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# FINDINGS, RECOMMENDATIONS AND A ROADMAP IN THE ESTABLISHMENT AND OPERATION OF THE TRADE ADVISORY GROUP

USAID GOVERNING FOR GROWTH (G4G) IN GEORGIA

30 September 2015

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# DATA

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**Practice Area:** Trade facilitation

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## ABSTRACT

This report finds that Georgia would benefit from a trade advisory group as a permanent platform for consultation between government and the private sector and provides recommendations on the structure and a roadmap for implementing such a structure. The report also finds that public-private dialogues like the proposed trade advisory group would benefit from strengthening civil society organizations, especially in the business sector.

The recommendations include establishing a trade advisory group to provide consensus guidance to the Minister on top priority issues under the auspices of the Ministry of Economy and Sustainable Development. The recommendations and roadmap detail a process to establish a secretariat, bring in members from industry associations, convene a group of experts from broader civil society interests and identify and address compelling issues.

## ACRONYMS

G4G	Governing for Growth in Georgia
USAID	United States Agency for International Development
MoESD	Ministry of Economy and Sustainable Development
DCFTA	Deep and Comprehensive Free Trade Area
BAG	Business Association of Georgia
AmCham	American Chamber of Commerce in Georgia
EUGBC	European Union - Georgia Business Council
GSMEA	Georgian Small and Medium Enterprises Association
GEA	Georgian Employers' Association
GFSIS	Georgian Foundation for Strategic and International Studies
ICC	International Chamber of Commerce
GCCI	Georgian Chamber of Commerce and Industry
EBRD	European Bank of Reconstruction and Development

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# 1. EXECUTIVE SUMMARY

The Ministry of Economy and Sustainable Development of Georgia (MoESD) initiated the establishment of a consultative body on trade policy issues. MoESD approached the Governing for Growth (G4G) in Georgia project for assistance and support to design an advisory council to serve as a permanent platform for public-private dialogue on trade issues. In response to this request, G4G sought a consultant to develop and design a governance model for a trade advisory council (per MoESD's request hereinafter referred to as a trade advisory group).

The assessment findings for the design and governing structure for the trade advisory group considered the Georgian socio-economic and political context. Findings observed that the success of the trade advisory group requires a functioning governing structure, support from MoESD, civil society groups and continued efforts to strengthen the appropriate institutions that support a consultative group.

The recommendation is to establish a trade advisory group that would meet approximately twice a year with a council of experts. The Ministry would establish this trade advisory group, provide secretariat services and be included as an ex officio member. The members of the group will be composed of regular members, a chair, a vice-chair, and ex officio members. There will be 11 regular members. Nominees will normally be appointed for three-year terms.

Individuals shall be nominated to membership by specifically identified business organizations. Appropriate individuals for the nomination would be full regular members of these civil society organizations and would be owners or senior managers (e.g., president, chief executive officer, general manager) of Georgian companies. There would be one permanent ex-officio member representing MoESD. There will be up to three ad hoc, pro tem, ex officio members from other ministries on an issues-by-issue basis.

The trade advisory group would be empowered to have a council of experts. The council of experts will be composed of representatives of civil society organizations with trade interests. The trade advisory group would also be empowered to convene ad hoc working groups to consider specific issues either on the agenda or directly related to answering the issues on the agenda. These working groups will be composed of interested parties as determined by the trade advisory group.

The section on the roadmap for the establishment and operation of the trade advisory group details the implementation needs and a proposed timetable for such implementation. The section on building civil society organizations provides some recommendations on future opportunities for the ongoing effort to strengthen industry associations, and civil society organizations generally.

## 2. BACKGROUND

The Ministry of Economy and Sustainable Development of Georgia (MoESD) initiated the establishment of a permanent consultative body on trade policy issues. MoESD approached the Governing for Growth (G4G) in Georgia project for assistance and support to design an advisory council to serve as a permanent platform for public-private dialogue on trade issues. In response to this request, G4G sought a consultant to develop and design a governance model for this trade advisory council (per MoESD's request hereinafter referred to as a trade advisory group).

The proposed trade advisory group, convened under the auspices of MoESD, in close collaboration with the private sector, is to be designed to effectuate the timely delivery of information to the private sector on trade policy initiatives and ensure the adequate reflection of public and private sector interests in Georgian trade policy. Representation on the proposed trade advisory group is to be inclusive and should reflect business associations, think tanks, and trade unions.

To support this objective, G4G retained a consultant to analyze the current processes of trade policy formulation, develop recommendations for the governing structure of the trade advisory group, and provide a roadmap for its establishment and operation.

### 3. METHODOLOGY

The objective of this project was for the consultant, Kevin Latner, to make assessment findings, recommendations on the design and governing structure of the trade advisory group and, a roadmap for the establishment and operation of the trade advisory group. These will generally be referred to as the findings, recommendations and roadmap, respectively. Detailed below is the methodology used to accomplish this objective. The consultant performed the following tasks to develop the findings, recommendations and roadmap: background reading, in-country meetings, and related tasks.

The consultant read extensively on the socio, political and economic development of Georgia to ensure the trade advisory group was developed within an appropriate context. Readings included, but were not limited to, the MoESD's *Georgian Economic Outlook*, *European Bank for Reconstruction and Development's (EBRD) Strategy for Georgia*, *National Environmental Action Program of Georgia 2012-2016*, United Nations funded *Millennium Development Goals* report, World Bank Group *Georgia Economic Report No. 6 (Fall 2014)*, *Georgia's Action Plan of DCFTA Implementation in 2014-2017* and *The DCFTA 2015 Action Plan*.

The consultant met with Washington, DC-based experts on civil society institution building and association development and management in Eurasia at the US National Endowment for Democracy's Center for International Private Enterprise (CIPE), including Marc Schleifer, Regional Director, Natalia Otel Belan, Program Officer, and David Mack, Assistant Program Officer.

The consultant also made two trips to Georgia and made extensive in-country contacts. Meetings with the MoESD included regular meetings with Mikheil Janelidze, then Deputy Minister of Economy and Sustainable Development of Georgia and Mariam Gabunia, Head of MoESD's Department for Foreign Trade and International Economic Relations. Meetings included extensive meetings with G4G experts, including Milo Stevanovich, Chief of Party, Natalia Beruashvili, Deputy Chief of Party, Nino Chokheli, Economic Governance and Policy Component Lead, Maya Eristavi, Advocacy and Capacity Building Component Lead and Tamar Kapanidze, Public-Private Dialogue Advisor.

The consultant also had extensive meetings with stakeholders in Georgia including, but not limited to, Nana Tsertsvadze, Manager of Sector Development at the Business Association of Georgia (BAG), Misha Chelidze, Executive President of the Georgian Small and Medium Enterprise Association (GSMEA), Kakha Gogolashvili, Director of European Studies of the Georgian Foundation for Strategic and International Studies (GFSIS) and the Eastern Partnership Platform, Nodar Kereselidze, Deputy Minister of the Ministry of Agriculture (MoA), Mariam Meghvinetukhutsesi, Head of Secretariat of the European Bank of Reconstruction and Development (EBRD) Investment Council, Ambassador Zviad Chumburidze, Secretary General of the EU-Georgia Business Council (EUGBC), Irakli Petriashvili, President of the Georgian Trade Unions Confederation (GTUC), Nino Zambakhidze, Executive Director of the Farmers' Association (FA), Irma Kvedeliani, Executive Director of the Hazelnut Exporters' Association (HEA), David Kirvalidze, Director of the US-based Cultivating New Frontiers in Agriculture (CNFA), George Welton, Executive Director of the American Chamber of Commerce in Georgia (AmCham), Elguja Meladze, President of the Georgian Employers' Association (GEA), Nino Okropiridze, Kakhetian Traditional Winemaking, Nato Chikovani, Deputy Director General of the Georgian Chamber of Commerce and Industry (GCCCI), Zurab Tsanova, Executive Director of Ltd. Tradeline.

In consultation with MoESD and G4G, the consultant synthesized the background materials and input from meetings with Washington experts and in-country meetings to diagnose and analyze the current situation existing in Georgia on trade policy formation and the consultative process, identify and consider leading examples of effective trade policy advisory bodies in existence for reference as a potential model and make recommendations.

The consultant provided an interim report. This report provided suggested activities as part of a roadmap for the development of a trade advisory group. The report timing was designed to coincide with the development of the G4G year two work plan. Specific activities included the development of standard operating procedures for the trade advisory group, guidance in support of the launch of the group and implementation of the first meetings, coaching activities for MoESD to support public-private dialogue and trade policy development, and training and development for civil society organizations. The content of this interim report are substantially included in this report, mostly under section A.5.2.

The consultant then developed recommendations on the design of a trade advisory group including, but not limited to, governance structure, membership (e.g., eligibility, selection criteria, nominations, appointment and rotation), subject matter committee establishment (e.g., committee structure, appointment of applicable committee members), decision making (e.g., agenda setting, conclusion of negotiations, voting). The content of these recommendations are included in this report under section A.4.

Finally, the consultant developed a roadmap for its establishment and operation of the trade advisory group consisting of, at a minimum, a sequenced list of required steps necessary for the effective establishment and operation of the contemplated trade advisory group. The content of this roadmap is included in this report under section A.5.1.

This report was delivered jointly to the offices of CIPE and G4G.

## 4. FINDINGS

These findings outline the core assessment findings that form the foundation of the included recommendations and roadmap. They also provide insights into the need for continued efforts to strengthen civil society organizations in Georgia. The findings address the socio, political and economic environment for development in Georgia, the status of the Ministry with respect to trade policy, the strength and weaknesses in civil society organizations and the benefits and needs for the development of a trade advisory group.

### GENERAL OBSERVATIONS

Georgia is a country of four and a half million people bordering Russia to the north and Turkey, Armenia and Azerbaijan to the south. While it was part of the former Soviet Union, as part of its independence it has leaned away from Russia, socially, economically and politically, and towards Europe and the US. While remaining rooted in Georgian traditions, the country is socially relatively open, economically tends towards *laissez faire* capitalism and is politically democratic and liberal in philosophy.

From an economic development perspective, this has resulted in efforts to support rule of law, increase trade and reduce corruption. The practical impact of these efforts has been to bring up the rank of Georgia to 15 in the World Bank's (WB) and International Finance Corporation (IFC) *Doing Business 2015* and 22 in the Heritage Foundation's *Index of Economic Freedoms*, and to support a sustained 5 to 6 percent economic growth, since its military confrontation with Russia in 2008.

### THE MINISTRY

The Georgian government generally and MoESD in particular have pushed for a liberal trade agenda. While the overall effort has been successful, the Ministry would benefit from a deeper understanding both what negotiating positions are in best interest of the country and some of the nuanced dynamics of trade negotiations and implementation.

The former challenge stems from the developing nature of the government capacity for trade and policy analysis and more detailed understanding of the kinds of policy and trade options that are available. The latter challenge is more experiential as government leaders learn how small countries can leverage negotiating positions to maximize trade benefits and minimize domestic economic dislocations even with large country counterparts.

### INDUSTRY

Separately, at both negotiations and implementation of trade policy and trade agreements, discussions with industry lack the depth that would provide deep insights into what issues are most important for the industry and how to ensure that implementation provides maximum economic growth opportunities and minimizes economic disruptions. Since the DCFTA, there have been several legislative proposals that have had to be retracted because they did not fully consider stakeholder interests or take into account implementation practicalities.

The DCFTA, while a watershed in Georgia's integration into the western economic sphere, was often identified as a challenge (during in-country interviews) because of the potential for inappropriate implementation to stymie economic growth. While there are multiple factors, among the more important ones were the need for better opportunities for public-private dialogue during both trade negotiations and implementation of agreements, and strengthening of the civil society organizations, especially those representing industry.

During in-country meetings, the consultant and G4G staff reviewed and discussed existing public-private dialogue platforms. In general, there were two characteristics that could be improved upon. One was that most of the dialogues were high-level and concentrated so that input was diffuse. The second was that industry sat around a table talking at government instead of the government providing a platform where industry talked to each other (and provided consensus opinions to the government).

Part of this was a reflection of the nature of the platforms, but part was also that many business associations are still building the infrastructure (both administrative and membership) to complement public-private dialogue platforms.

## CIVIL SOCIETY ORGANIZATIONS

Civil society organizations' ability to participate effectively in public fora depends on several factors including their mission, the organizations' management excellence and the organizations' member leadership abilities. In fact, the current capacity of the differing organizations varies widely. A couple of organizations interviewed demonstrated executive leadership, a developed management structure and membership participation including the ability of members to represent association interests in a wider variety of fora. These were few, however.

Most organizations evidenced individual executive management abilities that allowed the organization to broadly articulate positions on issues relevant to the organization through either a committed charismatic leader, the support of donor organizations or the outweighed support of an individual member. In a couple of cases, executive management was composed of member leaders and were able to provide both organizational management and the level of expertise to effectively represent the organization and speak with appropriate granularity regarding the issues members face.

Thus, there is a critical need for association member leadership training. The need for such programs increase as the size of member representatives decreases (and the number of members increases). Thus, training member leaders is particularly important among small-scale farmers, small business owners and social advocacy groups. In the United States, among the best associations, such member leadership development efforts are *pro forma*.

## TRADE ADVISORY GROUP

The assessment findings for the design and governing structure for the trade advisory group considered the Georgian socio-economic and political context. The success of a trade advisory group requires a functioning governing structure, support from MoESD, civil society groups and continued efforts to strengthen the appropriate institutions that support such a consultative group. The recommendations and roadmap balance ministry, business and civil society objectives, including:

- The Ministry interest in a safe place for a dialogue on trade policy so that the government can maximize the economic benefits of outcomes from trade discussions, negotiations, agreements and trade law implementation. This includes getting the best advice possible from business as well as communicating to stakeholders about the status and options of current issues facing the government.
- The industry participants' interest in an opportunity to provide input from a maximum number of participants so that business opportunities as a result of trade policies provide a maximum of business benefit and so that business can remain informed about ongoing trade policy matters.
- The civil society members' interest in a forum that allows input from the full spectrum of civil society participants while at the same time strengthening the institutions and member participants from civil society organizations.

The findings conclude that these interests exist and that it is appropriate to balance them. The remainder of this report provides recommendations and a roadmap to do so.

## 5. RECOMMENDATIONS

The design and governing structure for the trade advisory group, as discussed below, contains key components for the development and operation of such a group within the Georgian socio-economic and political context. The success of a trade advisory group requires a functioning governing structure and the development of appropriate institutions to support such a consultative group.

### GOVERNANCE OF THE TRADE ADVISORY GROUP AND ADVISORY MEETINGS

The following are recommendations on the governance structure of a trade advisory group to advise the government on trade issues. The framework is for the trade advisory group and its relationship with the Ministry, industry and civil society organizations.

The recommendation is for the trade advisory group to meet approximately twice a year, jointly with the council of experts. Where there are confidential or administrative matters the trade advisory group will meet in executive session without the counsel of experts.

Issue specific working groups would meet on an as-needed (*ad hoc*) basis and, once established, would normally require at least two meetings between trade advisory group meetings, one to scope the work and one to conclude and review reports.

Should the Ministry or the trade advisory group find that there were continuing issues in certain sectors, for example in agriculture, it would be possible to establish a standing working group to address these issues.

#### THE MINISTRY AND THE TRADE ADVISORY GROUP

MoESD will establish the trade advisory group and provide staff to populate a secretariat to support the trade advisory group. MoESD will approve the trade advisory group council of experts. The trade advisory group will also be empowered to convene *ad hoc* working groups to assess options and concerns regarding the issues that are on the agenda; the Ministry would approve the final agenda. The trade advisory group will provide consensus recommendations to the minister.

#### SECRETARIAT ROLE

MoESD will provide secretariat services to the trade advisory group. The Minister or his/her delegate will head the secretariat and, thereby, direct the group. The recommendation is for the minister to delegate this responsibility to the Deputy Minister for the Department for Foreign Trade and International Economic Relations. The secretariat, on behalf of the minister, appoints nominees, proposes, seeks input from the industry and finalizes the agenda, assists in the appointment of a chair and vice-chair, and is the final arbiter in questions of procedure.

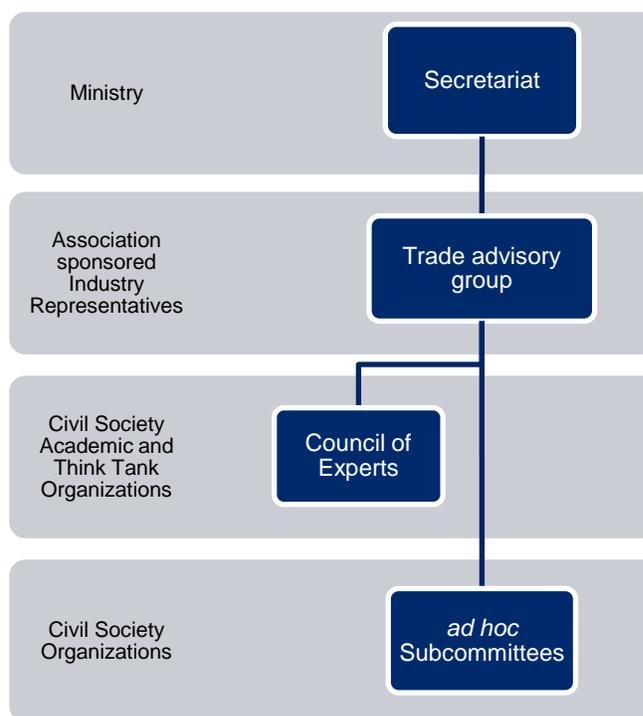


Chart 1: Governing structure of Trade Advisory Group

## SECRETARIAT STAFFING

The secretariat will be composed of the titular head, a senior ministry staff and a mid-level ministry staff. The working titles of these positions will be Secretary, Assistant Secretary and Officer. The Secretary of the secretariat will be the Deputy Minister for Department for Foreign Trade and International Economic Relations. This person would ensure the group meets the Minister's needs and be responsible for maintaining the policy direction of the group, appointing members of the group and finalizing the agenda. Approximate time commitment would be 5 percent of staff time.

The Assistant Secretary will be the Head of the Department for Foreign Trade and International Economic Relations. This person would be responsible for communicating the policy direction of the group to secretariat staff, ministry staff and the trade advisory group members, and for management oversight of the logistics so that the advisory and working groups' events succeed. Approximate time commitment would be 10-15 percent of staff time.

The Officer will be an appropriate Division Chief level ministry staff person or their delegate. This position will be responsible for ensuring the smooth functioning of the group and its associated organizations. Assuming a limited number of *ad hoc* working groups, operations of the group should not require a full time position, although it might require as much as 50 percent of a person's time and would require the ability to marshal adequate resources (e.g., rooms, people) when meetings are occurring. During the weeks leading up to meetings, likely more than one full time staff equivalent would be needed. Thus, this person should have status within the Ministry and resources to call on. Between meetings, time might be limited to a few hours per week.

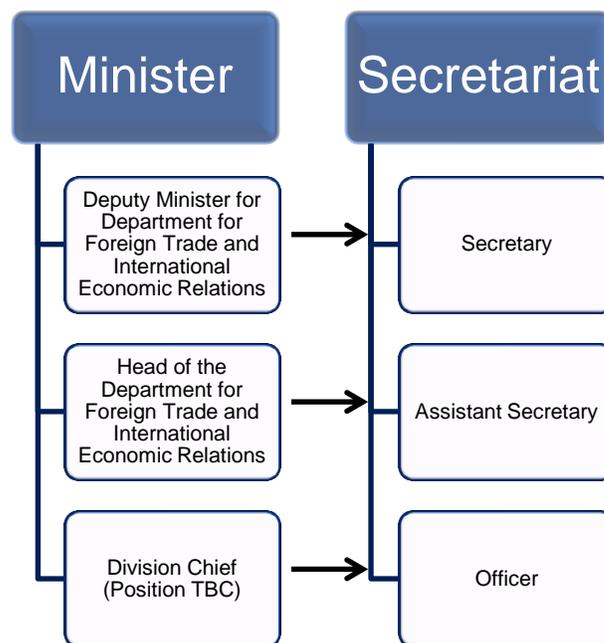


Chart 2: Staffing of the Secretariat

## ADDITIONAL NEEDS

Much of the work of the secretariat can be accomplished using existing ministerial tools. There will need to be adequate hardware and software. Hardware includes meeting rooms, telephones, computers and the software to enable the appropriate use. These specific tools would need to be seconded for the use of the secretariat.

## STRUCTURE OF THE TRADE ADVISORY GROUP

The members of the group will be composed of regular members, a chair, a vice-chair, and *ex officio* members. The privilege of participating in the group does not confer additional compensation to either ministry or industry members.

## REGULAR MEMBERS

There will be 11 regular members. At least six regular members would need to be present for a quorum. Nominees will normally be appointed for three-year terms. Individuals may only be appointed for one term. The terms will be staggered so that each year 3/4 members will rotate off for the benefit of new members.

Individuals shall be nominated to membership by business organizations. Civil society organizations that are empowered with this responsibility shall meet certain key criteria. These organizations shall be involved in international trade, registered, willing to commit appropriate resources to support their nominee and nominate an appropriate individual.

Appropriate individuals for the nomination shall be full regular members of the civil society organizations. They shall be owners or senior managers (e.g., president, chief executive officer, general manager) of Georgian companies. While they will not be civil society organization managers, there will be a preference for directors or leaders within the association. Additional criteria for nominating directors will be the ability to represent the organization, the industry represented by the organization and experience with international trade.

The following civil society organizations are recommended to be eligible to make these nominations. While this list is not permanent and the Ministry can change the list over time, because of the stickiness of making these changes, the final list of recommended civil society organizations should be well considered.

The organizations representing civil society organizations fall into three categories, organizations representing general constituencies, organizations representing international trade and organizations representing sectors. A tentative list would be one nominee each from BAG, GCCI, GEA and GSMEA, providing general representation, and one nominee each from AmCham, EUGBC and ICC, representing international trade organizations.

There are two potential structures for associations representing individual sectors. The first, represented in the graphic above, includes a) finance (e.g., banking, investment), service (e.g., communication, tourism), resource (e.g., oil, gas, fertilizer, and ferrous metals), manufacturing and logistics, and agriculture (e.g., filberts, wine, and dairy, citrus). An alternative would be service (e.g., finance, communication, and tourism), resource, manufacturing and agriculture. Considerations on the structure include the importance in trade, ability to represent industry segments and presence of representative associations. Initially either the secretariat or a third party could coordinate sector nominations until self-governance is established.



Chart 3: Structure of the Trade Advisory Group

## EX OFFICIO MEMBERS

There will be two kinds of *ex officio* (non-voting) members. There will be one permanent member representing the Ministry; this would normally be the head of the secretariat. There will be up to three *ad hoc, pro tem, ex officio* members from other ministries when their issues are before the group. The minister will invite the other minister or his/her delegate to sit in these seats based on the issues before the group.

## TRADE ADVISORY GROUP LEADERSHIP

A chair and vice-chair will be selected from among the appointed members. The trade advisory group shall make the appointment. The term is for one year. Any regular member can hold the position, including for multiple years (up to the length of their term). The secretariat may wish to propose (nominate) a chair and vice-chair for the trade advisory group to confirm the appointment. In the first year, the secretariat would appoint the chair and co-chair to facilitate meeting preparations. While this may be difficult because of the politics of identifying a single chair from among business leaders, appointing a chair that can drive consensus will be critical.

## COUNCIL OF EXPERTS

The trade advisory group will be empowered to have a counsel of experts. The council of experts will be composed of representatives of civil society organizations with trade interests. The criteria for being a member

on this counsel are to be registered with the government and express an interest in international trade issues. Organizations may nominate themselves. The Ministry will put forward the initial list of representative organizations. The trade advisory group may add or remove organizations. Tentative recommendations for the initial list include AmCham, BAG, EUGBC, GCCI, GEA, GFSIS, GSMEA, GTUC and ICC.

## **AD HOC SUBJECT MATTER WORKING GROUPS**

The trade advisory group will be empowered to convene *ad hoc* working groups to consider specific issues either on the agenda or directly related to answering the issues on the agenda. These working groups will be composed of interested parties as determined by the trade advisory group. At least two members of the trade advisory group will serve as chair and vice-chair of the working group.

Members of the counsel of experts may be members of these working groups, as may be specialists from industry, academia and government. Except that no more than one representative per organization be permitted, it is not now recommended that there be limits on the size as membership will probably be self-regulating. If an individual working group expands beyond 20 members, the trade advisory group may wish to consider restricting membership based on qualifications and the subject matter at hand.

The working group would normally meet at least twice between trade advisory group meetings, first to scope the reporting requests and second to review the results of reports and summaries of presentations prior to finalizing any reports to the trade advisory group. It would be the responsibility of the chair of the working group in cooperation with the secretariat to set and implement these meetings.

Members of these working groups may provide research and reports for the working group to consider. There are no requirements for consensus, although brevity is a virtue when different and inconsistent ideas are being presented.

Ideally there would be funds available to support specific research requests and reports relevant to the issues by members of the working group.

## **TARGET OUTCOMES: DEVELOPMENT TRADE ADVISORY GROUP AND IMPLEMENTATION OF ADVISORY MEETINGS**

### **STANDARD OPERATING PROCEDURES FOR THE TRADE ADVISORY GROUP**

As outlined in the roadmap, the target outcomes are to work with the MoESD to develop standard operating procedures for the establishment and ongoing management of a trade advisory group under the auspices of the MoESD. Output: Standard Operating Procedures (e.g., bylaws, procedures, etc.).

### **ESTABLISHMENT OF TRADE ADVISORY GROUP AND IMPLEMENTATION OF MEETINGS**

As outlined in the roadmap, work with G4G and MoESD to facilitate the establishment of a trade advisory group, based on the Standard Operating Procedures, the development of an agenda, and the implementation of a trade advisory group meeting. Potential Output: Establishment of the trade advisory group and implementation of a trade advisory group meeting.

## 6. ADDITIONAL INFORMATION

### ROADMAP FOR THE ESTABLISHMENT AND OPERATION OF THE TRADE ADVISORY GROUP

Establishment of the trade advisory group and constituent bodies has two high-level components, startup/follow up, and meeting preparation and implementation. The startup/follow up phase will evolve over time as the organization becomes institutionalized. Over time the process may also become more formalized. There will be some activities, like setting up the secretariat and the structure/bylaws that will be onetime activities. Preparation and meeting implementation will also need to be tailored to the issues involved and the type of meeting (i.e., trade advisory group or working group).

To help gaged the implementation timeframe each step will include both a time commitment and time to implement. The time commitment will be the approximate time to develop and implement a particular work product. For example, the organization's governing documents (e.g., standard operating procedures, bylaws, charter) may only take 10-20 hours to develop, but because of the back and forth of review and clearance, the time to implement may be 2-3 weeks. Where possible, these will be separately identified throughout the roadmap.

### ESTABLISHING THE TRADE ADVISORY GROUP, PLANNING MEETINGS AND FOLLOW UP

Since this is principally a roadmap to establish the trade advisory group, there will be a slight emphasis on the startup phase. Each year there will be a startup (with new members), and for subsequent meetings, a follow up will be necessary. While this roadmap focuses on the startup aspect of the trade advisory group, the follow up will be integrated as appropriate.

### ESTABLISHING A SECRETARIAT

The first step is for the Ministry to establish a secretariat, assign individuals to serve as its staff (secretary, assistant secretary, officer) and empower the secretariat to implement the trade advisory group mandates. There is no inherent requirement that the organization be more or less officially established. The more the trade advisory group depends on a minister's discretion the more it is subject to change or elimination by subsequent ministers. The more it depends on a legislative or regulatory mandate, the more its permanence is assured. The former is more "market-based" approach and compels the trade advisory group to provide meaningful and actionable input to the minister. It can also be more political. In either case, the Minister must support the trade advisory group if it is to flourish, for example, by providing introductory remarks at meetings, as well as establishing the secretariat and ensuring staff support.

### ESTABLISHING A FRAMEWORK FOR THE TRADE ADVISORY GROUP

The secretariat's first order of business is to establish a framework for the secretariat, the trade advisory group and its constituent organizations. These require 4 basic documents, including (1) an organizational chart and position descriptions for the secretariat, (2) a document which establishes the structure of the organization, the bylaws, and the rules of order, (3) standard procedures and nominee criteria for nominating and appointing the chair, vice-chair, regular members, *ex officio* members, experts and *ad hoc* working group members, and (4) a timeline for meetings. All of these documents will be short, mostly consisting of one page.

The exception will be the bylaws, which might be 5 or 10 pages and the timeline for meetings, which will depend on the level of detail, but should also not exceed 10 pages. Robert's rules of order can be adopted wholesale. It is available in various languages and may be available in Georgian. If it is not available in Georgian, it would be worthwhile to translate, or can be used in English. The rest of the documents, organization chart, position descriptions, process for nominations and appointments, should not be more than a page or two each. Once there is clarity on each of these, the time to develop and adopt them should not be significant. The greatest time will be in confirming specifics and gaining intra-government approval, if necessary.

## TIME COMMITMENT

With ministry, G4G and consultants working full time, the process should take about 5-10 days. In order to have time for appropriate reviews and incorporate comments, practically, it may take 4-8 weeks to finalize these steps.<sup>1</sup>

## BUILDING MEMBERSHIP AND IDENTIFYING TOPICS

Each year there will be an announcement of an invitation for nominations and an invitation for a submission of issues to be covered. The first year this will also announce the establishment of the trade advisory group and invite the relevant organizations (members and experts) to a meeting to review the purpose, responsibilities and nomination process. Planning for this can begin as soon as the secretariat is established.

## THE LAUNCH: MEMBER COMMUNICATION

The trade advisory group can be launched through public media or through a launch event. A launch event would allow the Ministry to more effectively communicate the purpose of the trade advisory group and how industry and associations will participate. It is also an opportunity to share with industry stakeholders the broader dynamics and content of bilateral or multilateral trade issues and negotiations so that they will understand the role of nominees and the associations they represent.

This critical meeting could actually be a mini-retreat (3-5 hours). Details of the topics (purpose, responsibilities and nomination process) will include (1) an overview of international trade policy mechanisms, how agreements fit into international trade and how they can be optimized to improve export and foreign direct investment opportunities, (2) what governments are good at, what industry players are good at and the role of industry trade associations, and (3) how the trade advisory groups work and what makes them effective, including the value of industry knowledge, making informed decisions, building consensus and how trade associations support this effort. While the content and structure could vary, under this scenario, the Ministry could address the first topic and consultants could address the second two. All presentations should be coordinated.

## MEMBERS: BUILDING ASSOCIATION BUY-IN

The launch communication will include specific guidance for associations during the nomination process. This guidance will include how the Ministry will communicate about trade issues, include providing baseline trade data, negotiating text or other information to provide background to stakeholders about specific trade issues, negotiations, etc., so that they can provide actionable firm or sector-specific feedback. The guidance will also identify the kind of feedback that is needed and how that will be part of the Ministry considerations. This will also be the opportunity to meet with the sector associations and coach them on how they should identify a representative nominee and the particular importance of supporting the nominee with data to support data-driven decisions on behalf of the sector. This communication will assist associations on identifying appropriate nominees.

## TOPICS: EARLY INPUT ON THE AGENDA

Finally, while this meeting is principally intended to launch the trade advisory group and assist associations identifying nominees, it is also an opportunity to review some of the possible agenda topics. This has a twofold benefit of both introducing the kinds of topics that will be covered and providing the opportunity to get industry feedback on which topics will be most critical from an industry perspective. The consultant can assist the Ministry with developing potential agendas topics that will interest stakeholders, to help ensure their participation, and framing the issues to obtain maximum useable input from industry.

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<sup>1</sup> Once finalized by the MoESD, the bylaws and standard operating procedures should be presented at the first meeting of the trade advisory group for approval so that the industry adopts the Ministry's recommendations.

## REVISING THE LAUNCH: CONSIDERATIONS FOR THE FORMAT

The preferred format for the trade advisory group launch would be a meeting, preferably one that is fairly structured and formal. The Minister should introduce the purpose and importance of the meeting. Ministry and subject matter consultants will lead and facilitate the different components noted above. This will help set a tone of internationalism, cooperation and consensus within the industry. Breakout meetings for national, international, sector and expert attendees would round out a combination broad perspective and nuts and bolts training for attendees. It should end with a lunch or dinner reception and could feature a keynote speaker.

## REVISITING COMMUNICATIONS: FOLLOWING UP ON NOMINATIONS

Associations and experts should have 3-6 weeks to provide nominees after the launch event. The secretariat may have to follow up personally to reassure associations that appointment of members supports the association, to remind association management of the expertise needed from their appointees and reiterate the nature and scope of the responsibilities of the associations, members and experts. The Ministry may even consider providing suggested nominees to support the process.

## TIME COMMITMENT

The first meeting itself would require secretariat staff and a subject matter consultant. Preparations would require 5-10 days each for ministry, G4G and consultants. Implementation would probably take between 5-7 weeks and could be done in an overlapping timeframe with the establishment of the trade advisory group. Preparation on this would require, at a minimum, the establishment of the secretariat, however. See embedded Gantt chart.

## TRADE ADVISORY GROUP MEETING

The following details the preparation for the meeting, broken into member communication and issue and topic development, meeting and agenda structure, facilitation and follow up.

### PREPARING THE TRADE ADVISORY GROUP: COMMUNICATION

There should be two parallel communication tracks. Both will go to members, experts and association managers. The first will be logistics including the timing, location and other details regarding attendance. The second will be issue communication to build the agenda and develop input from the industry participants. This will include identifying the questions to be answered, providing participants with the meaningful international policy background on government needs and a trade based context for addressing the questions, and requesting an impact assessment for the sectors represented by the member or expert.

MoESD has two options for issue communication. Which it uses will depend on the volume and pace of the information flow. In either case, however, better feedback will come from providing members and experts, and organizations they represent, adequate time to review and research the issues, and survey membership, as appropriate. If the issues are straightforward and the background materials are light, then a onetime packet of materials, including agenda and background could be provided to members and experts in the weeks leading up to the meeting. In the likely event that the issues are complicated and relatively unfamiliar to the participants or the materials will be extensive, communicating with members and experts on an issue-by-issue basis would be more efficient. For members and experts, this enables them to parcel time and expertise. For the Ministry, this enables communication as information becomes available. Both should expedite both communication and feedback.

### THE ISSUES AND AGENDA: PREPARING MATERIALS

For the initial cycle of meetings, this roadmap envisions providing specific coaching to the secretariat and the Ministry on issue and topic development. That will include assistance drafting agendas that will interest stakeholders and helping ensure their participation, framing issues to obtain useable input from industry, and determining what baseline trade data, negotiating text or other information to provide to stakeholders about specific trade issues, negotiations, etc., so that they can provide actionable firm or sector-specific feedback.

In addition, it may be useful for key secretariat and ministry staff to have refreshers on broader issues, such as determining appropriate actions and which tools to use to advance specific trade policy issues (e.g., bilateral government-to-government tools; FTA negotiations, FTA implementation, and FTA compliance; and multilateral tools), as well as more specific issues, such as coaching trade policy analysts on how to investigate and develop trade policy issues for action.

Finally, this roadmap also envisions taking advantage of subject matter consultants to explain to stakeholders the broader dynamics and content of bilateral or multilateral trade issues and negotiations so that they are better able to provide specific feedback. This will involve working through stakeholder consultations on specific trade policy issues including determining the resulting Georgian Government policy and the best strategy for advancing that policy. This will also be part of the briefing and facilitation that would be included at the launch and during the first round of trade advisory group and working group meetings.

## MEETING AGENDA AND STRUCTURE

Since meetings will be one day and require actionable outcomes, the timeline will be fairly ridged. The meeting will start in executive session, without the experts. At this time, during the first meeting, the group will review and vote on the bylaws and the chair and vice-chair. Other topics that could be covered during executive session would include the approval of minutes and recommendations, selection of chair and vice-chair, and timing of subsequent meetings. In the interest of transparency, topics would be limited. This will normally take no more than 40 minutes.

Most of the rest of the meeting would include the presence of the experts. The agenda would be structured by topics. The relevant competent authority would summarize the meeting materials and frame the question the group needs to answer. Normally this would be the Ministry (preferably not the *ex officio* member of the trade advisory group). If there was a report from a prior *ad hoc* working group meeting, a summary of this material would be presented by someone from the working group. Next would be the opportunity for experts to present supplemental information or opinions. Finally, the trade advisory group would discuss among themselves how they would answer the question posed. Assuming 5-8 topics, most topics would need to be reviewed and questions answered within an hour.

An informal private round table lunch with the trade advisory group would provide an opportunity to gage progress and address differences. A reception at the end of the meeting would provide an informal opportunity for trade advisory group members and experts to mingle and discuss the days meeting and for the Ministry and secretariat to informally survey members about the process.

## MEETING FACILITATION

The benefits of strong trade advisory groups are twofold: (1) for the ministry, it increases actionable information and transparency by creating a place for a dialogue on trade policy that the government can use to maximize the economic benefits of outcomes from trade discussions, negotiations, agreements and trade law implementation; (2) for industry, it provides an opportunity to provide input from a maximum number of participants so that business opportunities as a result of trade policy provide a maximum of business benefit.

When business speaks with one voice, government has the best chance to drive trade policy development. Established trade advisory groups use meetings to understand issues, identify differences and commonalities between different sectors and business, and forge agreement. While that may mean not all questions can be answered within the context of such a group, those that are answered send a clear message to the government, and the foreign counterpart when used in negotiations.

The subject matter consultants will work with the secretariat to provide real time meeting facilitation to help drive consensus during the first round of actual meetings. This will include providing coaching for the meeting chair and facilitation to bridge differences and strategically set aside disagreements.

## FOLLOWING UP ON MEETING OUTCOMES

The chair has three options with questions presented through the topics on the agenda. Find a consensus within the group, forward the issue to an *ad hoc* working group, or return the issue to the Ministry without response. Topics assigned to a working group should include specific instructions that help to limit the scope of

inquiry to the differences that need to be bridged. When assigning an issue to a working group, there must be two members of the trade advisory group willing to participate on the working group and act as chair and vice-chair.

## TIME COMMITMENT

The secretariat will be responsible for the logistics of the meeting and meeting preparation. It will also be responsible for developing the agenda, preparing and delivering the background and supplemental materials, and drafting the minutes and recommendations. The subject matter consultants will support the first round of agenda and materials development.

This will include a refresher on broader issues, such as determining appropriate actions and which tools to use to advance specific trade policy issues (e.g., bilateral government-to-government tools; FTA negotiations, FTA implementation, and FTA compliance; and multilateral tools), as well as more specific issues, such as coaching trade policy analysts on how to investigate and develop trade policy issues for action. That will include writing agendas that will interest stakeholders and helping ensure their participation, framing issues to obtain useable input from industry, and determining what baseline trade data, negotiating text or other information to provide stakeholders about specific trade issues, negotiations, etc., so that they can provide actionable firm or sector-specific feedback.

Because of the materials that need to be developed and shared in advance of the trade advisory group meeting, the meeting will normally require at least 2-3 months to prepare. Where there are working group meetings, these should be completed enough in advance of the trade advisory meeting so that the reports can be distributed in advance. For the secretariat this will require a day or two a week to keep up with routine communication and meeting logistics. Separately, the ministry will need to provide materials and trade related data to inform the advisory group members and experts. During the few weeks running up to the meeting, the secretariat will need at least one person fulltime. For the day before and the day of the meeting, the secretariat will need 2-4 people full time. Consultant time would be approximately one day a week and the two weeks, in-country, leading up to the meeting (15-20 days).

## WORKING GROUP MEETINGS

Once the trade advisory group has delegated a topic to a working group, the secretariat should invite business associations, the experts, other civil society organizations and research organizations and think tanks with interests in the topic to nominate members and set a first meeting date. In general, the working groups should be able to conclude their work within two meetings, the first to scope the work and the second to review contributions and recommendations. The process from inviting nominations to concluding recommendations should be completed within 3 months so that it can be provided as input at the next trade advisory group meeting.

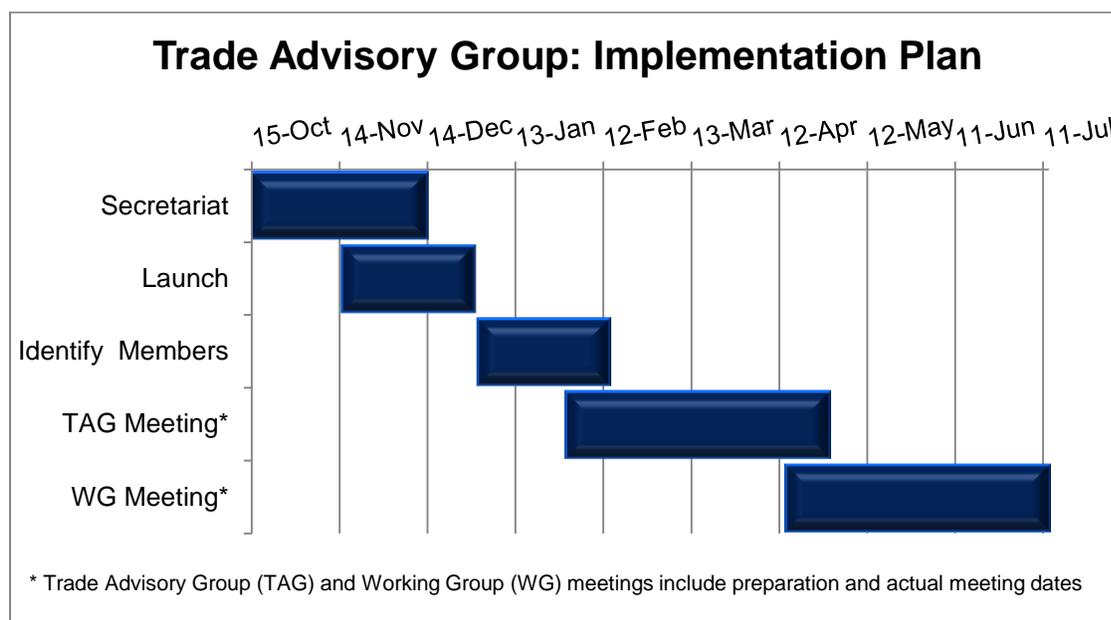
The topic to be addressed and materials presented on the topic at the trade advisory group meetings should be shared with participants in advance with an invitation to make a (10-15 minute) presentation. During the normal course of a working group meeting the secretariat will introduce the topic and the question to be addressed, the chair will summarize the mandate from the trade advisory group; invite speakers who responded to the invitation to speak and then open a floor to additional (time limited) presentations. Finally, the chair would facilitate discussion among working group members to identify core recommendations.

Working groups are not required to come to consensus on recommendations and, therefore, can receive input from all interested parties and either process it or pass it directly on to the trade advisory group. In the interest of being data driven, the working groups should have the authority to fund additional research, either directly or in collaboration with other interest groups. In such cases, the first meeting of the working group would be to scope the work and identify a sub-working group to review proposals (assuming it would be an offer/bid). Research would be shared for review and then discussed at the follow up working group meeting to decide whether to pass it on to the trade advisory group.

The output of a meeting would be to forward minutes and recommendations to the trade advisory group. Research can be included in the recommendations. Presentations and speaker notes can be summarized and used as the basis of recommendations. Final recommendations should be limited to 10-20 pages.

It will normally require 2-3 months to prepare the working group meeting and the meetings should be completed enough in advance of the trade advisory group meeting so that meeting minutes and recommendations can be distributed to the trade advisory group members along with the other meeting materials. For each working group, the secretariat will require 4-6 hours a week to keep up with routine communication and meeting logistics. MoESD will need to provide materials and trade related data to inform the working group members. During the few weeks running up to the meeting, the secretariat will need to one person approximately full time. For the day before and the day of the meeting, the secretariat will need 2-4 people fulltime. Assuming there is only one meeting, consultant time would be approximately one day every two weeks and the week and a half, in-country, leading up to the meeting (12-17 days).

## GANTT CHART: IMPLEMENTATION PLAN



## ASSOCIATION DEVELOPMENT: BUILDING CIVIL SOCIETY ORGANIZATIONS

The strength and development of the civil society organizations will determine the long-term success of the trade advisory group. The following are not directly related to the recommendations and roadmap for implementation of a trade advisory group. They are, however, recommendations for the development of associations that support a successful trade advisory group.

### CIVIL SOCIETY MEMBERS

In the context of the development of the trade advisory group, civil society organizations fall into three categories: those that nominate candidates for the named trade advisory group, civil society organizations that participate on the council of experts, and appointees to the subcommittees.

As noted earlier, civil society organizations' ability to participate effectively in these three areas depends on several factors including their mission, the organizations' management excellence and the organizations' member leadership abilities. In fact, the current capacity of the differing organizations varies widely. A couple of organizations demonstrated executive leadership, a developed management structure and membership participation including the ability members to represent association interests in a wide variety of fora, but it is not the dominant situation.

In general, individual executive management abilities allow the organizations to broadly articulate positions on issues relevant to the members through, either a committed charismatic leader, the support of donor

organizations, or the support of a dominant member. In a couple of cases, executive management was composed of member leaders and were able to provide both organizational management and the level of expertise to effectively represent the organization and speak with appropriate granularity regarding the issues members face.

In other words, most organizations had retained and developed executive managers for organizations but lacked deeper member participation. While some organizations provided member appropriate training, none provided members with association leadership training. Member leadership training for associations is a critical part of the development of effective organizations and a broader understanding of the value of civil society organizations within society. Member leadership training also acts as a bulwark against civil society organizations become disconnected from constituent needs or mired in conflict of interest issues as organizations *de facto* represent a single firm or limited business group.

As observed previously, there is a critical need for association member leadership training. The need for such programs increases as the size of member representatives decreases (and the number of members increases). Thus, training member leaders is particularly important among small-scale farmers, small business owners and social advocacy groups. In the United States, among the best associations, such member leadership development efforts are *pro forma*.

In order to respond to both the difference in current capability of the different organizations, training of civil society organizations would fall into two categories: assisting organizations wishing to enhance their current governance and leadership abilities, and helping organizations create a cadre of member-leaders that can contribute not only as meaningful association leaders but also represent the industry and association generally.

## **GOOD GOVERNANCE AND ASSOCIATION LEADERSHIP TRAINING**

Because there are a range of different competencies among association executives, there should be targeted trainings on best practices for association leaders, including insuring mission, vision, strategies and tactics, bylaws and rules of order and appropriate accounting practices, and a governance structure that insures appropriate participation and oversight by members and board. This would also include the development and implementation of young leaders programs to train the next generation of industry advocates.

The three steps would be an expression of interest, an assessment of competencies and actual training. Should the number of associations interested in such training exceed training resources, priorities should be ranked based first on whether the organization is active in key programs, like the G4G sponsored coalition or the trade advisory group and, second, based on need.

There does not appear to be professionally competent organizations that could provide these training services in Georgia. It would make sense to partner with an executive training center or graduate university program to build the capacity of these organizations to provide this training in-country for the long-term, instead of relying on non-resident experts. Currently, non-resident experts are needed.

## **MEMBER LEADERSHIP TRAINING IN DETAIL**

While substantial strides have been made in the development of civil society organizations, the lack of association member leadership training highlights both the fragile nature of civil society organizations and the need to continue to build robust organizations.

Member leadership training should focus on those associations that will be involved in the G4G sponsored coalition or the trade advisory group. The long-run objective would be to build the member leadership of the participating associations so that they would have a cadre of representatives that would support not only the coalition and the trade advisory group, but also the broader infrastructure of civil society organizational needs.

The training would reflect the kind of executive training programs that business MBAs, agricultural leadership programs and leadership training associations provide elsewhere. As such, it would consist of exposing emerging leaders to association members, the issues and perspectives that the association represents and the different programs that are in place to address these issues. The program would introduce new leaders to all segments of association membership, the different issues that are critical to each segment and the different

program alternatives that are available to address the issues, from marketing to business networking to an introduction to the levers of political power, including leaders in the legislative and executive branches of government.

In the long-term, these programs will not only support sustainable civil society organizations, but also train business leaders that will be better able to promote trade based economic growth and function in the multi-cultured, multivariate, global business community in which Georgia will prosper. Training ideally would be done in-house. There is not currently either an infrastructure or a culture of these kinds of trainings, either in-house or professionally provided.

Therefore, such a training program would involve a non-resident expert to assist in curriculum design and initial program development and implementation. Over 12 to 24 months a resident expert could be trained to provide ongoing in-country support for successful implementation.

While professionally competent organizations that could provide these training services in Georgia do not exist, it makes sense to partner with an executive training center or graduate university program to build the capacity of these organizations to provide this training in-country for the long-term.

## **SPECIFIC RECOMMENDATIONS**

### **TRADE ADVISORY GROUP ASSOCIATION GOVERNANCE STRENGTHENING**

Provide needs assessment, expert advice and implementation consultation for the development, and implementation of good governance practices within key civil society membership organizations and assist with the development of a professional training institute. Potential Output: Improved civil society structures and business based training programs for sustainable growth.

### **TRADE ADVISORY GROUP ASSOCIATION MEMBER LEADERSHIP TRAINING**

Provide needs assessment, expert advice and implementation consultation for the development, implementation of member leadership training programs within key civil society organizations and assist the development of a professional training institute. Potential Output: Improved business based training programs for sustainable business growth and support of civil society organizations.

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