



USAID | **GEORGIA**
FROM THE AMERICAN PEOPLE



Governing for
Growth
in Georgia

ESTABLISHING A PUBLIC- PRIVATE DIALOGUE PLATFORM IN PARLIAMENT

USAID GOVERNING FOR GROWTH (G4G) IN GEORGIA

8 SEPTEMBER 2016

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

ESTABLISHING A PUBLIC-PRIVATE DIALOGUE PLATFORM IN PARLIAMENT

USAID GOVERNING FOR GROWTH (G4G) IN
GEORGIA

CONTRACT NUMBER: AID-114-C-14-00007

DELOITTE CONSULTING LLP

USAID | GEORGIA

USAID CONTRACTING

OFFICER'S REPRESENTATIVE: REVAZ

ORMOTSADZE

AUTHOR(S): BUSINESS AND ECONOMIC CENTRE (BEC)

PUBLIC-PRIVATE DIALOGUE: 1500

LANGUAGE: ENGLISH

8 SEPTEMBER 2016

DISCLAIMER:

This publication was produced for review by the United States Agency for International Development. It was prepared by Deloitte Consulting LLP. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

DATA

Reviewed by: Tamar Kapianidze, Nino Chokheli.

Project Component: Support Public Private Dialogue Component

Practice Area: Public-Private Dialogue

Key Words: Parliament of Georgia, Public-Private Dialogue Platform, Land Registration Reform, Pension Reform, RIA System Institutionalization in Georgia

ACRONYMS

AmCham	American Chamber of Commerce in Georgia
BAG	Business Association of Georgia
BEC	Business and Economic Centre
BSO	Business Support Organization
DFID	Department for International Development
DHL	The Logistics Company
EBRD	European Bank for Reconstruction and Development
EPDI	Enterprise and Parliament Dialogue International
EU	European Union
FTSE	Financial Times Stock Exchange
GDS	GDS TV
GEA	Georgian Employers' Association
GGI	Good Governance Initiative in Georgia
GIA	Georgian Insurance Association
GIG	Georgian Industrial Group
GIZ	German Corporation for International Cooperation
GLIP	Georgian Lawyers for Independent Profession
GTUC	Georgian Trade Unions Confederation
GYLA	Georgian Young Lawyers' Association
G4G	Governing for Growth in Georgia
IDFI	Institute for Development of Freedom of Information
ISET	International School of Economics at Tbilisi Ivane Javakishvili State University
MoESD	Ministry of Economic and Sustainable Development
MP	Member of the Parliament
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
PMCG	Policy and Management Consulting Group
PPD	Public-Private Dialogue
RIA	Regulatory Impact Assessment
TIG	Transparency International Georgia
TNT	LLC Limited Liability Company "SKS"
TPU	Tax Payers Union
TSU	Tbilisi Ivane Javakishvili State University
USA	United States of America
USAID	United States Agency for International Development

CONTENTS

1. SUMMARY	5
2. ACTIVITY IMPLEMENTATION	7
2.1 TECHNICAL APPROACH AND METHODOLOGY	7
2.2 THE LEGISLATIVE PLATFORM ON LAND REGISTRATION REFORM	9
2.3 THE LEGISLATIVE PLATFORM ON PENSION REFORM	12
2.4 THE LEGISLATIVE PLATFORM ON RIA IN GEORGIA	14
2.5 CONCLUSIONS.....	16
APPENDIX A:	18
APPENDIX B:	19
APPENDIX C:	20

1. SUMMARY

This report summarizes activities carried out by Business and Economic Center (BEC) under the United States Agency for International Development (USAID) funded project “Governing for Growth” (G4G) in Georgia’s grant program “Establishing a Public-Private Dialogue (PPD) Platform in Parliament,” and includes information on objectives of the activity and all major achievements. It provides a description of the project’s role in the process of public policy formulation, overcoming existing challenges and improving initiated policies; furthermore, the report describes improvement of the quality of PPD and challenges faced in the process.

The objectives of the project were to establish a PPD platform within the Parliament to: (1) Inform and educate the Members of the Parliament (MPs) on selected policy reforms, and (2) facilitate the dialogue between legislators and other stakeholders on those reforms.

Three policy reforms were identified from G4G’s reform portfolio: Land Registration Reform, Pension Reform and Regulatory Impact Assessment (RIA) Institutionalization in Georgia. For each policy reform area, BEC performed the following tasks:

- Identified MPs and staff members from different committees and factions who were interested in selected policy reform areas;
- Created like-minded informal groups of MPs - legislative platforms - in each selected policy area (10-15 MPs in each group and five to seven staff members);
- Developed frameworks and conducted stakeholder mapping; identified experts and stakeholders for each policy area;
- Prepared four research papers for MPs on targeted policy issues;
- Familiarized MPs with brief policy papers;
- Arranged four stakeholder and expert workshops to identify and agree on problems, policy recommendations and legislation solutions;
- Arranged MPs’ roundtables with stakeholders to discuss the policy issues and suggested policy recommendations.

To organize structured PPDs on the abovementioned reforms, and to mitigate principal risks of PPD, three legislative platforms were created, each of them including prominent MPs and staff members from different committees and factions. In order to guarantee active participation and quality performance of policy makers in the dialogue process, as well as to create a sense of ownership and encourage them to take more responsibility for dialogue results, each PPD was designed and implemented in coordination with the targeted Parliamentary committee or/and Government body:

- On April 11, a public discussion on the new land registration rules was organized together with and hosted by the Legal Issues Committee to discuss the draft Law on Systemic Registration of the Rights on Land Parcels and Improvement of Cadastral Data, attended by 42 participants.
- On May 31, a public discussion on the pension reform in Georgia was organized together with and hosted by the Healthcare and Social Issues Committee, in cooperation with the Ministry of Economy and Sustainable Development (MoESD) of Georgia to discuss the concept of pension reform in Georgia, attended by 50 participants.
- On June 14, a public discussion on RIA institutionalization in Georgia was organized together with and hosted by the Cabinet of the Chairman of the Parliament, in cooperation with the Administration of Government to discuss *Recommendations on RIA National Framework in Georgia*, attended by 63 participants.

The preparatory expert and stakeholder workshops were held prior to the PPDs for the private sector, civil society, academia, donors and independent experts, followed by the production of research papers.

Research papers included expert and stakeholder opinions and answered the following questions: What is the problem? What is the main objective of the reform? What will be the impact of the new policy? What could be the potential obstacles for policy implementation? What are the necessary changes in the draft law in order to improve the policy?

Participants of the PPDs were: Members of the Parliament of Georgia; staff of the Parliamentary Committees and factions; Parliamentary Budget Office; the Government of Georgia: ministries and state agencies working on selected policy reforms; practitioners from different business sectors (according to the selected policy areas); business support organizations (BSOs), including business associations and chambers of commerce, non-governmental organizations (NGOs), think-tanks, academia, donors and experts working on selected policy issues.

As a result:

- Targeted MPs and the staff of the Committees and factions were informed on selected policy areas through research papers and PPDs;
- Structured constructive dialogue between the public and private sectors on selected policy reforms was facilitated;
- An independent platform within the Parliament of Georgia to inform and educate MPs on different economic policy reforms on one hand, and to facilitate the dialogue between the legislators and their stakeholders, on the other hand, was established.

Additionally, by building consensus, trust and understanding between the public and private sector representatives, by bringing all stakeholders together, and improving diagnosis of the business environment problems:

- Each PPD contributed to improving the quality of particular reform efforts. Some private sector concerns were taken into account by the Parliamentary Committees and administrative officials/reform authors;
- Parties agreed on further consultations and legislative dialogue on the ongoing reforms: Pension Reform and RIA System Institutionalization in Georgia.

2. ACTIVITY IMPLEMENTATION

2.1 TECHNICAL APPROACH AND METHODOLOGY

All the activities organized by BEC in the framework of the project were based on the best practices of PPD in countries that have adopted Enterprise and Parliament Dialogue International’s (EPDI’s) Dialogue Centre Model¹ and on the EPDI Code of Principles,² which is recognized by the European Union (EU) and the Organization and Security and Co-operation in Europe (OSCE) Parliamentary Assembly as the benchmark in facilitating constructive dialogue and a transparent, non-corrupt relationship between MPs and their stakeholders. BEC used the methodology of EPDI backed by 30 years of international experience and best practices: Beginning with the Westminster Parliament and the Financial Times Stock Exchange (FTSE) 100 companies based in London through the Industry and Parliament Trust (IPT) and now translated into similar organizations in a total of 17 countries around the world, including BEC in Georgia.

BEC’s technical approach was also based on the “Charter of Good Practice in Using Public-Private Dialogue for Private Sector Development” (the “PPD Charter”). The Charter was initially drawn up at the *International Workshop on PPD* in 2006, co-organized by the World Bank (WB), Department for International Development (DFID) and Organization for Economic Co-operation and Development (OECD) Development Centre³ based on several core principles to ensure a participative legislative process, generate mutual understanding and achieve sustainable outcomes. These core principals are:

- Transparency and cross-factional policy platforms;
- Working with broad range of stakeholders;
- Working with all sectors of economy and all sizes of enterprise;
- Informing and educate policy makers prior to the PPD to enable fact-based decision-making;
- Establishing a transparent bridge of understanding between policy makers and their stakeholders;
- Offering a process by which all reach a common understanding on issues and consequences;
- Facilitating country-specific solutions without favor to special interests; offer a guarantee to both sides that the PPD will serve the public interest and not vested interests;
- Using the most appropriate PPD approaches for a given circumstances and be relevant and flexible.

Six principal risks of PPD were identified and addressed with the mitigation strategies:

Risks	Mitigation Strategies
Reinforcing vested interest	<ul style="list-style-type: none"> • Be open and transparent and ensure inclusion of all relevant parties - supporters or opponents; guarantee the atmosphere where no topics/positions are off-limits for discussion; • Conduct stakeholder investigation and analysis prior to the PPDs; • Engage all parties in the process of selecting workshop and PPD participants and keynote speakers as well as topics for PPDs; • Make all decisions on a neutral and cross-party basis.
Over and under representation	<p>Ensure equal, balanced representation:</p> <ul style="list-style-type: none"> • Ensure the atmosphere where small and medium enterprises (SMEs) are not

¹ List of the countries is available at: <http://www.enterpriseparliament.org/index.php?id=54>

² Text of the document is available at: <http://www.bec.ge/en/about-us/code-of-principles.html>

³ Text of the “PPD Charter” is available at: <http://www.publicprivatedialogue.org/charter/New%202015%20PPD%20Charter%20of%20Good%20Practice.pdf>

	<p>dominated by big businesses.</p> <ul style="list-style-type: none"> • Cooperate with BSOs, representing interests of SMEs and genuinely speak for them; • Emphasize gender equality across project activities.
<p>Sustainability issues / Degenerate into a talking shop⁴</p>	<ul style="list-style-type: none"> • Prepare strict and clear agenda for each event and communicate well in advance; • Manage expectations in private conversations beforehand; • Support private and civil sector representatives as well as academics and experts to exchange opinions on the issues prior to the PPDs and identify proper keynote speakers and main topics for discussions.
<p>One man shows</p>	<ul style="list-style-type: none"> • Foster bottom-up support; • Not built the PPD too closely around a particular individual/one key person but select several champions from each sector for each PPD.
<p>Political risks</p>	<ul style="list-style-type: none"> • Depoliticize the process through cross-factional approach; • Be open and transparent and ensure inclusion of all relevant parties - supporters or opponents; • Inform media prior to the PPDs by carefully prepared informative handouts/press releases.
<p>Institutional misalignment</p>	<ul style="list-style-type: none"> • Use technical staff of committees and factions and targeted Ministries; • Ensure Donors' participation working in selected policy areas.

To achieve project objectives effectively, BEC combined three of the abovementioned best practices:

- The Expert and Stakeholder Workshops - enabled stakeholders to work cooperatively to address common issues and supported them to engage in dialogue with policy makers through joint, active and informed participation. A wide variety of actors such as the private sector and civil society as well as academia, think tanks, donors and others who shared common interests or concerns surrounding specific policy questions, were invited prior to the PPDs to exchange ideas on selected policy areas; identify and agree on problems as well as policy suggestions for improvement of policy initiatives or draft laws. Workshops were followed by the research papers describing the issues and the stakeholders' and experts' opinions for Parliamentarians, to increase understanding of MPs;
- Research Papers - intended for all Members and officials of the Parliament of Georgia with an impartial analysis of the selected policy issue based on G4G's and other researches, studies and analyses existing in the relevant area as well as workshop results. Research papers were integrated with the PPDs and intended to increase the understanding of an issue among Parliamentarians. The expert and stakeholder workshop participants could contribute with content, but it was up to BEC to compile a final document which met the criteria of quality and impartiality. Research papers were prepared by using the multi-research methodologies tried and tested by BEC for years;⁵
- Public Discussions with Stakeholders - trusted and open in-depth debate between policy-makers and workshop participants on the selected policy issues to assess and agree on problems, generate insights, set policy priorities, discuss and agree on policy recommendations and legislation solutions. Through the public discussions, policy makers, private sector representatives and experts could much more accurately determine the sweet spot for policy reforms that satisfied the conditions of policy desirability and political and administrative feasibility; and plan additional steps to develop and implement reforms.

⁴ "Talking shop"- phrase that recurs often in the literature about PPD – when discussions are long and unfocused, no concrete results are achieved, people lose interest and attendance declines.

⁵ BEC Research Methodology is available at: <http://www.bec.ge/en/research/other-papers.html>

Three Legislative Platforms were created on: (1) Land Registration Reform; (2) Pension Reform, and; (3) RIA System Institutionalization in Georgia, each of them included prominent MPs from different political factions and committees as well as staff members of the committees and factions.

2.2 THE LEGISLATIVE PLATFORM ON LAND REGISTRATION REFORM

The aim of the platform on Land Registration Reform was to facilitate a dialogue between the policy-makers, stakeholders, experts and other interested parties, discuss proposed public policy changes and draft legislative proposals and support informed decision-making by the legislators in relation to the land registration reform, which was initiated by the GoG. As for the draft Law on Systemic Registration of the Rights on Land Parcels and Improvement of Cadastral Data, it was drafted by the Ministry of Justice (MoJ) of Georgia together with the National Agency of Public Registry (NAPR).

Before the first hearing of the draft Law (April 12, 2016), in agreement with the Legal Issues Committee, which served as a leading committee on this draft law, the needs and activities of the platform were defined; as a result, the two public discussions on the new land registration rules for systemic registration, were scheduled.⁶

On April 8, BEC organized the first preparatory expert and stakeholder workshop attended by 16 representatives (8 Male, 8 Female) from different local and international organizations, including: WB, GiZ, G4G, Georgian Lawyers for Independent Profession (GLIP), Georgian Farmers' Association, Transparency International Georgia (TIG), Taxpayers Union of Georgia (TPU), Association of Professionals on Land and Realty, Georgia Development Foundation and "Europe for Georgia."⁷

The following topics were discussed during the workshop: Arrangement and layout of the public discussion planned for April 11; pre-history of legal drafting of the above-mentioned draft-law; objectives and expected results of the reform; advantages of systemic land registration; weaknesses of sporadic land registration, and recommendations for improving the aforementioned draft law.

After a four-hour discussion, the workshop participants agreed on a constructive approach of the public discussion; policy recommendations were identified and agreed on; decisions on the main topics and the speakers of the above-mentioned discussion were made, and, the agenda⁸ and press release of the public discussion were drawn up and published at the official website of the Parliament of Georgia.⁹ The TV-channel Rustavi 2 and news agency InterPressNews made announcements on this event.¹⁰

Based on the results of the workshop, BEC prepared a research paper¹¹, which was sent electronically to all MPs and the staff of the Parliament. It was then distributed to MPs in hard copies on April 11, prior to the start of the public discussion.

One joint public discussion on systemic registration was organized by BEC on April 11, together with and hosted by the Legal Issues Committee of the Parliament of Georgia.

The objective of the discussion was as follows: to give MPs the opportunity to participate in the platform and discuss positive aspects of the draft Law and specifics of systematic registration within the draft Law on Systemic Registration of the Rights on Land Parcels and Improvement of Cadastral Data¹² with experts and key stakeholder representatives. The meeting also aimed to discuss details of several articles within the draft law and potential risks if the draft is adopted.

The event was attended by 42 representatives from different sectors (26 male; 16 female), among them: Eleven MPs and six staff members from different committees and factions, including the Chairmen, Deputies and MPs of the Agrarian Issues Committee, Human Rights and Civil Integration Committee, Environmental Protection and Natural Resources Committee, Sector Economy and Economic Policy Committee and Budget and Finance Committee, as well as the non-party, independent Members of the Parliament and members of:

⁶<http://www.bec.ge/en/about-us/news/317-anonsi-sajaro-diskusia-mitsis-nakvethebze-uflebatha-registraciis-akhali-tsesi-sistemuri-registraciebi.html>

⁷<http://www.bec.ge/en/about-us/news/318-vorgshofi-themaze-mitsis-nakvethebze-uflebatha-registraciis-akhali-tsesi-sistemuri-registraciebi.html>

⁸ Please find attached APPENDIX A

⁹<http://www.parliament.ge/uploads/other/45/45042.pdf>

¹⁰<http://www.interpressnews.ge/ge/politika/374643-mitsis-nakvethebis-registraciis-akhal-iniciativasthan-dakavshirebith-parlamentshi-sajaro-diskusia-qaimartheba.html?ar=A>

¹¹<http://www.bec.ge/images/doc/for%20mps%20land%20registration%20reform.pdf>

¹²<http://37.131.231.12/#law-drafting/11496>

Georgian Dream, Free Democrats, Republicans, Georgian Dream-Entrepreneurs and the United National Movement.

Stakeholders who presented their views and took part in the discussion included WB, GiZ, G4G, GLIP, TIG, as well as representatives of BEC.

The public discussion was attended by government representatives including: Deputy Minister of Agriculture of Georgia, Chairman of the National Agency of Public Registry, Head of the Division of Administrative Proceedings of the Judicial Department of the National Agency of Public Registry, and representatives of the Economic Council of the Government of Georgia, Public Defender of Georgia and Telavi City Council. The discussion was also attended by representatives of the Georgian Farmers' Association and Georgian Gardeners Association.

The discussion was dynamic and lasted for five hours. Parties had an opportunity to discuss in detail the positive aspects of the draft Law, as well as assessed potential drawbacks and risks associated with adoption of the draft Law. The PPD was facilitated by the Executive Director of BEC, Natia Katsiashvili.

This lengthy discussion generated three issues, which if integrated into the draft Law would make the policy acceptable for the stakeholders:

- A. The Law should clearly declare that the State gives priority to and decides on the systemic approach that will be initially implemented in the pilot areas. Later, taking into consideration the results of the pilot project, the approach will be applied all over the country; prior to that, the sporadic registration should continue with simplified procedure, although, this type of registration should not be encouraged;
- B. The Law should clearly separate regulatory norms applied for systemic registration in the pilot areas and sporadic registration. Simultaneously, the Law should provide clear definitions of systemic and sporadic registration;
- C. In a case when the State holds an interest to register a particular land plot for investment proposals in the touristic areas or areas of other economic interest, the State should apply the systemic registration approach and adjust the cadastral map by making it public after surveying works are performed. This will be the basis for civil agreement at the high level and the best way to prevent the risks of violation of property rights by the State.

MPs attending the meeting positively evaluated the effectiveness of the discussion format. As Mr. Vakhtang Khmaladze, the Chairman of the Legal Issues Committee of the Parliament of Georgia noted: *"Any issue that triggers interest from a broad range of stakeholders, should be discussed in a similar working process, of which we already have the experience of. This will allow us to hear all the questions about the draft law and try to improve the drawbacks, in case they exist, for the second reading and that would allow the parties to make better decisions."*

Mr. Gia Zhorzholiani, the Chairman of the Environmental Protection and Natural Resources Committee noted: *"It was important to hear the opinions of the experts, as MPs will have to take into consideration these positions while casting their vote for the draft Law."*

Information about this event was published on the official web-site of the Parliament of Georgia¹³; it was also sent to all MPs and the MoJ via an electronic post. Moreover, the talk show "Morning Talk" on radio Freedom on April 13 was dedicated to discuss this topic (Guest Speaker: Mrs. Natia Katsiashvili).¹⁴

The opinion on the draft Law, initiated by the Legal Issues Committee¹⁵, was published on April 14. According to this opinion, the Committee agrees with the position stated by experts and other interest groups to provide a more clear definition of the terminology used in the draft and also refrain from encouraging sporadic registration.

On May 4, BEC organized the second expert and stakeholder workshop¹⁶ attended by 20 representatives (10 male, 10 female) from different local and international organizations, including: WB, GiZ, G4G, Georgian

¹³<http://www.parliament.ge/en/saparlamento-saqmianoba/komitetebi/iuridiul-sakitxta-komiteti-146/axali-ambebi-iuridiuli/parlamentshi-miwis-nakvetebze-uflebata-registraciis-sakitxze-sadjaro-diskusia-gaimarta.page>

¹⁴<http://www.radiotavisupleba.ge/content/interview-with-natia-katsiashvili/27672177.html>

¹⁵<http://37.131.231.12/file/1/BillReviewContent/117113?>

¹⁶<http://www.bec.ge/en/about-us/news/322-egsperttha-da-interestha-igufebis-tsarmomadgeneltha-samushao-shekhvedra-mitsis-registraciis-reformis-thaobaze.html>

Farmers' Association, GYLA, International School of Economics at Tbilisi State University (ISET), Georgian Employers' Association (GEA), TPU, Georgia Development Foundation as well as practicing lawyers.

The purpose of the workshop was to discuss in detail (article by article) the draft Law on the Special Rule of Systemic and Sporadic Registration of Rights on Land Plots within State Project and Improvement of Cadastral Data¹⁷ and to prepare the second research paper - Recommendations for the Legal Issues Committee's second hearing, scheduled for May 6.

After the second workshop:

- The new set of recommendations was adopted by BEC and sent to all members of the Legal Issues Committee prior to the second hearing.
- Representatives of BEC together with other stakeholders took part in the Committee's plenary session on May 6, where the Executive Director of BEC presented the above-mentioned recommendations.
- Upon the Deputy Minister of Justice, Mr. Baramidze's request, those aforementioned recommendations were sent to the MoJ.

Some of the key successes achieved as a result of the activities implemented by BEC in the framework of the project are the following:

- The title of the draft Law – the draft Law on “Systemic Registration of the Rights on Land Parcels and Improvement of Cadastral Data” – was amended as the following: the Law on “Special Rule of System and Sporadic Registration of Rights on Land Plots within State Project and Improvement of Cadastral Data;”
- The titles used and some of the clauses within the draft Law were amended for Articles 1 to 10, 13, 14, 23, 24 and Chapters III, VI and VII. In order to clearly delineate systematic registration from sporadic registration, regulatory norms for these two processes have been formulated separately for each process;
- Article 25 of the draft Law was amended with Paragraph 3, which states that the Law should be in force until July 1, 2018. Previous wording that “the Government Resolution will define the term of the law” had been removed from Paragraph A, Article 3.
- Article 15, Paragraph 1, was amended to exclude wording “if needed;” as a result, the public disclosure standard improved in comparison with the initial draft;
- Article 21, Paragraph 3, was amended to replace wording “scope of the public project” with “location of the land plot;” this amendment ensures that owners of the neighboring plots will be included in the administrative process of sporadic registration of a plot.¹⁸

In addition, the author of the draft Law, in agreement with the Committee, rejected some of the key recommendations by the expert community and interest groups with the argument that this draft Law is intended for the transition period only and after the results of the pilot project become available, the Law may be amended or fully replaced. The rejected recommendations include:

- If for the purpose of an investment project or other economic reasons, the Government decides to apply the systematic approach to proactively register a plot of interest in areas other than pilot area, a number of articles should be amended and the wording “for the purpose of a pilot project” should be replaced with “in case of systematic registration” (e.g. Article 4, Paragraph 1, Clause B or Article 6, Paragraph 1 and Article 7, Paragraph 2, etc.);
- The time period allocated to inform the public according to Article 15 should be changed from the stated 10 days to a more appropriate 30-day period (as minimum) in accordance with international practices and the wording “once a month” should be removed. Ten days, especially in large villages, is not sufficient time to inform residents that the cadastral maps have become available for viewing. Experts do not see any crucial reasons for such urgency and why should international standards be avoided in this case.

¹⁷ The title of the law was modified between the first and the second hearings

¹⁸<http://info.parliament.ge/file/1/BillReviewContent/119348>

Main challenges and lessons learned:

- Within the short timeframe that BEC had to organize the public discussion (on the 11th day of the start of the project), coordination with the MoJ and NAPR was not possible. Both of those parties have been in a defensive position during the discussion and the desired level of constructive dialogue was not achieved, which reduced the effectiveness of the dialogue process;
- Nevertheless, active engagement with MPs from the leading Committee ensured that recommendations and comments from the expert community and the interest groups have been reflected in the Committee Review and submitted to the Ministry; some of those points have been reflected into the second draft of the Law.

The draft Law passed the second hearing on May 27 (79 votes) and was adopted after the third hearing on June 3 (with 80 votes).

2.3 THE LEGISLATIVE PLATFORM ON PENSION REFORM

The aim of the legislative platform on Pension Reform was the following: MoESD, in cooperation with WB, has developed a concept on Pension Reform, which was endorsed by the GoG with the Decree N491 on March 21, 2016. The legislative platform initiated a dialogue between legislators and the Ministry, interest groups, experts and other stakeholders to reach agreement on key principles of the reform and to support informed engagement of legislators in the further development of relevant legislation.

Activities of the platform were formulated in agreement with the Healthcare and Social Issues Committee which serves as the leading Committee on this subject, in coordination with the MoESD. Among other activities, a Public Discussion on Pension Reform was planned on May 31 in the Parliament of Georgia.¹⁹

On May 23, BEC organized a preparatory expert and stakeholder workshop on Georgian Pension Reform²⁰ in partnership with the MoESD. The workshop was attended by 25 participants (10 male, 15 female) from the private sector and NGOs as well as international and local organizations, including: G4G, ADB, ISET Policy Institute, PMCG, Institute for Democracy and Freedom of Information (IDFI), Business Association of Georgia (BAG), GEA, Georgian Trade Union Confederation (GTUC), Georgian Insurance Association (GIA), TPU, Georgian Industrial Group (GIG), Galt & Taggart, Caucasus Capital, TBC Bank and the insurance company Aldagi. The workshop was also attended by the MoESD, represented by the Capital Market Development and Pension Reform Department.

The main objective of the workshop was to discuss in detail the current Pension Reform, to exchange opinions on the issue between the experts and stakeholders; and based on the aforementioned discussion to prepare the agenda and the content of the key-note speakers' speeches for the public discussion scheduled on May 31 at the Parliament of Georgia.

After a four-hour discussion, policy recommendations were identified and agreed on; decisions on the main topics and the speakers of the above-mentioned discussion were made; the agenda²¹ and press release of the public discussion were drawn up and published at the official website of the Parliament of Georgia.²²

Based on the workshop results the research paper - "Overview of the Current Pension Reform and the Stakeholders' Opinions"²³ - was drafted by BEC. On May 29, it was sent to all the MPs and staff of the committees and factions of the Parliament invited to the public discussion and then distributed in hard copies to all MPs before the start of the public discussion on May 31.

The public discussion on Pension Reform was organized by BEC, together with and hosted by the Healthcare and Social Issues Committee, in cooperation with the MoESD.

The goal of the meeting was to have a discussion between MPs participating in the platform and experts, Ministry representatives and other stakeholders on specific aspects and positive sides of the reform, its potential drawbacks and risks.

¹⁹<http://www.bec.ge/en/about-us/news/325-n-.html>

²⁰<http://www.bec.ge/en/about-us/news/323-samushao-shekhvedra-sapensio-reformis-thaobaze.html>

²¹ Please find attached APPENDIX B

²²<http://www.parliament.ge/uploads/other/46/46866.pdf> ; <http://www.parliament.ge/uploads/other/46/46865.pdf>

²³<http://www.bec.ge/images/doc/deputatis%20sainformacio%20barati.pdf>

The public discussion was facilitated by the Chairman of the Healthcare and Social Issues Committee together with the Executive Director of BEC and was attended by 50 participants (31 male; 19 female) including: Six MPs and 7 members of the committees and factions of the Parliament of Georgia; Chairmen, Deputies and MPs of the following committees: Legal Issues Committee, Regional Policy and Self-Government Committee, Sector Economy and Economic Policy Committee, Budget and Finance Committee; non-party, independent Member of the Parliament and Members of the factions: Georgian Dream, Free Democrats, Georgian Dream-Conservatives, National Forum, and Republicans.

Nikoloz Gagua, the Deputy Minister of the Economy and Sustainable Development of Georgia, presented the Pension Reform Concept for Georgia to the participants of the public discussion.

The following stakeholders presented their opinions: GIA, GTUC, GEA, TPU and PMCG, independent experts and economists.

The public discussion was also attended by international organizations, representatives of businesses, academic and research institutions. The representatives of the following governmental agencies also participated: Ministry of Health, Labor and Social Affairs (MHLSA), MoF, National Bank of Georgia (NBG), and Economic Council of the GoG.

The discussion was very dynamic and lasted for approximately four hours. The main topics of the discussion were: The current demographic situation and necessity of the reform; the proposed soft-mandatory private pension scheme and pros and cons of the proposed model; international practices; mandatory contribution from the employers' side – new tax? The State Pension Fund – risks of creating a government monopoly; creation of the more competitive environment for the current private insurance funds – necessity of competition between the 2nd and 3rd pillars and the development of local capital markets.

MPs resumed with the discussion on the reform concept and expressed their opinions along with the executive authorities, business circles, NGOs and international organizations. Representatives from different political factions (Georgian Dream, National Forum, Free Democrats) as well as the new political party – “Giorgi Vashadze - New Georgia” expressed their support for the presented Pension Reform.

Author of the Concept – MoESD - expressed its willingness to further continue cooperation and discussion with all interested stakeholders in order to resolve all the difficult issues, including:

- Risks of creating the State Pension Fund as a government monopoly;
- Mandatory contribution from the employers' side as a “new tax;”
- Ensuring competitive environment for private insurance funds and application of tax benefits to 3rd Pillar;
- Capital market development strategy.

According to the Deputy Minister Nikoloz Gagua: the presented reform was the result of consultative process, which took place before this public discussion, and it was developed based on consensus, although still much work is left to be done. *“Today we only discuss the conceptual part, while many of the details should be discussed in future; some of the questions that are not addressed by this strategy were posed at this meeting as well and those questions should be addressed in the process of drafting the legislation.”* Therefore, the importance of this public discussion in this process was obvious.

Gagua also emphasized the importance of further consultations with experts and other stakeholders and the importance of reaching consensus as a determinant of success of the reforms.

The Chairman of Healthcare and Social Issues Committee summarized the discussion and highlighted the essential outcomes of this process. Namely:

- It is a key achievement that different political groups sit together at a discussion table and political agreement on the need for the reform has been reached;
- Details require more in-depth analysis in order to alleviate the risks and ensure flawless implementation of the reform.

The Chairman of the host committee thanked BEC for organizing this public discussion, which made an *“important contribution to ensuring a quality of this process and to identify appropriate ways for implementation.”*

Information about the event was published on the official web site of the Parliament of Georgia;²⁴ the information was also sent via electronic mail to all MPs and the MoESD; the Ministry also received written expert positions from BEC.

The public discussion was covered by the TV-channel Maestro (talk-show “Business Contact” on June 1st at 12:31 and 18:36).²⁵ Furthermore, the event was also covered by the following media outlets: Analytical Talk-show 2030 on GDS,²⁶ radio-station Fortuna,²⁷ and online news portal on health and social issues Health Portal.²⁸

Main Lessons learned:

- There was close coordination with the Ministry which developed the draft Law and as a result, the dialogue was very constructive, which ensured effectiveness and success of the process;
- Since the lead committee and the Parliament hosted the event, a high level of participation from legislators was achieved in the early stages of the policy reform: (1) Assessing and agreeing on problems and (2) designing legislative solutions;

2.4 THE LEGISLATIVE PLATFORM ON RIA IN GEORGIA

The aim of the legislative platform on RIA Institutionalization in Georgia was the following: To ensure dialogue of legislators with the executive branch of the government, stakeholders, experts and other interested parties on recommendations on RIA National Framework;²⁹ to agree on key steps of the RIA System Institutionalization process and support informed participation of legislators in the policy and legislation development process.

Activities of the platform were defined in agreement with the Cabinet of the Chairman of the Parliament of Georgia and Administration of the GoG. Among other activities, a public discussion on RIA System Institutionalization in Georgia was planned for June 14 at the Parliament of Georgia.³⁰

On June 6, BEC hosted the preparatory expert and stakeholder workshop on RIA System Institutionalization in Georgia attended by 15 representatives (5 Male and 10 Female) from different local and international, governmental and non-governmental organizations, including: G4G, Good Governance Initiative (GGI), Parliamentary Budget Office, ISET, Ilia State University, TSU Center for Analysis and Forecast, BAG, AmCham and GEA.

The purpose of the working meeting was to discuss in detail: The Georgian context related to the legal drafting and analysis of the impacts of regulations; *Recommendations on RIA National Framework* prepared by G4G; importance of the RIA System in Georgia, possibilities of its institutionalization and its challenges.

Based on the three-hour discussion and sharing ideas between the experts and different stakeholders, policy recommendations were identified and agreed on; decisions on the main topics and the keynote speakers of the above-mentioned discussion were made; the agenda³¹ and press release of the public discussion were drawn up and published at the official website of the Parliament of Georgia.³² Information about planned public discussion was also announced by the following media outlets: “Netgazeti”,³³ information-analytical portal “Kvira” and “ExpressNews.”³⁴

²⁴<http://www.parliament.ge/ge/saparlamento-saqmianoba/komitetebi/djanmrelobis-dacvisa-da-socialur-sakitxta-komiteti-149/axali-ambebi-jandacva/saqartvelos-parlamentshi-sapensio-reformis-taobaze-sadjaro-diskusia-gaimarta.page>

²⁵<http://www.maestro.ge/shows/bizneskontakti-siakhleebi/article/36184-sapensio-reforma-parlamentshi-ganikhiles>
https://www.youtube.com/watch?v=TQ-Oask4_Y&feature=youtu.be

²⁶<http://www.2030.news/index.php?newsid=7615>

²⁷<http://fortuna.ge/rogor-davagrovebt-pensias/>

²⁸<http://jandacva.ge/parlamentshi-sapensio-reformas-ganikhilaven/>

²⁹http://pdf.usaid.gov/pdf_docs/PA00KVD5.pdf

³⁰<http://www.bec.ge/en/about-us/news/329-anonsi-sajaro-diskusia-parlamentshi-saqarthveloshi-regulaciebis-gavlenis-shefasebis-ria-sistemis-institucionalizaciis-taobaze.html>

³¹ Please find attached APPENDIX C

³²<http://www.parliament.ge/uploads/other/47/47524.pdf> ; <http://www.parliament.ge/uploads/other/47/47525.pdf>

³³<http://netgazeti.ge/news/123016/>

³⁴<http://epn.ge/?id=25610>

Based on workshop results the research paper - "RIA System Institutionalization in Georgia and the Stakeholders' Opinions"³⁵ - was drafted by BEC and sent to all MPs on June 12, who were invited to take part in the public discussion.

The public discussion on RIA Institutionalization in Georgia was organized by BEC together with and hosted by the Cabinet of the Chairman of the Parliament of Georgia in cooperation with the Administration of Government of Georgia and EU Delegation to Georgia.

The purpose of the meeting was to discuss and review the implementation and obstacles of RIA in Georgia; to establish a base of agreement on the main principals of the system and to provide more informative participation of legislators in the process of drafting legislative changes.

Opening remarks were delivered by the Chairman of the Parliament of Georgia - Mr. David Usupashvili. The *Recommendations on Regulatory Impact Assessment (RIA) National Framework in Georgia* was presented by Mr. Roman Ladus - RIA International Expert of G4G as well as by RIA expert Katerina Velichkova.

The public discussion was facilitated by the Executive Director of BEC and was attended by 63 participants (34 male; 29 female), among them six MPs and six members of the committees of the Parliament, including: Chairmen, Deputies and MPs of Legal Issues Committee, Foreign Relations Committee, Environmental Protection and Natural Resources Committee, Human Rights and Civil Integration Committee, Budget and Finance Committee, as well as the members of the factions: Georgian Dream, Free Democrats, Georgian Dream-Entrepreneurs and the Republicans.

The following participants made statements: Deputy Minister of Economy and Sustainable Development of Georgia; Deputy Minister of Finance of Georgia; Deputy Parliamentary Secretary of the Administration of the Government of Georgia; EU Delegation to Georgia's attaché; Head of the Parliamentary Budget Office; Executive Director of AmCham; representative of BAG; Vice-President of the GEA; Associate Professor at ISET; Director of the TSU Center for Analysis and Forecast; Academic of the Academy of Agricultural Sciences and Professor of Ilia State University.

The following parties also took part in the public discussion: Deputy Minister of Internal Affairs of Georgia; Deputy Business Ombudsman of Georgia; Head of the Legal Drafting Department of the Ministry of Justice and the representatives of different local and international organizations and private companies, including: Investors Council, USAID, G4G, GGI, GIZ, TIG, ADB, EBRD, IDFI, TBC Bank, DHL, TNT and PMCG.

The discussion lasted three hours. The main topics of the discussion were: The Georgian context; recent developments; importance of the RIA system in Georgia; possibilities of its institutionalization and its challenges; deficiencies in the process of RIA institutionalization; RIA framework: Institutional framework, RIA elements and quality control function, RIA methodology, process (steps), capacity building measures, allocation of responsibilities between the public bodies, and monitoring the RIA system.

David Usupashvili, the Chairman of the Parliament of Georgia, emphasized the importance of sharing responsibilities between the Parliament and the Government due to the nature of the reform itself and welcomed the fact that *"the discussion from informal talks is being slowly transformed into one of the directions of state policy development."*

The Speaker of the Parliament acknowledged the fact that the Government is making specific steps towards implementation of a RIA system in Georgia. He noted that the leadership role which the Government had assumed in RIA institutionalization is very welcomed and they can rely on the full support in this process from the Parliament of Georgia.

According to Mr. Usupashvili, every parliamentary assembly would desire that laws adopted would be of a high quality, effective and useful, although, *"often quality, effectiveness, validity and timelines are based on our personal beliefs about certain issues, our political attitudes, existing political affairs, intuition, rather than objective, measurable, and time-phased evaluation process;"* decisions often carry more political content *"rather than being congruent with the policy objectives in the field and achievement of specific objectives. This was on the agenda of every Parliament. Perhaps, we are moving forward, but with insufficient pace"*. So far, some tentative steps have been taken, but *"now it's time to move to a systematic approach. This methodology should become a part of our daily activities as soon as possible... I would like to assure you that the Government and the Parliament are very serious about this process. This is the case when the full political will is assured. I am sure this Parliament will be actively working on this process for the remainder of the term and will leave the following composition of the Parliament with well-advanced and substantial work in this direction."*

³⁵<http://www.bec.ge/images/doc/ria%20deputatis%20sainformacio%20barati.pdf>

The need for speedy implementation of RIA mechanisms was jointly agreed upon by the stakeholders, experts, MPs, representatives of executive government and the donors. In response, Natia Mikeladze, representative of GoG Administration, stated that *“the Government of Georgia, jointly with the interested parties, is actively working to implement RIA process and it is planned to make the process even more active. We hope and we can now speak out as well, that we will have this instrument implemented at a legislative level very soon and hope for close cooperation with public agencies and other stakeholders as well as for support and assistance from our partners – USAID and EU”*.

As the representative of the GoG Administration has noted at the end of the discussion, *“this is a challenge for the Government, although, it should not be too complicated to implement.”* According to her statement, the special working group will work in coordination and the process may be split into separate stages; the next Parliament will be presented with the legislative amendment package and the discussions can be started in the spring session. Furthermore, Mikeladze noted that the legislative package on RIA itself will not be drafted without the RIA process and therefore, all stakeholders will be involved and consulted.

The public discussion was summarized by the Executive Director of BEC, Mrs. Natia Katsiashvili. *“The role and the contribution of USAID and EU in the process of RIA system institutionalization and capacity strengthening of public institutions for this purpose calls for special acknowledgment and welcoming; readiness and willingness of legislative and executive branches of the government to implement RIA framework with existing resources and human capital as soon as possible also calls for the acknowledgment; this can be achieved with existing resources and the methodology can be improved in parallel of further capacity strengthening. Consultations with business sector are improved. This had been noted and RIA implementation will make this process more comprehensive. I am delighted to see active engagement of business sector in this process. The unification of all parties around this issue and the need of this system, as well as active support from the donors, gives us a hope that the system will be already implemented by the following spring and we will see some of the first RIA reports in the legislative body.”*

Information about the event was published on the official web site of the Parliament of Georgia³⁶ and sent electronically to all MPs.

TV-channel Iberia covered the event (talk show “Business Code” on June 14, at 19:00).³⁷

The primary lessons learned are:

- The fact that the public discussion was organized in coordination with the State Administration and hosted by the Chairman of the Parliament, resulted in full engagement of all decision makers from the key Ministries and ensured a constructive dialogue process; furthermore, key stakeholders, academics and the donor community declared their full support. These two factors ensured that the discussion resulted in a high-level political agreement to timely implement the reforms.

2.5 CONCLUSIONS

The project implementation process and results proved that BEC’s technical approach and methodology, core principals and risk management strategy are effective to have result-oriented, balanced and effective PPD to ensure a participative legislative process, generate mutual understanding and achieve sustainable outcomes.

MPs who already have information are more engaged, focused on specific topics and result-oriented; furthermore, preparatory workshops and engagement of a broad group of stakeholders in the PPDs ensures that MPs are proactive to participate in the dialogue.

Representatives of key interest groups and experts who are prepared during the workshops are more effective to position, clearly state important views, recommendations and arguments in the short time given during the discussions. Therefore, the little time allocated for PPD is used more effectively and the participants leave the meeting not only with a better understanding of the issue and with agreed positions, but also with specific decisions to improve a policy initiative/reform or which steps to take next.

As expected, key factors for successful PPD are:

³⁶<http://www.parliament.ge/en/parlamentarebi/tavmdjdomare-1125/tavmdjdomaris-axali-ambebi/saqartvelos-parlamentshi-sadiaro-diskusia-regulaciebis-gavlenis-shefasebis-ria-sistemis-institucionalizacia-saqartveloshi-gaimarta.page>

³⁷<https://www.youtube.com/watch?v=IRyEPwmcJ6Y&feature=youtu.be>

- The Parliament being the center of the activity, which is itself a gathering point for different political views and opinions and therefore, a place where a political consensus is achieved;
- The activity is financed by the donor organization and not by some particular stakeholders or political actors;
- The presence of a facilitation body which is a non-partisan/non-lobbying organization and is motivated to establish a transparent bridge of understanding between policy-makers and the stakeholders, to enable fact-based decision-making and to facilitate country-specific solutions without favor to special interests by establishing cross-factional policy platforms and working with a broad range of stakeholders.

As the result, it became possible to have a constructive, result-oriented and unbiased dialogue with the active participation of not only the stakeholders with opposing interests and independent experts, but also of MPs from different committees and factions and executive government representatives, which was a key to achieving inclusiveness and constructiveness of the process.

APPENDIX A:

Public Discussion On New Land Registration Rules: Systemic Registrations

April 11th, Monday, 17:00-19:00
Tbilisi, Parliament of Georgia, Legal Issues Committee Meeting Room

AGENDA

- 17:00-17:10 **Opening Remarks**
- Vakhtang Khmaladze, Chairman of the Legal Issues Committee of the Parliament of Georgia
 - Natia Katsiashvili, Executive Director of Business and Economic Centre
- 17:10-17:45 **Opinions of Stakeholders and Experts on the New Land Registration Rules and Proposed Legislative Solutions**
- Davit Jaiani, Business and Economic Centre, International Law Researcher
 - David Egiashvili, World Bank, Land Administration Consultant in Georgia
 - Tamar Buadze, G4G Policy Advisor
 - Ekaterine Meskhidze, EU/GIZ Project “Support to the Development of Private and Administrative Law System in Georgia”, Advisor
 - Teona Zakarashvili, Transparency International Georgia, Senior Lawyer
 - Nikoloz Shekiladze, Georgian Lawyers for Independent Profession, Deputy Chairman
- 17:45-18:15 **Discussion**
- 18:15-18:30 **Lunch Break**
- 18:30-18:50 **Opinions of MPs on the Proposed Legislative Solutions**
- 18:50-19:00 **Closing Remarks**

APPENDIX B:

Public Discussion on Pension Reform in Georgia

May 31th, Tuesday, 12:00-14:30
Tbilisi, Parliament of Georgia, Bagratovani Hall

AGENDA

- 12:00-12:10 **Opening Remarks**
- Dimitri Khundadze, Chairman of the Healthcare and Social Issues Committee of the Parliament of Georgia
 - Natia Katsiashvili, Executive Director of Business and Economic Centre
- 12:10-12:30 **Presentation of the Pension Reform Concept**
- Nikoloz Gagua, Deputy Minister of the Economy and Sustainable Development of Georgia
- 12:30-13:00 **Opinions of Stakeholders and Experts on the Reform Concept**
- Demna Devdariani, Independent Expert
 - Akaki Tsomaia, Economist
 - Devi Khechinashvili, President of the Georgian Insurance Association
 - Irakli Petriashvili, President of the Georgian Trade Union Confederation (GTUC)
 - Mikheil Kordzakhia, Vice-President of the Georgian Employers' Association (GEA)
 - Ketevan Buadze, Board Member of the Tax Payers Union
- 13:00-13:40 **Discussion**
- 13:40-14:00 **Lunch Break**
- 14:00-14:30 **Opinions of MPs on the Reform Concept**
- Closing Remarks**

APPENDIX C:

Public Discussion on Regulatory Impact Assessment (RIA) System Institutionalization in Georgia

June 14th, Tuesday, 12:00-14:30
Tbilisi, Parliament of Georgia, Iliia Chavchavadze Hall

AGENDA

- 12:00 **Opening Remarks**
- Mr. Davit Usupashvili, Chairman of the Parliament of Georgia
 - Ms. Natia Katsiashvili, Executive Director of Business and Economic Centre
- 12:10 **Recommendations on RIA National Framework of Georgia**
- Mr. Roman Ladus, RIA International Expert, G4G, USAID
 - Ms. Katerina Velichkova, Key Expert on RIA, EU Project
- 12:40 **Context in Georgia: Importance of the RIA System in Georgia, Possibilities of its Institutionalization and its Challenges**
- Ms. Natia Mikeladze, Deputy Parliamentary Secretary of the Government of Georgia
 - Ms. Francesca Mazzucco, Attaché at the European Union Delegation to Georgia
 - Ms. Tatia Khetaguri, Head of the Parliamentary Budget Office
 - Mr. George Welton, Executive Director of the American Chamber of Commerce in Georgia (AmCham)
 - Mr. Nika Nanuashvili, Representative of the Business Association of Georgia (BAG)
 - Mr. Mikheil Kordzakhia, Vice President of the Georgian Employers' Association (GEA)
 - Mr. Norberto Pignatti, Assistant Professor at the International School of Economics at Tbilisi State University (ISET)
 - Mr. Zurab Tskitishvili, Academician at the Georgian Academy of Agricultural Sciences
 - Mr. Vakhtang Charaia, Director at TSU Center for Analysis and Forecast
- 13:20 **Opinions of MPs on RIA System Institutionalization in Georgia**
- 13:45 **Discussion**
- 14:15 **Closing Remarks**
- 14:30 **Lunch Break**

USAID Governing for Growth (G4G) in Georgia

Deloitte Consulting Overseas Projects LLP

Address: 85Z.Paliashvili Street, Tbilisi

Phone: +995 322 240115 / 16

E-mail: info@g4g.ge