.5 Permanent/non-permanent members and other parties, which participate in the IC meetings, shall have no right to receive any form of remuneration in connection with such activity.

13.6 Changes in the composition of the Investors Council shall be approved by the Chair of the Council upon proposal by the EBRD in consultation with and after voting of members of the Investors Council, in particular:

To appoint a new rotating member representing businesses in accordance with principles set by the Memorandum, IC Secretariat announces acceptance for membership applications from membership aspirants by publishing an invitation for the submission of applications on its web site. Membership aspirants shall be given at least 14 days for applying for the membership.

IC Secretariat prepares a short-list of candidates based on the submitted applications considering the following criteria:

A membership aspirant shall:

- be a business organization with a solid reputation and good standing;
- represent a considerable part of an economic sector, or of a significant industry/ies or businesses with vested interest in Georgia;
- demonstrate its commitment and capacity to contribute to the work of the Council and its working groups;
- specify key issues, challenges faced by the Country, which will be raised by the member for discussion by the Council.

Furthermore, a preference will be given to organizations, membership aspirants that have been active for more than three years before applying for the membership.

Shortlisted candidates are voted by the members representing IFIs and/or International development partners, Business organizations with permanent membership and the Business Ombudsman (voting members).

A candidate/candidates for a membership seat receiving highest number of votes but not less than a majority of the votes that shall include a majority of IFIs/International Development partners, are considered to be recommended for the membership by the Council and shall be submitted to the Chair of the Council for the final approval and appointment.

- A member might be excluded by a $\frac{3}{4}$ -majority vote of the voting members, which shall include a majority of members representing IFIs and /or international development partners.

As for the IFIs/ International Development Partners, the rotation will envisage inviting particular organizations upon the proposal of the EBRD and with the approval by the Chair of the Council.

A member shall have the right to leave the Council.

Article 14. Rights and Responsibilities of Members of the Investors Council

14.1 The members of the Investors Council have the right:

- a) To participate personally and actively in the meetings of the IC;
- b) To make proposals and remarks, to intervene and to propose amendments for the items discussed from the Investors Council;
- c) To take part in the preparation of any recommendation discussed and/or adopted by the Council;
- d) To receive in a timely manner all information relevant to the items to be discussed by the IC;
- e) To be present and to actively participate in the sessions of the working bodies of the IC;
- f) To request any information on the implementation of any recommendations made by the IC;
- g) To coordinate with the wider business community, government, and international partners to ensure the contributions of the permanent members are as inclusive as possible of all stakeholder interests.

Article 15. Chair of the Investors Council

15.1 Chair of the Investors Council is entitled to:

- a) Approve the date and the time of the next IC meeting;
- b) Approve the proposed agenda for every IC meeting based on the proposal received from the Head of the Secretariat;
- c) Take the informed decisions on the basis of the debates and the proposals of the members of the Investors Council.

Article 16. Functions of the IC Secretariat

16.1 The IC Secretariat is established and operates in accordance with the Decree No 829 of the Government of Georgia dated 20 April 2015 and the Memorandum of Understanding signed between the Government of Georgia and European Bank for Reconstruction and Development (EBRD) dated 12 April 2015.

16.2 Its main functions include but are not limited to the following:

- a) In close coordination with the members of the IC, develops and proposes to the Chair of the IC, the rotation principles between the non-permanent members of the IC and the participation of other parties in individual IC meetings;
- b) Proposes to the Investors Council the agenda for the next IC meeting, based on screened and prioritized proposals from the IC members as well as from the business community;
- c) Organizes the IC meetings and invites in its meetings third parties agreed with the Chair;
- d) In collaboration with the Chair of the Investors Council proposes to the IC for approval the agenda for the next IC meeting and distributes to the IC members and the invited guests the materials to be discussed at such meeting no later than 10 (ten) days prior to the meeting;
- e) Coordinates the IC activities with the relevant Ministers, arranges for consultation meetings with businesses concerning their proposals of items to be discussed by the IC;
- f) Assists the IC in discussing and reviewing specific legislative and administrative initiatives, which have been brought to the attention of the Secretariat, informs the IC about the respective proposals received regarding proposed items for future IC agendas;
- g) Coordinates with the wider business community, government, and international partners to ensure the contributions of the permanent members are as inclusive as possible of all stakeholder interests to ensure inclusiveness and transparency of the council;
- h) Prepares minutes of IC meetings and distributes them to the members for their approval within 5 business days from the relevant meeting;
- i) Supports and monitors the implementation of the IC's proposals, and reports to IC members, as well as other stakeholders about the progress achieved in the implementation of recommendations;
- j) Informs the public about IC's activities, using primarily the IC website as an accessible information point;
- k) Develops, maintains and, amends the procedural rules for the effective functioning of the IC Secretariat;
- l) Secretariat staff is recruited through transparent, public and competitive procedure under the monitoring and approval of the EBRD;

- m) The Secretariat is responsible for keeping relationship with the business community, business associations, donors, international organizations, and representatives of the foreign embassies and any other national or international institutions.

Article 17. Composition and Duties of the IC Secretariat staff

17.1 The IC Secretariat consists of a full time staff and it comprises:

- Head of the IC Secretariat;
- Administrative Assistant;
- 1 (one) Legal Expert;
- 1 (one) Business Analyst

17.2 Short-term experts (local or international) as per working needs and available funds.

Article 18. Communication

18.1 The Investors Council uses an approved format for the official communication consisting of a logo and a stamp.

18.2 All communication among all parties shall be made in written form to be accepted as an eligible document with relevance to this regulation.

18.3 As part of transparency, the Secretariat will develop and manage the IC website, produce periodic newsletters, aiming at informing the public about the work performed by the IC.

Article 19. Annual report of the IC

The annual IC reports, which are published no later than two months from the end of the previous calendar year, shall contain including, but not be limited, to:

- a) Mission and priorities of the IC for the calendar year which is being reported on;
- b) The composition of the IC for the relevant calendar year;
- c) Issues and items considered by the IC during the reporting period;
- d) Advisory commissions, their composition and recommendations;
- e) Recommendations addressed to the government and parliamentary commissions;
- f) The impact of these recommendations in the legislation amendments.
- g) The priorities and the key issues to be addressed by the IC for the next following year.

Article 20. Validity of the Regulation in Question

20.1 This Regulation shall become effective upon its approval by the IC at its inaugural meeting.

20.2 The Regulation shall be available through publication to business and the public at large, public administration institutions, the Government and the Parliament of Georgia.