

Information of the Georgian Government for the report on business in conflict and post-conflict context

- **What policies, regulations and adjudication measures to protect against corporate-related human rights abuses and promote conflict-sensitive responsible business in conflict and post-conflict situations does your State have or should have in place?**

Government of Georgia firmly pursues the peaceful conflict resolution policy that is directed towards the de-occupation of Georgian regions, on the one hand, and reconciliation and confidence building between the communities divided by occupation lines, on the other hand.

The Georgian Government remains in full compliance with the EU mediated 12 August 2008 Ceasefire Agreement. Georgia has several times unilaterally reaffirmed the non-use of force commitment and been implementing this principle, still awaiting the reciprocity from the Russian side. The Government is trying to fully utilize the peace negotiations formats to reach tangible results for the lasting peace, security and human rights protection of conflict-affected population on the ground. Georgia spares no effort to facilitate substantial negotiations in the Geneva International Discussions that is a unique and inclusive format with co-chairmanship of the EU, UN, OSCE and participation of the US established to fully address the security and humanitarian challenges stemming from the unresolved conflict between Georgia and Russia.

The Government of Georgia attaches high priority to its positive obligation to facilitate the observance of human rights in both occupied territories, although it is deprived of the possibility to exercise its legitimate jurisdiction over its regions of Abkhazia and Tskhinvali region/South Ossetia due to Russia's illegal occupation. It needs to be underlined that the violation of the right of IDPs and refugees to return to their homes in safety and dignity, and infringement of their property rights remain key challenge in the context of the Russia-Georgia conflict. The properties that once belonged to the people, who were expelled from the occupied territories as a result of multiple waves of ethnic cleansing, have been deliberately demolished or burnt, and/or become the subject of illegal business activities in both occupied regions of Georgia. The abuse of property right in the occupied territories has been reflected on multiple online marketplace and booking platforms that advertise and provide housing offers in the houses of IDPs that have been forcibly expelled from their homes, or the hotels that have been built on the places where the houses of Georgians were intentionally destroyed or burnt. In such circumstances, while the Government of Georgia cannot exercise effective control over its two regions due to the Russian occupation, the "Law of Georgia on the Occupied Territories" remains an important legal instrument to counter the unlawful economic activities and violations of property rights on the ground. The Law restricts any illegal economic activities in the occupied territories, unless it serves for the reconciliation and humanitarian purposes.

At the same time, the Government of Georgia remains active in the realm of its reconciliation and engagement policy towards the occupied regions of Abkhazia and Tskhinvali region/South Ossetia. Taking care of the population left behind the dividing

lines and facing the burden of occupation in their everyday life is one of main priorities for the Government. The activities of the Government are therefore aimed, inter alia, at ensuring decent living conditions for them and improving their socio-economic situation.

To this end, in 2018, the Government presented a new peace initiative called “A Step to a Better Future” that, among other opportunities, introduces various trade and business activities for the residents of both regions, with the view to improving their socio-economic conditions and create a platform for cooperation on both sides of the divide. In particular, the initiative facilitates access to internal and external markets through the privileged export opportunities, e.g. DCFTA; the supply of goods produced on Georgian-controlled territory, or imported into Georgia, to both regions; encourages trade activities across the dividing lines, including through joint business projects; introduces a special tax system, exempting the residents of the occupied regions from income and profit taxes; foresees the development of the Special Economic Space in vicinity of dividing lines that encompasses an infrastructure and services that aim to stimulate and facilitate trade and economic activities across the divide. All this is done in a purely status-neutral manner, including through the status-neutral mechanism of identification with a personal number that enables residents of two regions to enjoy the mentioned opportunities and services without any legal document proving their Georgian citizenship.

The initiative provides for two main financial instruments to support trade across the dividing lines and to facilitate individual and joint business projects - a grant program “Enterprise for a Better Future” and a “Peace Fund for a Better Future”.

Importantly, the peace initiative and especially its economic component sparked immense interest among the population in the occupied regions, revealing their interest to cooperation and joint business activities. This has been illustrated by the first call of the grant program “Enterprise for a Better Future”. During 2 months of application period, 368 applications were submitted from and 75% of them came directly from Abkhazia and Tskhinvali region/South Ossetia. Out of them, 20 projects have been already funded while some others are in the pipeline.