



ESTABLISHING A REGIONAL SUPPLY CHAIN COUNCIL CHAPTER

FINAL

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ABSTRACT

As a means to support the broad and deep development of the transport and logistics sector in Georgia and to introduce state-of-the-art training, knowledge, technology and best practices from around the world, the USAID Economic Prosperity Initiative is supporting the establishment of the very first Supply Chain Council (SCC) regional chapter in Georgia for the Caucasus and Central Asia. Chapter establishment will be transformational in the development of the transport and logistics sector in Georgia, while embracing the goals of the Government of Georgia to turn Georgia into a regional logistics hub. As a result Georgia will become more connected into regional supply chains that span from Central Asia to the Middle East and Europe.

ABBREVIATIONS

ACT	Azerbaijan Competitiveness and Trade project
CIS	Commonwealth of Independent States
CLMI	Caucasus Logistics Management Institute
CTC	Caucasus Trade Corridor
EPI	Economic Prosperity Initiative
ERP	Enterprise Resource Planning
EU	European Union
FDI	Foreign Direct Investment
GLA	Georgian Logistics Association
GoG	Government of Georgia
GTU	Georgian Technical University
IT	Information Technology
SCC	Supply Chain Council
SCOR	Supply Chain Operations Reference
T&L	Transport and Logistics
TLC	Tbilisi Logistics Center
TRACECA	Transport Corridor Europe Caucasus Asia
USAID	United States Agency for International Development
UTIKAD	International Freight Forwarders Association of Turkey

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I. EXECUTIVE SUMMARY

BACKGROUND

The Economic Prosperity Initiative is supporting the competitiveness of agricultural, manufacturing and service value chains in part by supporting cross-cutting areas that can have a real and immediate impact on the competitiveness of Georgia's private sector. One such area is the Georgian transportation and logistics sector. The objective of this consultancy was to initiate the establishment of a Supply Chain Council (SCC) Chapter in Georgia for the Caucasus and Central Asia¹ which will deliver access to the SCC's global network of members² in addition to state-of-the-art training and transfer of knowledge, technology and best practices from around the world. The result can be near immediate improvements in efficiencies that will enable those Georgian companies that adopt these practices and techniques to demonstrate more competence and reliability to potential international buyers, investors, and partners.

This report is presented in six main sections below. The first section provides a background on the current transportation and logistics situation in Georgia laying the basis for the need to establish a Chapter of the SCC. This is followed by the methodology used to prepare this report. The next sections present the findings including the transportation and logistics support structure in Georgia and detailed discussion on establishing the Caucasus Chapter of the SCC. A report on the Istanbul Logitrans Exhibition is included, which the EPI team visited, and finally the recommended next steps in establishing the Chapter and further strengthening the transport and logistics sector in Georgia, making the country a key link in the development of the Caucasus Trade Corridor.

Georgia's growing transportation and logistics sector has been developing despite the challenging economic conditions in the region and across the globe. Continued growth for Georgian companies will require interaction with global players along with further development and strengthening of the foundations within the logistics structures in Georgia. Policies and approaches that directly target improved international transit and logistic connections and the international flow of goods into and out of Georgia can contribute significantly to enhancing the international 'connectedness' of Georgian supply chains leading to hastened economic growth.

Establishing the Supply Chain Council (SCC) presence in Georgia, closely followed by the introduction of the Supply Chain Operations Reference (SCOR) will be transformational in the development of supply chains through Georgia, while providing a platform from which to connect to international supply chains and markets for Georgian producers, transporters and logistics service providers. The SCC is the world's leading trade group focusing on transforming and advancing state-of-the-art supply chain management systems and practices. The global reach of its membership, many of them major corporations, institutes and key government agencies makes the SCC an ideal partner in supporting Georgia's aspirations of becoming a vital regional logistics hub and corridor. The SCC is recognized by the US Government as a leader in advancing best practices in supply chain and logistics

¹ The Chapter will initially focus on the Caucasus, but could also be open to companies from Central Asia and Turkey. The primary reason for this is that the Chapter will become a forum for companies from these countries and Georgia to meet regularly, thereby supporting and facilitating the development of cross-border relationships between companies from the member countries.

² See an indicative list of SCC global members in the "Additional Information" section of this report.

management around the world and the U.S. Department of Defense claims tens of billions in savings³ from partnering with the SCC in introducing the concepts of the SCOR approach.

TRANSPORTATION AND LOGISTICS SUPPORT STRUCTURE IN GEORGIA

The Georgian transportation and logistics support infrastructure within Georgia has not been very robust since independence; however, within the last year it has begun to develop. The Georgian Logistics Association (GLA) has been recently formed by five leading Georgian logistics professionals with the understanding that Georgia was in need of an association that worked specifically on issues related to transportation and logistics in Georgia. The founders of the GLA are also engaged in establishing the Caucasus Logistics Management Institute (CLMI) within the Georgian Technical University (GTU) in cooperation with European partner universities. The CLMI will be a leading academic center that will act as a bridge between the regional academic world and the business community, educating the logistics and supply chain communities on the latest in approaches to supply chain management. The GTU will also establish a Master's Program in Transportation and Logistics management in September 2012.

The GLA will also be the key entry point for the SCC Chapter into Georgia and the primary local partner organization that will coordinate and actively work with the Supply Chain Council's Chapter for the Caucasus and Central Asia. The precise form this will take is currently under consideration, but it is fully expected that GLA and SCC will work closely together to push forward their mutual and complementary agendas.

Another key transportation and logistics support program is the EU's TRACECA program which is aimed at strengthening economic relations, trade and transport communication in the regions of the Black Sea basin, South Caucasus and Central Asia. Begun in 1998 the TRACECA route currently encompasses the transport systems of Azerbaijan, Armenia, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan. The EPI T&L team met with the leadership of TRACECA in December 2011 to discuss areas of collaboration and further discussions will take place in early 2012 to develop concrete ways of joining forces to enhance Georgia's transport and logistics role in the region.

ESTABLISHING A CAUCASUS/CENTRAL ASIAN REGIONAL SCC CHAPTER AND INTRODUCING SUPPLY CHAIN OPERATIONS REFERENCE (SCOR) INTO GEORGIA

Transportation and logistics can be pivotal and catalytic to a broad segment of Georgia's economy. Georgia's favorable geographic position and pursuit of becoming a logistics hub or corridor offers it a significant opportunity to attract investment and develop complementary business along the corridor. It is therefore important for transportation and logistics industry players to accurately manage their operations and supply chains. The EPI transport and logistics project team generated significant interest with the Government of Georgia and the private sector in how the principles of the SCC can support the development of the transportation and logistics industries in Georgia.

Soon after the regional SCC Chapter is established in Tbilisi, the SCOR model will be introduced to support Georgian companies to enhance their supply chain efficiencies and

³ www.Supply-chain.org

develop strategies for meeting customer demands, while responding to and growing market opportunities in the region and beyond. Establishing the SCC Chapter and introducing SCOR will not only boost the global competitiveness of Georgian businesses, but also make the Caucasus Transit Corridor a more competitive route for companies transiting their goods to and from Central Asia.

Introducing the regional SCC Chapter in Georgia has the full support of the Supply Chain Council and its executive team in Washington. In order to facilitate rapid and deep development of the regional Chapter, the SCC has offered to send their Executive Director to present regional workshops in Tbilisi and Baku⁴ in the first part of 2012 in order to expedite formation of the Chapter while offering his expertise in supply chain management and to share best-practices and solutions that attendees can take back to their operations and implement for immediate results.

The SCC will work closely with the GLA to introduce the Chapter, which will allow for quicker institutionalization of the Chapter while supporting the development of the nascent GLA.

⁴ The reason to include Baku in these workshops is that the SCC Chapter will be regional, for the reasons discussed in this report; Baku is the natural point for immediately expanding the regional concept of the Chapter. EPI should work with the USAID ACT project to organize the workshop and invite the attendees. Bringing Armenia into this effort should be considered, in which case, there would be three workshops held, one in each city.

II. APPENDICES

- A. BACKGROUND**
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A. BACKGROUND

Georgia is strategically situated at the nexus between Europe and Central Asia, connecting several economic zones totaling more than 850 million people, including the European Union (EU), Commonwealth of Independent States (CIS), Turkey and the Caucasus Region. Georgia is an important link in the transit route between Europe and the land-locked countries of Central Asia for transportation of dry cargo as well as petroleum products. The country's oil and gas pipelines, its Black Sea ports, and railway system that link up with the countries that made up the former Soviet Union provides the foundations for Georgia being an integral player in the supply chains that make up the global trade transiting in and out of its seaports, across its soil and through its airspace.

The Government of Georgia has long desired to develop this 'trade corridor' and take advantage of its geographic fate of being a land bridge that makes it an integral part of the shortest route between Europe and Asia. The significant growth of Georgia's transportation and logistics industry has been aided by the fact that over 20% of all FDI into Georgia in 2009 was directed into transportation-related industries, thereby demonstrating the sector's potential for expansion and its key links throughout the economy. Georgia's liberalized economy, efficient and modern customs and corruption-free administration offers a smooth state-of-the-art transportation and logistics corridor to and from the Black Sea. This corridor will also be an alternative to other, often more difficult transit routes, mainly those through Russia, China and Iran.

Georgia's transportation and logistics sector is poised for growth in the coming years and with the right strategy and resources, this growth can be expeditious and significant. Improvements in the competitiveness of some of the agricultural, manufacturing and service value chains will require a robust transportation and logistics sector in order to improve access to critical supply chains, raw materials and improved access to regional and global markets. The logistics industry also has the potential to create significant employment as Georgia develops competitive regional transportation niches and takes advantage of the complementary and ancillary business that this will generate.

Georgia's nascent but growing transportation and logistics sector has been developing despite the economic downturn as demonstrated by the sector's six-fold growth since the beginning of the century. Improvements in the competitiveness of various agricultural, manufacturing and service sectors initially targeted by EPI (e.g. tourism, agricultural products for export, etc.) will require further growth and sophistication in transportation and logistics, which are catalytic enablers to the EPI-supported value chains.

Toward this end, establishing a Supply Chain Council (SCC) presence in Georgia closely followed by the introduction of the Supply Chain Operations Reference (SCOR) will be crucial to the long-term development of the supply chain industry in Georgia, the Caucasus and throughout Central Asia, while expanding the importance and reach of the SCC into a growing and important region of the world.

The SCC is an independent, not-for-profit, trade association focusing on research, and advancing state-of-the-art supply chain management systems and practices. With over 1000 members worldwide, many of them major corporations, institutes and government agencies (e.g. U.S. Department of Defense) the SCC will be an important piece of the foundation for building a stronger, more competitive private sector in Georgia. By delivering access to the SCC's global network, and giving Georgian companies access to SCOR

training, these companies will see immediate improvements in efficiencies and will be able to demonstrate more competence and reliability to potential international buyers, suppliers and partners. The SCC is further recognized by the U.S. Government as a leader in advancing best practices in supply chain and logistics management around the world.

B. METHODOLOGY

The project team met with a number of Georgian companies and organizations interested in either establishing and/or founding the SCC Chapter in Georgia. We also met with a number of international companies at the Istanbul Logitrans Exhibition⁵ and discussed the SCC and the GLA in the context of a developing and modernizing transport and logistics regime in Georgia.

We have also been in close contact throughout this assignment with the leadership and two key members of the board of directors of the SCC in order to obtain the proper documents, rules and regulations for guiding the development of the SCC Chapter. Also, as discussed in more detail below, we have elicited significant organizational and administrative support, including financial support, in developing the Chapter in the region.

The initial draft of the SCC Chapter by-laws is attached in the “Additional Information” section of this report. In the execution of this project, it was discussed and agreed with the SCC that final bylaws will not be developed until after the regional workshops (discussed below) are held and the outcomes of those activities are known. At that time, minor changes to the bylaws can be made depending on the conditions of the Chapter’s establishment. At the same time, the Mission Statement, Vision, and Goals for the Caucasus Regional SCC Chapter will be formed.

⁵ The trip report for the Istanbul Logitrans Exhibition is provided in the “Additional Information” section of this report.

C. TRANSPORTATION AND LOGISTICS SUPPORT STRUCTURE

The institutional and support infrastructure for transportation and logistics within Georgia has been developing in recent years, albeit slowly. However, just in the last year, there has been appreciable movement in improving the institutional capacity of the sector. The Georgian Logistics Association was recently created by five leading Georgian logistics professionals who believed that Georgia was in need of an association that focused specifically on issues related to transport and logistics in Georgia and would become the leading professional logistics association in the Caucasus region. Members of the association will include Georgian and foreign companies, organizations and individuals who are actively engaged across the business of logistics, transportation and supply chain management. The Association is designed to be a neutral platform to promote the members' common interests in regional logistics, support the exchange of knowledge and ideas among members, develop partnership links between service providers and buyers, and ultimately contribute to the development of Georgia's logistics sector and the Caucasus Trade Corridor.

Additionally, some of the founders of the GLA are also engaged in designing and starting the Caucasus Logistics Management Institute (CLMI) under the Georgian Technical University (GTU) in cooperation with European partner universities. The main objective is to develop CLMI as a leading academic center that will act as a bridge between the regional academic world and the world of business; educating the logistics and supply chain community on the latest in academic thinking.

In parallel they are developing a Master's Program in Transportation and Logistics Management at GTU, which is scheduled to begin in September 2012. They are also devising and will soon offer at least four short certification courses at GLA, focusing on: Logistics and Supply Chain Management, Warehouse and Distribution Management, Port Logistics and Operations, ERP Systems and Logistics IT. The SCC has expressed an interest in partnering with CLMI in order to make the Institute the point from which SCOR and other SCC training and certification programs will be delivered.

The GLA is also being considered as the key local organization that will coordinate and actively work with the Supply Chain Council's Chapter for the Caucasus and Central Asia. The precise form this will take is currently under discussion but it is fully expected that GLA and SCC will work closely together to push forward their mutual and complementary agendas. Being in its infancy and having been created organically by leaders of the Georgian logistics industry, the GLA is now poised to begin operating as a full-fledged business association.

However, founders of GLA have recognized that they are logistics professionals and not association professionals and that they will need some guidance and assistance in turning the GLA into a fully functioning association that will be able to focus on its core mission. For instance, the GLA does not have by-laws and the founders had not seen any purpose in creating by-laws; however, the creation of by-laws specific to the GLA are crucial for the organization to function effectively and within international legal norms. The GLA has yet to

define a mission, and has not crafted a strategy for long-term development. They have, however, drafted a preliminary program for 2012 which is attached to this document.

The founders of the GLA have requested support for the association's organizational planning (development of the by-laws and mission) as well as support for their planned events such as GLA Presentation, Georgian Logistics Dialogue, and South Caucasus Logistics Congress. This support will help the GLA to develop the foundations for becoming a strong and relevant association in Georgia and throughout the Caucasus while being a credible partner with the SCC Chapter.

TRACECA

The TRACECA program is a project of the European Union (EU) aimed at strengthening economic relations, trade and transport communication in the regions of the Black Sea basin, South Caucasus and Central Asia. TRACECA was initiated in September 1998 at a summit meeting in Baku, Azerbaijan. Today the TRACECA route encompasses the transport systems of the 13 member-states of the program: Azerbaijan, Armenia, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan.

Although the original plan and mandate for TRACECA was very ambitious with the aim of being the catalyst to develop trade corridors along the various routes connecting these countries, the current aims of TRACECA are more modest. The primary objectives today are to look for new project opportunities, follow-up on the 16 projects that are currently in process, develop a master plan for the corridor and manage the website. The EPI team met with the team leader of the TRACECA project in Tbilisi to discuss collaboration. Nothing definitive came from the meeting and it was agreed that as both projects move forward in 2012, opportunities to collaborate would be considered.

D. ESTABLISHING A CAUCASUS REGIONAL SCC CHAPTER

EPI has generated significant interest within the Government of Georgia and the private sector in how the principles of the SCC can support the development of the transportation and logistics industries in Georgia, and there is similar interest within the SCC global headquarters in Washington, DC to establish a Caucasus/Central Asian regional Chapter of the SCC in Georgia

Establishing the SCC Chapter will be an important part of the support infrastructure in the development of the logistics industry in Georgia around a standard framework for defining and linking 'performance metrics, processes, best practices and people'. It will also play an important role in attracting investment within Georgia along the Caucasus Transit Corridor and play a mediating role with other countries in the Caucasus and Central Asia in developing and building business ties for Georgian businesses. The SCC's network, benchmarking, research, and training can help Georgian companies analyze their supply chains faster, quickly recognize new business opportunities, implement changes rapidly, improve operational processes, track results, and sustain gains in supply chain performance. This will not only enhance the global competitiveness of Georgian businesses, but also make the CTC a more competitive route for companies transiting their goods to and from Central Asia.

Soon after the SCC Chapter is established, the SCOR model will be introduced to support Georgian companies to identify and compare their supply chains and related operations within their companies against industry standards and best practices. SCOR is a powerful business tool that helps managers address common supply chain problems. For instance, SCOR helps evaluate cost/performance tradeoffs and develop strategies for meeting customer demands, while responding to opportunities for growing the market. Also, and very important for Georgian business, SCOR makes it possible to compare different supply chains, industries, and strategies using online benchmarking tools. Implementing SCOR will help companies realize projects faster, identify potential risks quickly, and improve coordination with customers, suppliers, and stakeholders.

To further demonstrate the performance enhancing characteristics of introducing SCOR into the Georgian business community, the chart below tracks and compares the value of the stock price from 2003 to the present of an aggregate 70 companies who are SCC members (the snapshot chart below was taken at close of business on 16 December 2011), compared with the overall Dow Jones and Standard and Poor's stock indices. The 70 members have all introduced and integrated the concepts, practices and approaches of SCOR into their operations, demonstrating the direct and irrefutable value that employing SCOR brings to a business. Not only do companies improve efficiencies and reduce costs, they generate year-on-year improvements to the bottom line of 3% or more compared to those companies that have not implemented SCOR. Furthermore, SCOR-related improvement projects attained ROIs of six times compared to non-SCOR projects and there are measurable and documented improvements in customer service and customer satisfaction.



INITIAL STEPS IN CREATING THE SCC CHAPTER

The Supply Chain Council has expressed their full support in developing and introducing a SCC Chapter in Georgia and the Caucasus. EPI will work closely with the SCC to coordinate and prepare for the creation of the regional SCC Chapter located in Georgia as well as the introduction of SCOR. To support the widespread introduction of the SCC Chapter throughout Georgia and the Caucasus, the SCC has offered to send out their Executive Director to hold regional workshops in Tbilisi and Baku⁶ to offer supply chain expertise and share best-practices and solutions that attendees can take back to their operations and implement for immediate improvement. He will also work with the GLA and other leading businesses and organizations to plan for the implementation of the SCC Chapter, while also discussing the benefits of actively participating in a regional SCC Chapter. The SCC has agreed in principle to fund the entire cost of the trip to the region for their Executive Director as a means to support the development of the Chapter and engage the business community.

The SCC's experience in holding these regional workshops will generate interest, across a broad section of the business community, in joining SCC and creating the regional Chapter. The timing of the regional meeting is being discussed with the SCC and it is expected that the earliest the workshops could conceivably be held would be in March 2012.

Even considering the planned workshops with the SCC Executive Director in March of 2012, the development of an SCC Chapter can take several months to bring to fruition. However,

⁶ The reason to include Baku is that the SCC Chapter should be regional for the reasons discussed in this report; Baku is the natural point for expanding the concept of the Chapter. EPI could work with the ACT project to organize the meeting and invite attendees. We could also consider bringing Armenia into this effort and hold three workshops, one in each city.

as a way to bring the value of being part of the SCC to Georgian companies quicker while at the same time commencing the institutionalization of the SCC Chapter within the Georgian context it is envisioned that this would be accomplished by leveraging the already established Georgian Logistics Association as the local partner for the SCC.

The first step would be to have the GLA join the Middle East Chapter of the SCC. The reason for joining the Middle East Chapter instead of the European Chapter revolves around the fact that the costs for joining the SCC and for the SCOR training and other value-added programs and services to Georgian companies would be significantly less than if they were to join the European Chapter. For instance, when joining the Middle East Chapter all costs for membership-related services are denominated in dollars whereas the European Chapter denominates fees in euros and the fees are priced at higher rates than those of the Middle East Chapter. Also, the Caucasus Trade Corridor will be as important to companies in the Middle East as it will be for European companies, particularly given the current challenges in using Iran as a transit location into and out of Central Asia.

The GLA can join the SCC as a 'non-profit entity', paying first year dues of only \$300. The Chairman of the GLA has already confirmed the Association's willingness to join the Middle East Chapter of the SCC. By special arrangement with the SCC, once GLA becomes a member of the Middle East Chapter, the GLA's members would be able to join the SCC as 'adjunct members' of the SCC. This would allow them to take advantage of the SCC's benefits for one full year during which time the Caucasus/Central Asia Regional Chapter is being established. As soon as the regional Chapter is established, these adjunct members would be able to join the Caucasus/Central Asian regional Chapter as full members.

Furthermore, as a means to financially support the GLA in this early period of development, it is recommended that all GLA members who do want to become 'adjunct members' would pay an additional fee of \$300 to the GLA for this privilege. In this way, these members would receive special access to SCOR training for a reduced fee of 50% off the normal cost, as well as gain access to the SCC website and its vast library of tools and training. Such an approach will bring immediate access to the SCC's array of tools and resources to the Georgian transport and logistics sector while giving the GLA needed revenue to support its first year growth

E. ISTANBUL LOGITRANS CONFERENCE

As a way to further support development of the sector and generate interest in the regional SCC Chapter, the EPI T&L team attended the Logitrans Transport Logistics Exhibition in Istanbul, accompanied by Giorgi Doborjginidze, the co-founder and Chairman of the Georgian Logistics Association. Giorgi is also the key person behind the planned Tbilisi Logistics Center, which is being developed as a multimodal container terminal with warehouses, industrial production and a trade center with offices. The site is being developed by TransCare AG of Wiesbaden, Germany.

The EPI team discussed several opportunities with those they met in Istanbul. Foremost was the discussion and recognition that Georgian Logistics is on the move and making serious and significant steps to develop into a key regional logistics partner. EPI and Mr. Doborjginidze spoke with several leading Turkish logistics companies about the Tbilisi Logistics Center (TLC), planned for development on a site 12 km from the center of Tbilisi, and the need to find a logistics management company. As many as six companies at the exhibition expressed an interest in learning more about participating in the development and management of the TLC and EPI is following up with these companies, some of whom may travel to Tbilisi for further discussions.

The EPI team also spoke about the Georgian Logistics Association, the development of the SCC Chapter and the Caucasus Trade Corridor. A major Turkish association, the International Freight Forwarders Association of Turkey (UTIKAD), expressed a strong interest in cooperating with GLA, including joining the Georgian association. UTIKAD would be an important partner in the region for GLA and the Georgian Logistics industry, but it would also help GLA and the industry reach out to leading Turkish transportation and logistics companies. There was also interest expressed in the SCC Chapter by several attendees. Based on discussions with the SCC headquarters in Washington, Turkish companies would be able to join the Georgian/Caucasus Chapter once it is established. Furthermore, several Turkish companies and logistics leaders in Turkey were interested in the CTC and are keen to stay abreast of the progress stating that development and evolution of such a concept would be very important for the region, including Turkey.

Details and outcomes of this initiative are attached to this report in the “Additional Information” section.

F. RECOMMENDED NEXT STEPS

To bring the SCC Chapter to realization with the support of EPI and the GLA, the following next steps are recommended:

January/February 2012:

- As noted previously, the official establishment of an SCC Chapter can take several months to bring to realization due to the requisite legalities within Georgia and approvals by the SCC Board. Because the founders of the GLA have taken the initiative to establish their Association as a means to develop the sector, will support the introduction of the SCC Chapter and are in need of developmental and organizational assistance, it is suggested that on his next trip to Georgia, the EPI Logistics/Association consultant 1) meet with the GLA Board of Directors to help guide them in developing by-laws for the Association, 2) deliver initial training and consultation services to GLA's board of directors and Executive Director on general concepts for running a business association, and 3) prepare a short-term action plan and begin developing a two-year Strategic Development Program. A more detailed SOW for this is included in this report in the "Additional Information" section.
- This period would also see initial and on-going planning for the regional workshops to be held by the SCC Executive Director in or around March 2012.
- The GLA would join the Middle East Chapter of the SCC for one year and begin using this as an additional marketing tool for attracting new members to the Association. GLA members, who chose to, could join the SCC as 'adjunct members' as soon as the GLA becomes a full member in good standing of the SCC.

March/April 2012:

- In parallel with this approach, and as noted above, the SCC will send out their Executive Director to hold regional workshops in Tbilisi and Baku to begin planning for the creation of the SCC Regional Chapter while offering supply chain expertise and share the best-practices and solutions that attendees can take back to their operations and implement for immediate improvement. The SCC has agreed in principle to fund the entire cost of the trip to the region for their Executive Director. It is recommended that EPI provide space for the meeting in Georgia.
- Given that EPI has held discussions with the ACT project in Azerbaijan about working together on cross-border issues, it is recommended that EPI work with ACT to support holding a workshop in Baku in order to expand the notion of the Regional Chapter, while making critical connections with transport and logistics players in Azerbaijan, which will be crucial as the CTC evolves and the Chapter develops. This regional approach to rolling out the SCC Chapter will improve the chances of the Chapter becoming viable and sustainable while creating a foundation for a stronger transit corridor through Azerbaijan and Georgia.
- The SCC workshops will be held in conjunction with the Georgian Logistics Association, which is planning its official launch during this time period.

Summer 2012:

- The Caucasus Chapter of the Supply Chain Council will come closer to fruition during the summer, during which the planning for the first SCOR trainings could take place. Along

with planning the training for SCOR, which will initially require an internationally certified trainer, it is recommended that EPI's transit and logistics consultant and at least one other local Georgian logistics professional, be trained to become certified trainers of SCOR. The SCC Washington office has offered to work with EPI to support the certification of Georgian professionals to deliver this unique training program, which would allow these certified professionals to deliver the training to companies inside as well as out of Georgia.

Fall 2012:

- The SCC Chapter should be formed by now and, working closely with the GLA, fast becoming an integral player in the rapidly developing Georgian transport and logistics sector and the Caucasus Trade Corridor.

G. ADDITIONAL INFORMATION

SAMPLE LIST OF SCC GLOBAL MEMBERS

Alfa Laval	NEC Corporation
AMD	New Zealand Defence Force
American University in Cairo	Oracle Corporation
Arizona State University	Procter & Gamble
AT&T	Red Bull
BASF AG	Renault do Brasil S/A
Bayer Group	Renault Sas
Cielo S.A	Roche Diagnostics GmbH
Coca-Cola FEMSA	Royal Dutch Shell
Cologne University of Applied Science	Royal Philips
CTBTO (Comprehensive Nuclear Test Ban Treaty Organization)	Saab AB
Darden Business School, University of Virginia	SABMiller (South African Breweries)
Deloitte Consulting LLP	SAP Global
DHL Worldwide Express Logistics	Shizuoka University
Dow Chemical Company	Siemens AG
DuPont Company	Singapore Management University
Ecole des Mines d'Albi Carmaux	Swiss Federal Inst. of Technology (ETH)
Ericsson AB	Swisscom (Switzerland) Ltd
Fujitsu Limited	Symantec Corporation
Heineken	TATA Consultancy Services Ltd.
Hewlett Packard Company	The Boeing Company
IBM Corporation	The Coca-Cola Company
Indian Institute of Management Bangalore	The Walt Disney Company
Indiana University - Kelley School of Business	ThyssenKrupp AG
Infosys Technologies Ltd.	Tokyo Electric Power Company
Institut de l'entreprise, University of Neuchatel	Tokyo Institute of Technology
Intel Corporation	United Nations World Food Programme
International Institut for the Management of Logistics	United States Department of Defense
International Trade Centre UN/WTO	United States Federal Aviation Administration
Israel Electric Corp.	Universidad de los Andes
Jet Propulsion Laboratory	Universidad del Norte
Levi Strauss & Co	Universidade de Aveiro
Mars Chocolates, USA	University Antwerp - Management School
Merck & Co., Inc.	University of Auckland Business School
Michigan State University	University of Colorado - Boulder
Microsoft Corporation	University of Denver
MingChi University of Technology	University of Johannesburg
Mitsubishi Chemical Corporation	University of Michigan
Mitsui & Co. Ltd.	University of Stellenbosch
Motorola Solutions	University of Sydney
NCR Corporation	Volvo AB
	Wipro Consulting Services

GLA 2012 PROGRAM



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 Email: contact@glg.ge
www.glg.ge

GLA-Georgian Logistics Association

2012 GLA Program

March, 2012	Official Presentation of Georgian Logistics Association and GLA 2012 Program
April, 2012	GLA General Assembly Meeting - Presentation of the GLA members - Approval of the GLA 2012 Program - Appointment of the chairman and members of the GLA Advisory Board - Appointment of the GLA Committees - Approval of quarterly action plan
May, 2012	GLA Regular Training Program: Logistics and Supply Chain Management Workshop- 1: Georgian Logistics Dialogue - Status quo and potential of the Georgian transportation and logistics market - Challenges for logistics and supply chain management in Georgian industries and trade - Legal and regulatory framework for trade & logistics in Georgia - Company presentations - Podium discussion
June, 2012	1st Edition of GLA E-Newsletter
July, 2012	GLA Regular Training Program: Warehouse and Distribution Management
September, 2012	GLA Regular Training Program: Port Logistics and Container Terminal Operations
October, 2012	2nd Edition of GLA E-Newsletter
November, 2012	1st South Caucasus Logistics Congress Organized by GLA, EPI Georgia and Ministry of Economic and Sustainable Development of Georgia - Participation of the senior transportation and logistics policymakers and industry leaders from South Caucasus, Central Asia and the World countries - The Georgian Logistics Award 2012 Selection of Companies and Organizations for the Participation in the World's

SCOPE OF WORK TO SUPPORT THE GEORGIAN LOGISTICS ASSOCIATION

The newly-formed Georgian Logistics Association was created by five leading Georgian logistics professionals who believe that Georgia was in need of an association that focused specifically on issues related to transport and logistics in Georgia and would become the leading professional logistics association in the Caucasus region. Members will include Georgian and foreign companies, organizations and individuals who are actively engaged across the business of logistics, transportation and supply chain management. The Association is designed to be a neutral platform to promote the members' common interests in regional logistics, support the exchange of knowledge and ideas among members, develop partnership links between service providers and buyers and ultimately contribute to the development of Georgia's logistics sector and the Caucasus Trade Corridor.

The GLA is also being considered as the key local organization that will coordinate and actively work with the Supply Chain Council's Chapter for the Caucasus and Central Asia. The precise form this will take is currently under discussion but it is fully expected that GLA and SCC will work closely together to push forward their mutual and complementary agendas. Being in its infancy and having been created organically by leaders of the Georgian logistics industry, the GLA is now poised to begin operating as a full-fledged business association.

However, the founders of the GLA have recognized that they are logistics professionals and not association professionals and that they will need some guidance and assistance in turning the GLA into a fully functioning association that will be able to focus on its core mission and not be burdened with administration issues and tasks. For instance, the GLA does not have by-laws and the founders had not seen any purpose in creating by-laws; however, the creation of by-laws specific to the GLA are crucial for the organization to function effectively and within international legal norms. The GLA has yet to define a mission, develop a work plan or truly consider a strategy beyond wanting "to become the leading professional logistics association in the Caucasus region."

Tasks include:

- Working with the GLA Board of Directors' to develop by-laws for the Association that are legal and will guide the development of the GLA.
- Deliver training and consultation services to GLA's Board of Directors and Executive Director on general management issues and concepts for running a business association. (Participants from other EPI support associations would be invited to participate.)
- In consultation with GLA's Board of Directors, prepare a short-term action plan and a two-year Strategic Development Program designed to rationalize and define GLA's services and the structure of the organization to reflect core service areas.
- Assist GLA to identify, develop and implement revenue-generating programs, such as publications and business support services, among others, that can be developed within the first year and can ensure its sustainability and deliver the results necessary to have the desired impact.

LOGITRANS TRANSPORT LOGISTICS EXHIBITION TRIP REPORT

21 December 2011

BACKGROUND

Purpose of Trip

The aim of attending the Logitrans Transport Logistics Exhibition in Istanbul, the most important transportation and logistics event in Europe for 2011, was to provide a cost effective opportunity for EPI's transportation and logistics team (Vakhtang Marsagishvili and Kent Ford) to increase their understanding of the regional and global trends in the transportation and logistics sector, while allowing them to establish direct contacts and share information with leading international transport and logistics companies about transportation and logistics trends in Georgia. Also accompanying the EPI team was Giorgi Doborjginidze, the co-founder and Chairman of the Georgian Logistics Association and the co-developer of the Master's Program in Transportation and Logistics Management at the Georgian Technical University (GTU). Mr. Doborjginidze had also planned to meet with major transportation and logistics companies from the region (including Europe), present information on Georgia's transport and logistics business environment, including its potential for growth, and discuss possible areas of cooperation and partnership.

Goals of Trip

The overall goal of participating in the Logitrans Transport and Logistics Exhibition in Istanbul was to increase the knowledge and experience from, and establish relevant contacts with, leading Turkish and European transportation and logistics companies.

Activities to be undertaken (according to Scope of Work)

- Analyze participant lists and identify relevant companies and individuals to meet and schedule appointments with.
- Fund the costs and organize participation of representatives from the Georgian Freight Forwarders Association and Georgian Logistics Association (The Georgian Freight Forwarders Association did not accept EPI's invitation to join the team in Istanbul).
- Participate fully in Exhibition workshops
- Collect exhibition materials
- Upon return to Tbilisi, organize a series of meetings among EPI stakeholders to share knowledge, materials and experience.

Details of Trip

The Event: Logitrans Transport and Logistics Exhibition

Location: The Istanbul Expo Center, near Ataturk Airport.

Participants: Attending from EPI were Vakhtang Marsagishvili and Kent Ford, who were accompanied by Giorgi Doborjginidze, co-founder and Chairman of the Georgian Logistics Association. According to the Exhibition's official statistics, almost 12,000 participants

visited the exhibition, which featured 207 exhibitors from 24 countries, including Georgia (Batumi Sea Port was the only Georgian exhibitor).

Date: 8-10 December 2011

Organizer: A joint production by Turkish Fair Limited Co. and German Messe Munchen International.

ACTIVITIES UNDERTAKEN

Contacts made (individuals/organizations)

Name	Company/Organization	Location
Jan B. Devrim, COO	Alisan Logistics Group	Istanbul, Turkey
Cenk Kovar, Warehouse Operations Manager	Alisan Logistics Group	Istanbul, Turkey
Korneli Korchilava	Polzug Intermodel LLC	Tbilisi, Georgia
Andreas Weber	Logistics Alliance Germany	Berlin, Germany
Ergin Buyukbayram	Global Logistics Consulting Services	Istanbul, Turkey
Guroi Gulbeyaz	International Transporters Association	Istanbul, Turkey
Ismail Yildiz	Balnak	Istanbul, Turkey
Hayal Cagri Kirmizi	Schunck	Istanbul, Turkey
M. Halit Bezek	CEY Group	Istanbul, Turkey
Irakli Kandelaki	Georgian Trans Expedition LTD	Tbilisi, Georgia
Ketevan Oragvelidze	Batumi International Container Terminal	Batumi, Georgia
Llona Homeriki	KazTransOil	Batumi, Georgia

Seminars/sessions attended

None of the seminars/sessions were in English so were not attended.

Booths visited

See list of names above and in the trip reports from the others who attended.

Speeches listened to/presentations given

There was only one speech given and that was the opening ceremony during which the fair organizers discussed the fair and its purpose. Most of the opening ceremony speeches were in Turkish and/or German.

Discussions held

The EPI team held meetings jointly and separately with over 20 companies and organizations in Istanbul.

RESULTS/IMPACT/LESSONS LEARNED AND THEIR RELEVANCE TO EPI PROJECT AND ITS COMPONENTS

The EPI team discussed several opportunities with those met in Istanbul. Foremost was the discussion and recognition that the Georgian Logistics Association is on the move and making serious and significant steps to develop into a key regional logistics partner. Mr. Dobarjginidze spoke with several leading Turkish logistics companies about the Tbilisi Logistics Center (TLC), planned for development on a site 12 km from the center of Tbilisi, and the need to find a logistics management company. The TLC is being developed by TransCare AG of Wiesbaden, Germany as a multimodal container terminal with warehouses, industrial production and a trade center with offices. As many as six companies at the exhibition expressed an interest in learning more about participating in the development and management of the TLC and EPI is following up with these companies, some of whom may travel to Tbilisi for further discussions.

Mr. Dobarjginidze also spoke about the Georgia Logistics Association and Mr. Ford spoke about the development of the Supply Chain Council Chapter and the Caucasus Trade Corridor (CTC) concept. A major Turkish association, the International Freight Forwarders Association of Turkey (UTIKAD), expressed a strong interest in cooperating with GLA, including joining the Georgian association. UTIKAD would be an important partner in the region for GLA and the Georgian logistics industry, but it would also help GLA and the industry reach out to leading Turkish transportation and logistics companies. There was also interest expressed in the SCC Chapter. Based on discussions with the SCC headquarters in Washington, Turkish companies would be able to join the Georgian/Caucasus Chapter once it is established. Furthermore, several Turkish companies and logistics leaders in Turkey were intrigued by the CTC concept and were keen to stay abreast of the progress stating that development and evolution of such a concept would be very important for the region, including Turkey.

SPECIFIC FOLLOW-UP REQUIRED

EPI and Mr. Dobarjginidze are following up with those people met and who showed interest in both the Tbilisi Logistics Center and the Georgian Logistics Association.

Kent Ford will follow-up with those who expressed an interest in joining the SCC Chapter. He will also maintain communications with those who were informed and expressed keen interest in becoming involved in the Caucasus Trade Corridor.

SUPPLY CHAIN COUNCIL, INC. BYLAWS OF THE CAUCASUS/CENTRAL ASIA CHAPTER

ARTICLE I NAME

The name of the corporation is Supply Chain Council, Inc. (hereinafter “the Council”) and the name of the Chapter is the Caucasus/Central Asia Chapter of the Supply Chain Council (hereafter referred to as “the Chapter”). The Chapter is an officially sanctioned Chapter of the Supply Chain Council of Washington, DC. The Chapter shall be organized in Tbilisi, Georgia and shall be duly registered as required by local and national law in Georgia.

For purposes of these Bylaws, the term “supply chain management” shall mean the process of planning, implementing and controlling the operations of the supply chain as efficiently as possible; supply chain management spans all movement and storage of raw materials, work-in-process inventory and finished goods between points of origin, consumption and disposal; this also comprehends the flow of information and materials through an enterprise to its customers.

ARTICLE II OFFICES

The Chapter shall at all times maintain an office within the Georgia at such location as is determined by the Board of Directors. The Chapter may also have such other offices within the region of the Caucasus or Central Asia as is determined by the Board of Directors. The Caucasus and Central Asia shall be defined as Georgia, Azerbaijan, Armenia, Turkmenistan, Uzbekistan, Kazakhstan, Tajikistan and Kyrgyzstan.

ARTICLE III MEMBERSHIP

Section 1. Membership Classes.

Any business entity engaged in the practice of supply chain management shall be eligible to apply for membership in the Chapter. There shall be four classes of membership, as follows:

a. **End User/Practitioner Member.**

Any business entity that is engaged in supply chain management or is a consumer of supply chain management services shall be eligible to apply for membership in this membership class. Members in this class may include the following: manufacturers; suppliers of raw materials, components, intermediate materials; providers of logistics services; wholesalers; distributors; and retailers. Designated Representatives of End User/Practitioner members will typically hold titles related to operations, logistics, sourcing, distribution, and customer service or supply-chain management. This membership class may be divided into subclasses based upon entity size or number of corporate locations, as determined by the Board of Directors.

b. **Enabling Technology/Software Member.**

Any business entity that offers software or other enabling technologies to enable its customers to achieve best practices in supply chain management processes shall be eligible to apply for membership in this membership class.

c. **Consultant/Analyst Member.**

Any business entity which offers consulting or research services in any of the recognized supply chain management processes and/or related enabling technologies shall be eligible to apply for membership in this membership class.

d. **Non-Profit Member.**

Any non-profit organization, including without limitation any accredited college or university, or any association or government agency with an interest in supply chain management, shall be eligible to apply for membership in this membership class.

Any entity eligible for membership in the Chapter may apply for membership by submitting a completed membership application in a form prescribed by the Board of Directors. Action on such applications shall be by the Board of Directors. The decision of the Board of Directors regarding the appropriate membership class for any applicant or Member shall be final.

Section 2. Voting and Other Rights.

Each Member of the Chapter shall appoint and certify to the Secretary of the Chapter an individual who shall be its Designated Representative to the Chapter and who shall represent, vote and act for the Member in all the affairs of the Chapter; a Member may change its Designated Representative by providing written notice of such change to the Chapter. Each Member in good standing shall be entitled to one vote on all matters brought to a vote of the Chapter membership. Designated Representatives and other employees of Members in good standing shall be eligible to attend all meetings of the Members of the Chapter. Designated Representatives and other employees of Members in good standing shall be eligible to serve on Chapter committees. Membership in the Chapter shall not be transferable.

Section 3. Member Obligations.

Each Member shall be required to abide by these Bylaws and any other rules, regulations or policies established by the Board of Directors, and to pay all dues, assessments and other financial obligations to the Chapter.

Section 4. Dues and Assessments.

The Board of Directors may determine from time to time the amount of annual dues payable to the Chapter. In addition, the Board of Directors shall have the authority to determine whether to collect special assessments and to establish the amount of any such assessments. The Board of Directors shall establish a payment schedule for dues and assessments, if any. Dues and assessments shall be non-refundable. Members who fail to pay dues or assessments within thirty (30) days of the time the same become due shall be notified of same, and, if payment is not made within the next succeeding thirty (30) days shall, without further notice and without hearing, be

expelled from membership in the Chapter and thereupon forfeit all rights and privileges of membership.

Section 5. Resignation.

Any Member of the Chapter may resign from membership by providing written notice of such resignation to the Secretary of the Chapter. Although any such resignation need not be accepted to be effective, all obligations of a resigning Member to the Chapter as of the date of resignation shall continue and shall not be affected by any such resignation. All membership rights and privileges shall cease as of the effective date of any Member's resignation. Any membership applicant that has previously resigned from membership in the Chapter shall, before being readmitted to membership in the Chapter, first pay to the Chapter any amounts remaining due and owing from such prior membership.

Section 6. Suspension and Expulsion.

Any Member of the Chapter may be suspended or expelled from membership in the Chapter for cause. Sufficient cause for suspension or expulsion shall be a failure to continue to qualify for membership, or a violation of these Bylaws, of any lawful rule or policy duly adopted by the Chapter or of any obligations of such Member to the Chapter. Suspension or expulsion shall be by a two-thirds vote of the Board of Directors, provided that written notice of the proposed suspension or expulsion setting forth the grounds for same shall have been given to the Member, and provided further that such notice shall include the time and place of the meeting of the Board of Directors at which the matter shall be considered, and provided further that the Member shall have the opportunity to appear in person and/or to be represented by counsel to present any defense to the charges before action is taken thereon. All obligations of a suspended or expelled Member to the Chapter as of the date of suspension or expulsion shall continue and shall not be affected by any such suspension or expulsion. All membership rights and privileges shall cease as of the effective date of any Member's suspension or expulsion. Any membership applicant that has previously been suspended or expelled from membership in the Chapter shall, before being readmitted to membership in the Chapter, first pay to the Chapter any amounts remaining due and owing from such prior membership.

ARTICLE IV MEMBERSHIP MEETINGS

Section 1. Annual Meeting.

There shall be an Annual Meeting of the Members of the Chapter on such date and at such time and place as the Board of Directors shall designate, for the election of Directors, unless such election shall be conducted by means of mail or electronic mail ballot, and for the transaction of any other business that may properly come before the meeting. Notice of such meeting and the agenda therefore shall be sent to each Member in good standing at least twenty (20) days but not more than sixty (60) days in advance of the day specified for the meeting with a statement of the day, time and place of the meeting and information as to the subject matter to be considered at the meeting. Notice may be communicated electronically. The Annual Meeting of the Members may

be held inside or outside Georgia, but it must be held in one of the eight countries designated in these bylaws as part of the Caucasus and Central Asia.

Section 2. Special Meetings.

Special meetings of the Members of the Chapter may be called by the Chair or by the Board of Directors at a place then designated, and shall be called by the Chair upon the written request of Members holding not less than ten percent (10%) of the votes which all Members would be entitled to cast at such meeting. Notice of such meeting, including the date, time and location of the meeting as well as the subject matter to be considered at the meeting, shall be sent to each Member in good standing at least fourteen (14) and not more than thirty (30) days before said meeting. Notice may be communicated electronically. Meetings of the Members may be held inside or outside Georgia, but it must be held in one of the eight countries designated in these bylaws as part of the Caucasus and Central Asia.

Section 3. Quorum, Voting and Proxies.

Each Member shall be entitled to one vote on each matter submitted to the membership for a vote, such vote to be cast by the Member's Designated Representative. Except with regard to voting in elections and as may otherwise be provided herein, the Members may take action by a majority of vote of the Members present, in person or by proxy, at a meeting at which a quorum is present. The presence, in person or by written proxy, of at least ten percent (10%) of the Members entitled to vote at any meeting of the Members of the Chapter shall be necessary to constitute a quorum for the transaction of business. To be recognized, proxies must be received by the Secretary at least forty-eight (48) hours prior to the scheduled opening of the meeting at which they are voted; proxies shall expire after the meeting for which such proxy was delivered. The Members present at a duly organized meeting at which a quorum is initially present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Members may participate in a meeting of the membership by conference telephone or similar communications equipment by means of which all parties participating in the meeting may communicate with each other simultaneously. Any vote of the Members which could be conducted at a meeting of the Members may, if so determined by the Board of Directors, be conducted by mail or electronic mail ballot, or by such other means as is permitted by law.

Section 4. Attendance at Meetings.

Attendance at meetings of the Members of the Chapter shall be limited to Designated Representatives and other employees of Members, Officers, Directors, committee members, Chapter staff and guests invited by the Board of Directors.

ARTICLE V

BOARD OF DIRECTORS

Section 1. General Powers.

The Board of Directors shall have supervision, control and direction of the affairs of the Chapter, shall determine its policies within the limits of these Bylaws, and shall have discretion in the disbursement of its funds. The Board may adopt such rules and

regulations for the conduct of its affairs as are consistent with applicable law and these Bylaws. The Board may, in the execution of the powers granted to it, appoint such agents as it may deem necessary.

Section 2. Composition.

The Board of Directors shall be composed of up to fifteen (15) Directors, including the Chair, Chair-Elect, Treasurer, and Secretary each of whom shall be elected from among the employees or owners of the Members by the Designated Representatives of the Members. Any Director who becomes ineligible for service on the Board of Directors shall, unless eligibility is regained within ninety (90) days, be deemed to have resigned from the Board of Directors.

No more than one person from any business entity or group of business entities under common control shall serve on the Board of Directors at any one time. In the event of a merger, acquisition, employment change or other similar event after a Board election, which event results in Board membership in violation hereof, the affected Directors shall be permitted to serve out their terms as Directors and Officers, if any, but (a) only one of such affected Directors, as determined by the affected Directors or, if necessary, by the Nominating Committee, shall be eligible to be nominated for re-election, and (b) if two or more Directors represent the same membership class, they shall be entitled to cast between or among themselves only one vote on all matters brought to a vote of the Board of Directors. Members shall be deemed to be under common control if they are (i) parent and subsidiary (i.e., if one entity owns 50 percent or more of the stock or assets of the other), or (ii) affiliates (i.e., if the stock or assets of each are at least 50 percent owned by the same persons or entities). The Board of Directors shall, in its sole discretion, determine whether Members are under common control.

Section 3. Election.

Following the Board's receipt and approval of the report of the Nominating Committee, the election of Directors shall be conducted, at the discretion of the Board of Directors, either at a membership meeting or by mail ballot, electronic mail ballot or other permissible means. Cumulative voting shall not be permitted. The election ballots shall identify and permit votes for candidates not included in the Nominating Committee slate approved by the Board of Directors, provided that (a) any such additional candidate is otherwise qualified to serve as a Director, (b) the addition of any such candidate is supported by a written petition signed by the Designated Representatives of at least ten percent (10%) of the Members, and (c) that any such petition is received by the Secretary at least thirty (30) days prior to the date established by the Board of Directors for the election or the mailing of ballots.

Section 4. Term.

Each Director shall serve a term of three (3) years beginning 1 July; terms shall be staggered such that approximately one-third of the seats are subject to election each year. A Director may serve no more than two (2) consecutive full terms, unless election to an office of the Chapter requires further service on the Board. A Director shall continue in office until his or her successor shall be duly elected and qualified, or unless he or she resigns, is removed from office or is otherwise unable to complete a term.

Section 5. Meetings.

An annual meeting of the Board of Directors shall take place during the time set for the Annual Meeting of the Members. Other regular meetings of the Board of Directors shall be held at such times and locations as shall be determined in advance by the Board of Directors. Special meetings of the Board of Directors may be called at any time by the Chair or by one-third of the Directors.

Section 6. Notice.

Notice of regular meetings of the Board of Directors, stating the time and place thereof, shall be given to all Directors at least fifteen (15) days prior to the date of the meeting. Reasonable notice of special meetings of the Board of Directors, specifying the time, place and subject matter to be considered, shall be given to all Directors. Notice may be given in any manner reasonably calculated to provide actual notice to the Directors, including without limitation personally, by mail, by facsimile, by telephone, or, if permitted by law, by electronic mail.

Section 7. Quorum.

A majority of the Directors of the Chapter shall constitute a quorum for the transaction of business, and except as otherwise provided by law or in these Bylaws, the act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Chapter. In the absence of a quorum, a majority of the Directors present may adjourn a meeting until a quorum is present. Directors may not vote by proxy.

Section 8. Electronic Communication.

Directors may participate in a meeting of the Board of Directors by conference telephone or similar communications equipment by means or which all persons participating in the meeting can simultaneously hear or receive the communications of each other, and such participation shall constitute presence in person at the meeting.

Section 9. Action Without A Meeting.

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if, prior or subsequent to the action, all Directors then in office consent thereto in writing and the written consents are filed with the minutes of the proceedings of the Board. Written consent may be given by electronic transmission.

Section 10. Resignation.

A Director who fails to attend three (3) consecutive meetings of the Board of Directors shall be deemed to have resigned from the Board, unless such absences are excused by the affirmative act of the Board. A Director may resign at any time by giving written notice of same to the Chair, or, in the case of the Chair, to the Chair-Elect. Such resignation shall become effective upon its receipt by such officer, and the acceptance of such resignation shall not be necessary to make it effective. A Director's resignation shall not

relieve such person from responsibility for actions taken while such person was a member of the Board of Directors.

Section 11. Removal.

The Members may remove a Director at any time, with or without cause, by a two-thirds vote at a regular or special meeting.

Section 12. Vacancies.

If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the allowed number of Directors, the Board of Directors, following receipt of a recommendation from the Nominating Committee, may fill the vacancy. A Director elected to fill a vacancy shall serve out the unexpired term of his or her predecessor.

Section 13. Compensation.

Directors shall not receive any salary or compensation for their services as such, but they may, if so determined by the Board, be reimbursed for any expenditure made by them in the conduct of the business and affairs of the Chapter.

ARTICLE VI OFFICERS

Section 1. Officers.

The elective Officers of the Chapter shall be a Chair, Chair-Elect, Treasurer, and Secretary, all of whom shall be Directors of the Chapter and employees or owners of End User/Practitioner Members. The Executive Director, who shall be appointed by and serve at the pleasure of the Board of Directors, shall also be an Officer of the Chapter. The Board of Directors may also appoint such other individuals, who need not be Directors or Designated Representatives of Members, as it deems necessary to serve as Assistant Secretary or Assistant Treasurer of the Chapter.

Section 2. Election and Term.

The Board of Directors shall, at its final meeting of each Chapter fiscal year and pursuant to procedures adopted by the Board of Directors, elect from among its then current membership a Chair-Elect, a Treasurer and a Secretary. Officers shall take office on 1 July and shall serve terms of one year. At the conclusion of his or her service as Chair-Elect, the Chair-Elect shall automatically succeed to the office of Chair. No person shall be eligible to serve more than one (1) consecutive term as Chair-Elect or Chair. Aside from the limitation upon consecutive terms as a Director, there shall be no limit upon the number of consecutive terms a person may serve as Treasurer or Secretary of the Chapter.

Section 3. Chair.

The Chair shall be the chief elective officer of the Chapter and shall preside at all meetings of the Executive Committee, the Board of Directors and the Members. The Chair shall be considered the Chapter's President for purposes of the Act. Subject to the

supervision of the Board of Directors, the Chair shall perform all duties customary to that office and shall supervise and control all of the affairs of the Chapter in accordance with the policies and directives approved by the Board of Directors. The Chair, Chair-Elect or Executive Director shall, as determined by the Board of Directors, execute on behalf of the Chapter all contracts and other documents, except when such documents are required by law to be otherwise executed or when the execution thereof shall be delegated by the Board of Directors to another Officer.

Section 4. Chair-Elect.

The Chair-Elect shall, in the absence of the Chair, perform the duties of the Chair. The Chair-Elect shall serve as chair of the Audit Committee and shall perform such additional duties as may be prescribed by the Board of Directors or the Chair.

Section 5. Treasurer.

The Treasurer shall (a) be responsible for the Chapter's funds and securities, (b) keep, or cause to be kept, full and accurate accounts of receipts and disbursements in books belonging to the Chapter, (c) deposit, or cause to be deposited, all monies and other valuable effects of the Chapter in separate accounts or depositories in the name of and to the credit of the Chapter as shall be designated by the Board of Directors, (d) disburse, or cause to be disbursed, the funds of the Chapter as may be ordered by the Board of Directors, provided, however, that the Board of Directors may, by resolution, establish procedures for the signing of the Chapter's checks or other instruments, (e) render to the Board of Directors, whenever it may require it, an account of all transactions and of the financial condition of the Chapter, (f) serve as chair of the Finance Committee; and (g) perform such other duties as may be prescribed by the Board of Directors or the Chair.

Section 6. Secretary.

The Secretary shall (a) record, or cause to be recorded, all votes of the Chapter and the minutes of all meetings of the Members, the Executive Committee, the Board of Directors and Chapter committees in a book to be kept for that purpose, (b) give, or cause to be given, notice of all meetings of the Board of Directors, Executive Committee and Members, (c) keep, or cause to be kept, in safe custody the corporate seal and, when authorized to do so by the Board of Directors, affix the same to any instrument requiring it and attest to it by his or her signature, (d) perform the duties of the Treasurer in the absence of the Treasurer; and (e) perform such other duties as may be prescribed by the Board of Directors or the Chair.

Section 7. Executive Director.

The Executive Director shall report to the Board of Directors and shall perform such duties as are set forth in Article IX, Section 1 of these Bylaws.

Section 8. Resignation and Removal.

Any Officer of the Chapter, except the Executive Director, may be removed from office by a two-thirds vote of the Board of Directors whenever the Board determines that such removal is in the best interests of the Chapter. Any Officer may resign from office at any time by

submitting a written resignation to the Chair, or, in the case of the resignation of the Chair to the Chair-Elect, and the acceptance of such resignation shall not be necessary for it to be effective. An Officer shall be deemed to have resigned in the event that he or she is no longer an employee or owner of a Member in good standing. An Officer's resignation shall not relieve such person from responsibility for actions taken while such person was an Officer of the Chapter.

Section 9. Vacancies.

If any elective office of the Chapter becomes vacant for any reason, the Board of Directors shall elect from among its remaining members a qualified successor who shall hold office for the unexpired term of his or her predecessor.

Section 10. Compensation.

Officers of the Chapter, except the Executive Director, shall not receive any salary or compensation for their services as such, but they may, if so determined by the Board, be reimbursed for any expenditure made by them in the conduct of the business and affairs of the Chapter.

ARTICLE VII COMMITTEES

Section 1. Executive Committee.

The Executive Committee shall be composed of the elective officers of the Chapter. The Executive Committee may exercise the powers of the Board of Directors, except such powers as are specifically reserved by law to the Board, when the Board is not in session, reporting to the Board of Directors any action taken as soon as practicable, but in no event later than the Board's next succeeding meeting. The Chair shall serve as chair of the Executive Committee. Three (3) Committee members shall constitute a quorum for the transaction of business, and the vote of three (3) Committee members shall be required to take action. Meetings of the Executive Committee may be called by the Chair or by any three (3) members of the Committee. The notice requirements set forth in Article V shall also apply to the Executive Committee.

Section 2. Standing Committees.

The standing committees of the Chapter, the chairs and members of each of which shall be appointed annually by the Chair with the approval of the Board of Directors, shall be as follows:

- a. Finance Committee (chaired by the Treasurer). The Finance Committee shall be responsible for (a) developing and presenting to the Board the proposed annual budget for the Chapter, (b) reporting to the Board regarding the Chapter's performance relative to the annual budget, and (c) overseeing the development and implementation of the Chapter's investment policy and the investment of the Chapter's assets.
- b. Audit Committee (chaired by the Chair-Elect). The Audit Committee shall be responsible for (a) overseeing the annual audit of the Chapter's finances and

preparation of the Chapter's tax returns by an independent auditing firm, and (b) ensuring the Chapter's compliance with its governance and other legal requirements.

- c. Nominating Committee (chaired by the Chair). Consistent with the obligation to maintain the composition of the Board of Directors as described in Article V, Section 2, the Nominating Committee shall be responsible for developing and presenting to the Board of Directors a slate of nominees for election to the Board of Directors, including at least one nominee for each position to be elected. In so doing, the Nominating Committee shall solicit input from the Members regarding potential candidates for directorships. The Nominating Committee shall also prepare recommendations to the Board of Directors in the event of a vacancy on the Board. Members of the Nominating Committee shall not be eligible to be nominated for election or appointment to the Board of Directors.

Unless specifically provided to the contrary herein, standing committee members need not be Directors of the Chapter.

Section 3. Special Committees.

The Chair, with the approval of the Board of Directors, shall have the authority to appoint such special committees, subcommittees or task forces as shall be necessary to the operation and development of the Chapter.

Section 4. Special Interest Groups.

The Chair, with the approval of the Board of Directors, shall have the authority to establish such industry-specific and other special interest groups as shall be necessary to the operation and development of the Chapter.

Section 5. Operating Procedures.

The Board of Directors shall establish operating procedures for the Chapter's committees, subcommittees, task forces and special interest groups.

ARTICLE VIII ADMINISTRATION

Section 1. Executive Director.

The Executive Director shall be the chief administrative officer of the Chapter and, subject to the control of the Board of Directors and the Chair, shall manage and supervise and exercise general executive powers concerning all the property, business and affairs of the Chapter. The Executive Director will be employed or engaged as an independent contractor directly by the Chapter. The Board shall enter into a written agreement with such individual for the rendering of such services, upon such terms and provisions as the Board of Directors shall see fit. The Executive Director shall be charged with carrying out the policies, programs, orders and resolutions adopted or approved by the Board of Directors, and shall have all powers and perform all duties incident to the office of Executive Director, and any further powers and duties as from time to time may be prescribed by the Board. He or she shall have the power to execute deeds, bonds, mortgages, and other contracts,

agreements and instruments of the Chapter approved by the Board. The duties of the Executive Director shall also include but not be limited to the following:

- a. To attend all meetings of the Members, the Board of Directors and the Executive Committee.
- b. To send out such notices of meetings as may be appropriate or required.
- c. To be responsible for recording and producing minutes of all meetings.
- d. To conduct all correspondence pertaining to the office of Executive Director.
- e. To execute all orders, votes and resolutions not otherwise committed to others.
- f. If required by the Board, to give a good and sufficient bond, at the expense of the Chapter, in such sum as may be required for the faithful discharge of his or her duties.
- g. In the absence of the Treasurer and Secretary, to serve and perform all duties of the Treasurer.
- h. To perform or be responsible for the performance of all other services required in any employment or management services agreement.

Section 2. Legal Counsel.

The Board of Directors shall have authority to select legal counsel for the Chapter. In selecting legal counsel, the Board shall have authority to engage a firm of lawyers. Legal counsel's duties shall be set forth either in a written employment agreement or in a written engagement agreement approved by the Board of Directors.

Section 3. Accounting Services.

The Board of Directors shall have the authority to select and engage an independent auditor to prepare the Chapter's tax returns and to audit the Chapter's financial statements. The auditor's duties shall be set forth in a written engagement agreement approved by the Board of Directors.

ARTICLE IX INDEMNIFICATION/INSURANCE/DIRECTOR LIABILITY

Section 1. Indemnification.

The Chapter shall, to the full extent permitted by the Act, indemnify any current or former Officer, Director, Member volunteer, employee and agent of the Chapter ("Indemnitee") against any and all expenses and liabilities actually and necessarily incurred by him or her or imposed upon him or her in connection with any claim, action, suit or proceeding to which he or she may be or is made a party ("Action") by reason of being or having been such Officer, Director, Member volunteer, employee or agent, except in the event of self-dealing, willful misconduct, recklessness or a knowing violation of criminal law. The indemnification provided herein shall not be deemed exclusive of any other rights to which such Officer, Director, Member volunteer, employee or agent may be entitled under any statute, agreement or otherwise and shall not restrict the power of the Chapter to make any indemnification permitted by law. Any Indemnitee hereunder shall be entitled as of right to have his or her expenses in defending any Action paid in advance by the Chapter

prior to final disposition of such Action, provided that the Chapter receives a written undertaking by or on behalf of the Indemnitee to repay the amount advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified for such expenses. In the event of the settlement of any Action, the indemnification provided for herein shall be effective only if the Board of Directors shall approve such settlement and reimbursement as being in the best interest of the Chapter.

Section 2. Insurance.

The Chapter may purchase and maintain insurance to protect itself and any person eligible to be indemnified hereunder against any liability or expense asserted against or incurred by such person in connection with any Action, whether or not the Chapter would have the power to indemnify such person against such liability or expense by law or under the provisions of this Article.

Section 3. Liability of Directors.

Except as otherwise provided in the Act, no Director of the Chapter shall be personally liable for monetary damages for any action taken unless the Director breached or failed to perform the duties of the office as defined in the Act and the breach or failure to perform constituted self-dealing, willful misconduct or recklessness.

ARTICLE X GENERAL

Section 1. Seal.

The corporate seal shall have inscribed thereon the name of the Chapter, "SCC Chapter – Caucasus/Central Asia" and the year of its organization (2012). Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 2. Fiscal Year.

The fiscal year of the Chapter shall be as determined from time to time by the Board of Directors.

Section 3. Loans.

The Chapter shall not make any loan of money or property to, or guarantee any obligations of, any Officer, Director or Member of the Chapter.

Section 4. Books and Records.

The Chapter shall maintain a record of the proceedings of the Board of Directors, committees and Members, a copy of the Bylaws, and all amendments thereto, certified by the Secretary, copies of all required annual reports, and appropriate, complete and accurate books and records of account, which records shall be kept at such reasonably accessible location as the Secretary may determine.

Section 5. Parliamentary Procedure.

To the extent not inconsistent with the Act, the Chapter's Articles of Incorporation, these Bylaws or policies, rules and procedures adopted by the Board of Directors, the provisions of the most recent edition of Robert's Rules of Order, Newly Revised, shall apply to the operation of the Chapter.

**ARTICLE XI
AMENDMENTS**

Except as may be otherwise required by the Act, these Bylaws may be amended by a two-thirds vote of the Board of Directors, provided that the nature of the proposed amendment has been set forth in the notice of the meeting. The provisions for giving advance notice of the proposed amendment prior to a meeting may be waived by the unanimous consent of the Directors present at the meeting at which the proposed amendment is offered. Should the Act require membership approval of an amendment to these Bylaws, a majority vote of the Members shall be required, and the notice for the meeting at which the amendment is to be considered shall include the proposed amendment or a summary of the changes to be effected thereby.

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