



“A Step to a Better Future”

Peace Initiative

Facilitation of Trade Across Dividing Lines

Tbilisi

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Office of the State Minister of Georgia for Reconciliation and Civic Equality

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INTRODUCTION

On the path of dynamic state development, **core value** of the Government of Georgia (GoG) is **peace**, as a precondition for the progress, welfare and security of every citizen.

Peace and development serve as the only way to overcome existing challenges. A peaceful, consistent, pragmatic and principal conflict resolution policy is thus pursued and implemented by the GoG with the wide support of the international community.

Reconciliation and engagement policy lays at the heart of this approach that implies confidence-building between conflict-divided communities and taking care of population enduring the burden of unresolved conflict in everyday life.

The Government of Georgia values people's rights and dignity above all. Accordingly, creating rewarding opportunities for them in the present and future, even before a full-scale resolution of the conflict has occurred **is a priority of the peace policy**.

This can be achieved through applying pragmatic and humanitarian approaches, facilitating contacts across dividing lines, community dialogue, openness and proactive steps. Respectively, the GoG stands ready **to take new and dynamic steps** taking into account humanitarian needs and pragmatic interests of the population and their aspiration towards development and a better future.

The GoG presents an initiative to facilitate trade across dividing lines with the aim to improve humanitarian and socio-economic conditions of population living in Abkhazia and Tskhinvali region/South Ossetia, create new opportunities for them to attain tangible benefit, acquire access to internal and external markets, intensify movement, contacts and relations as well as cooperation based on mutual interests between the population on both sides of the dividing lines, and stimulate the peace process.

Accordingly, the current initiative lays out steps to be undertaken by the GoG. At the same time and for the full scale implementation of this initiative, **it carves out a possibility for engagement, cooperation and dialogue between the relevant stakeholders** that is a priority task of the Georgian Government.

This initiative is **exclusively constructive and serves a humanitarian purpose**. A range of issues can be discussed and resolved without politicization. This can be done **based on humanitarian principles** and in some cases, through the **application of depoliticized/status-neutral instruments and formats**. At the same time, resorting to **status-neutral instruments** does not mean being "**status indifferent**" nor does it in any way imply a revision of tenets related to status, but, for the sake of humanitarian and reconciliation tasks, suggests, where feasible, to de-politicize issues when solving specific humanitarian



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tasks without touching a status matter. A shared understanding of this principle is important for all involved stakeholders.

Thus, the current initiative on facilitation of trade across dividing lines – is based on flexible and pragmatic approach, creates space for the constructive participation of all stakeholders and is implemented in the frames of engagement and reconciliation policy - supported by the international community.

NEW OPPORTUNITIES FOR TRADE ACROSS DIVIDING LINES

Trade and movement across the dividing lines is carried out at present as well¹. Though, the current mode of exchange remains limited due to the presence of physical barriers, restrictions on free movement and transport communication, various taxes, charges and limitations set for the volume of goods. This challenge comes particularly hard on the population living adjacent to dividing lines.

The current initiative aims to facilitate, simplify and expand trade across dividing lines through **creating new opportunities** that do not imply setting of additional regulations or frameworks for the existing trade. In particular, the initiative creates the possibility for the products produced in or originating from Abkhazia and Tskhinvali region/South Ossetia to access the **internal market of Georgia** as well as **foreign markets** through the privileged export opportunities available to Georgia, inter alia the Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU. It also implies the supply of goods produced on Georgian-controlled territories or imported into Georgia to Abkhazia and Tskhinvali region/South Ossetia as well as encouraging activities related to trade across the dividing lines, including joint business initiatives.

For the purposes of full-scale new trade and economic opportunities and consequently, maximizing the respective benefits for the local population, the issues such as the movement of vehicles, the transportation of goods, the functioning of the crossing points, free movement, the prevention of regulations and tax burdens, need to be addressed and resolved.

INSTRUMENTS RELATED TO TRADE AND ECONOMIC ACTIVITIES

There are **five major components covered in the initiative**, which in turn, put forward concrete instruments and mechanisms, all to serve the aims of the peace initiative.

¹ International Alert, Trans-Ingur/i Economic Relations: A Case for Regulation, May 2013; International Alert, Trans-Ingur/i Economic Relations: A Case for Regulation, Volume 2, 2015. According to the surveys above, in 2013-2014 the volume of trade across Enguri equaled about 15 million USD



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1. **Services:** A new identification mechanism for residents of Abkhazia and Tskhinvali region/South Ossetia with a personal number; a simplified registration process for businesses; access to various services;
2. **Infrastructure:** Special Economic Space;
3. **Tax Preferences:** Special Taxpayer Status;
4. **Trade Operations:** Movement of goods across the dividing lines; labeling rules; access to internal and external markets;
5. **Financial and Legislative Instruments:** Stimulating and enabling trade and economic relations across dividing lines.

1. IDENTIFICATION OF PERSONS RESIDING IN ABKHAZIA AND TSKHINVALI REGION/SOUTH OSSETIA WITH A PERSONAL NUMBER

A **new depoliticized/status-neutral mechanism is created** for the persons residing in Abkhazia and Tskhinvali Region/South Ossetia, with the purpose of enabling participation in trade-economic operations and expanding access to numerous services. This initiative introduces new, simplified procedures for the identification of residents by assigning an individual number (hereinafter one's personal number).

Registration with a personal number does not imply granting or establishing citizenship. Accordingly, it does not bestow upon one a citizen's rights or obligations².

The application can be filed in person, or online (including in Abkhazian and Ossetian languages), or by the authorized third person.

Identification of a person can be conducted considering one's documents at hand, issued in Abkhazia and Tskhinvali region/South Ossetia, together with biometric data (a photo)³. There will be **no service fees charged for this procedure**.

In a follow up and upon addressing, the service operators shall be able to establish the identity of a person based on their personal number and biometric data (photo).

Contrary to existing regulations and practices, a person registered with a personal number will have an opportunity to easily benefit from various services without having a Georgian ID, Georgian passport,

² According to Georgian legislation a person can also be assigned a personal number based on the residence permit of a foreigner living in Georgia, temporary identification document, status-neutral ID, status-neutral travel document and in other cases envisaged by legislation

³ It should be noted that the practice of considering documents issued in Abkhazia and Tskhinvali region/South Ossetia for the purpose of establishing a person's identity already exists in the case of the issuance of neutral documents as well as in the case of their inclusion in healthcare referral program



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status-neutral document or any other document, and/or by presenting documents at hand, which have been used during the identification and registration procedure with a personal number. Such services include:

- ✓ Registering as an entrepreneur and conducting economic activities;
- ✓ Registering as a taxpayer (tax preferences);
- ✓ Receiving grants;
- ✓ Using banking services;
- ✓ Registering vehicles/cars;
- ✓ Receiving pre-school and secondary education;
- ✓ Receiving higher education;
- ✓ Participating in vocational education programs;
- ✓ Participating in internship programs.

It is possible to eventually extend a range of services for those registered with a personal number.

As current proposal covers facilitation of trade across dividing lines and concrete mechanisms attached to it, other opportunities for the residents of Abkhazia and Tskhinvali region/South Ossetia holding a personal number (e.g. related to education) are envisaged by other peace initiatives of the GoG.

2. SPECIAL ECONOMIC SPACE

The Special Economic Space represents a geographic area, which extends along dividing lines on the Georgian Government controlled territory. The Special Economic Space towards **Abkhazia** will develop around Rukhi village, basing and extending already existing infrastructure and bearing in mind that the Enguri Bridge is essentially the only active crossing point at the moment.

Similar space and infrastructure can be developed in other areas along the dividing lines (e.g. Khurcha), near village Ergneti towards **Tskhinvali region/South Ossetia**, in case the movement is ensured. At the moment virtually the only crossing point towards the latter functions in the direction of Akhalgori.

The Special Economic Space encompasses an infrastructure and services that aim to stimulate and facilitate trade and economic activities across the dividing lines. The representations of various service-oriented public institutions will be located in this area, including the Revenue Service of the Ministry of Finance, service development agencies of the Ministry of Justice and Ministry of Internal Affairs of Georgia, as well as a commercial bank/s, a post office and currency exchange offices, post office, notary service, information, consultation, innovation and training centers.

To ensure that the Special Economic Space functions efficiently, the following new services and infrastructure will be installed:



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- Uniform Service Center;
- Tax Service Center (including the functions of Customs Clearance zone);
- Agrarian market;
- Auto market;
- Service Center of the Entrepreneurship Development Agency;
- Multi-functional Training Center;
- Business incubator;
- Free Industrial Zone.

2.1 Uniform Service Center (“One window” principle)

The Uniform Service Center will be set up in the village of Rukhi near the existing trade center, stimulating the development of additional infrastructure around it. The Service Center will carry out the following functions:

- Simplified registration process for entrepreneurs (including persons registered with a personal number);
- The certification of goods, formulating and clearing export documentation, as well as serving as a logistics center (the loading and discharge of goods, storage and transportation);
- Phytosanitary inspection and laboratory testing;
- Issuance of phytosanitary, veterinary or hygienic certificates;
- Free of charge Registration of export documentation from Georgia;
- Notary services;
- Banking and financial services;
- Information and consulting center;
- Services of Entrepreneurship Development Agency.

“One Window” principle

People living in Abkhazia and Tskhinvali region/South Ossetia will be able to register themselves as entrepreneurs with a **“one Window” principle** which will be implemented in two steps:

1) Registration of a physical person – people who don’t possess Georgian citizenship or neutral ID will be able to register upon **assignment of a personal number as described above**.

2) After registration as a physical person with a personal number, one will be granted the right to be registered as an entrepreneur (a sole-proprietor) or establish a legal entity (enterprise), so that they can conduct legal business activities on the Georgian-controlled territories. Upon completing registration, such a person/entity will be able to open an account in commercial banks in Georgia.



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No need for small traders to register as entrepreneurs

Holders of personal number will have the opportunity to use an **electronic registration portal**, in order to register themselves as entrepreneurs **online**, without physically being present.

Entrepreneurs who are registered, including those living in Abkhazia and Tskhinvali region/South Ossetia, will be able to obtain **special tax payer status** and conduct economic activities related to trade across dividing lines with certain tax preferences.

Respectively, the conduct of trade operations and economic activities across the dividing lines will be possible for the citizens of Georgia, holders of the status-neutral IDs, persons with a personal number (whether they own enterprises operating in Abkhazia and Tskhinvali region/South Ossetia or not), as well as for foreign citizens, according to the rule established under Georgian legislation.

It should be noted, that for small traders engaged in trade with agricultural products across dividing lines (for example, natural persons trading on agrarian markets), registration with a personal number and/or as an entrepreneur is not required.

Those interested will have the possibility to register with and use the address on Georgian controlled territory, for example of the Special Economic Space (Rukhi village) as their legal registration address, which will enable them to **get involved in export operations and other economic activities**.

A factual address (if any) and a description of activities of the physical person/legal entity will also be specified in the special form developed for simplified registration.

Products originating from Abkhazia and Tskhinvali region/South Ossetia will be able to enter the export market as **goods originating from Georgia**.

Registration of registered person as entrepreneur

For export of goods originating from Georgia a certificate of origin and, depending on types of goods, a phytosanitary, veterinary or hygienic certificate is required.

Hence, in certain cases, laboratory testing on goods transported from Abkhazia and Tskhinvali region/South Ossetia may be performed to assure the safety of goods. Once this is completed, a phytosanitary or veterinary certificate or another appropriate document required for the export of these type of goods internationally will be issued. Entrepreneurs living in Abkhazia and Tskhinvali region/South Ossetia will be able to receive the relevant service and obtain this certificate at the Service Center.



On-spot inspection

In compliance with the EU-Georgia Association Agreement, the flawless operation of anti-fraudulent mechanisms are of utmost importance. Consequently, depending on the type of goods and for exporting products to foreign market, if required, experts should be able to perform **on-the-spot inspection** to confirm the origin/production of goods in

Abkhazia and Tskhinvali region/South Ossetia.⁴

The enterprises operating in Abkhazia and Tskhinvali region/South Ossetia which have a desire to export goods to EU member states or other countries, in case of such interest, may be rendered relevant aid in **installing European standards** on spot to ensure compliance. An opportunity shall be created for entrepreneurs/enterprises to obtain an appropriate certificate for produced goods **with the support of private laboratories**.

2.2 Multi-functional Training Center

A **multi-functional training center**, located in Special Economic Space, will provide services to those interested.

The training center can conduct trainings and educational courses tailored to the different needs, such as improving certain professional skills and knowledge, increasing one's awareness on concrete issues, providing specific information about international markets, international entrepreneurial standards, spheres of activity, etc.

Multi-functional training center

For this task, the appropriate state agencies (e.g. Entrepreneurship Development Agency) as well as a Business Incubator, to be created in Special Economic Space, or an interested organizations (for example, Georgian Chamber of Commerce and Industry or other private organizations), may serve as partners of the Center.

2.3 Business Incubator

The services of **business incubation** and business development will be offered to help development of business ideas and proposals into action. This, in turn, will enable specific target groups to establish and/or expand commercial activities.

More specifically, the business incubator can help entrepreneurs in:

- Finding partners;

⁴ A similar practice exists in Moldova, Transnistria, whereby the possibility for on-site inspections is ensured.



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- Developing business plans (inter alia, generating new business ideas through consultations);
- Providing information (in the special economic space or remotely, via electronic service) regarding various markets (local and foreign);
- Consulting on (how, where) raising financial resources, etc.

Business incubator –
encouragement of business
initiatives

These kinds of services will be tailored to help start-ups as well as stimulate businesses already in operation to look for partners/donors to fund their activities.

Consultants in finance, marketing, management, as well as consultants having technological and technical expertise, where needed, will be employed in the business incubator. **Remote service** (electronic service) will also be an option.

Additionally, those interested will be informed about preferential trade regimes granted to Georgia on export markets and consulted on ways of utilizing them.

Those interested in the development of business ideas and supporting of start-ups, will have an opportunity to get duly informed, participate in free of charge trainings on IT issues and develop technological skills in Innovation Center that will become operational in Rukhi.

2.4 Tax Service Center (including activities of the Customs Clearance Zone)

The tax service center will provide all tax formalities **online** based on a one-stop-shop principle (VAT invoice, drawing up/closing of a bill of lading, registration process), also, if required, a customs clearance for export goods, including the **clearance of goods moved by post parcels**.

2.5 Agrarian Market

The agrarian market may be located along the dividing lines with the aim to ease a reach out and access for the residents of Abkhazia and Tsikhinvali Region/South Ossetia to the market, resulting in more benefits for them. Small traders will be the main beneficiaries.

This market can be a small scale trading space, with a well-organized trade infrastructure (storage for wholesale trade, dry and refrigerated storage).

Well-organized agrarian
market

Accounts will be settled individually with a trader and without centrally managed cashbox devices. Fast **currency exchange offices** will also be set up there.



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Goods entering the market will be registered without imposing any tax or other formal liabilities and solely for the purpose of preventing the trade with prohibited or restricted goods.

Trade with agricultural products on this or other agricultural markets do not require physical persons to register with a personal number.

2.6 Car Spare Parts and Auto Market

The car spare parts and auto market will be established near the Rukhi Trade Center, which will include:

- A pavilion for car spare parts;
- Parking for vehicles intended for sale;
- A vehicle registration area (located inside the Uniform Service Center);

The organization of such a market may sprout an income-generating and proficient business for population on both sides of the dividing lines, inter alia engage them in auto-import operations, which will increase the economic activity of the population.

Pavilion of spare parts

A designated area will be constructed for the sale of spare parts. Entrepreneurs interested will have an opportunity to rent a counter at a low cost.

Parking for vehicles intended for sale

The parking space will provide an opportunity to interested individuals to have a parking lot for vehicles for sale, with or without customs clearance.

Vehicle traders may use such parking lots for an extended period of time and without the need to relocate the vehicles elsewhere from the market after the working hours.

Vehicle registration space

Car importers will have the opportunity to carry out the customs clearance of vehicles on-site, so that the vehicles will not have to be moved to a site of registration. A representative of the Revenue Service of Georgia and Service Agency of the Ministry of Internal Affairs of Georgia will operate on-site. Following registration and customs clearance, a vehicle en route can be taken to Abkhazia and Tskhinvali region/South Ossetia.



2.7 Free Industrial Zone (FIZ)

Based on the respective need and at a certain stage it is possible to locate the **Free Industrial Zone** near Rukhi village (in perspective, near the village of Ergneti as well). The FIZ may serve for processing and producing goods out of primary products originated from Abkhazia and Tskhinvali region/South Ossetia for enabling access to exports.

Persons registered in FIZ will be able to acquire all the necessary certificates for the goods produced or entering FIZ, enjoy tax privileges and export goods in more simplified way.

FIZ opportunities
for trade

3. SPECIAL TAXPAYER STATUS

The entrepreneurs willing to engage in trade and economic activities across dividing lines, will be able to use a **special tax payer status** (special entrepreneur/enterprise status) or register as an ordinary taxpayer without this special status. The special taxpayer status can be requested by the citizens of Georgia, holders of status neutral documents, persons residing in Abkhazia and Tskhinvali region/South Ossetia registered with a personal number and foreign citizens, who will conduct trade activities across the dividing lines with tax preferences and operate within the regulations and limitations envisaged by this status and established under Georgian legislation.

Different from ordinary taxpayers, those with the special tax payer status will **enjoy tax preferences for the following entrepreneurial activities:**

- Supply and exportation of goods (with the exception of excise goods) originating from or produced in Abkhazia and Tskhinvali region/South Ossetia to the Georgian-controlled territory (excluding Abkhazia and Tskhinvali region/South Ossetia);
- The production of goods in Abkhazia and Tskhinvali region/South Ossetia for the aforementioned purposes;
- Supply of Georgian goods (with the exception of goods originating from or produced in Abkhazia and Tskhinvali region/South Ossetia) to Abkhazia and Tskhinvali region/South Ossetia.

In addition, those with the special tax payer status are granted the right to perform the following entrepreneurial activities, available for Georgian citizens, **without tax preferences:**

- Supply of Georgian goods (with the exception of those produced in and transported from Abkhazia and Tskhinvali region/South Ossetia) within the Georgian-controlled territory;
- Exportation of Georgian goods (except of the goods produced in and shipped from Abkhazia and Tskhinvali region/South Ossetia);



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- Supply of foreign goods to Georgian territory after their importation on the Georgian-controlled territory.

At the same time, **some activities are restricted** for those with the special taxpayer status, in particular:

- Supply of goods from Abkhazia and Tskhinvali region/South Ossetia to the Georgian-controlled territory, not produced in or originating from Abkhazia and Tskhinvali region/South Ossetia;
- Supply of excise goods (with the exception of tobacco products and alcoholic beverages produced in Abkhazia and Tskhinvali region/South Ossetia) from Abkhazia and Tskhinvali region/South Ossetia to the Georgian-controlled territory;
- Economic activities related to the provision of services.

Special Tax Payer Status
– tax preferences

Those with special taxpayer status seeking out to provide services can establish their enterprise under an ordinary taxpayer status. In this case, one will be subject to an ordinary tax regime. Such activities will not fall under the preferential tax regime.

Those with the special taxpayer status will benefit from special regime and tax preferences, in particular:

An exemption from profit/income tax.

Profits/income obtained:

- From the supply of goods originating from or produced in Abkhazia and Tskhinvali region/South Ossetia to a person bearing the special taxpayer status;
- From exportation of goods produced in and shipped from Abkhazia and Tskhinvali region/South Ossetia;
- From the supply of Georgian goods to Abkhazia and Tskhinvali region/South Ossetia;
- From the supply of foreign goods to Abkhazia and Tskhinvali region/ South Ossetia after their importation.

An exemption from VAT:

- The supply of goods to Abkhazia and Tskhinvali region/South Ossetia by those with the special taxpayer status, who have the right to offset, which implies that the person is entitled to be reimbursed for the VAT paid for previous operations;



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- The supply of goods, originating from or produced in Abkhazia and Tskhinvali region/South Ossetia from these regions to the persons holding Special Taxpayer Status without the right of offset.

4. MOVEMENT OF GOODS ACROSS THE DIVIDING LINES, LABELING RULES, ACCESS TO INTERNAL AND EXTERNAL MARKETS

4.1 Supply of Goods from Abkhazia and Tskhinvali Region/South Ossetia to Georgian-controlled Territory

Residents of Abkhazia and Tskhinvali region/South Ossetia will be able to transport locally produced goods to the Georgian-controlled territories on the basis of accompanying documents (the documents issued in Abkhazia and Tskhinvali region/South Ossetia) and, if an inspection is needed, on the basis of an on-spot inspection of goods. The goods should also be accompanied by the appropriate documents, as defined in the existing tax legislation of Georgia, i.e. the bill of lading, a tax invoice and other necessary documents, depending on the types of goods being transported (these documents will be formed and processed electronically using the electronic services of the Tax Agency of Georgia).

Status-neutral labeling in
internal market

Goods produced in Abkhazia and Tskhinvali region/South Ossetia may be permitted in the trade networks on the Georgian-controlled territory using **status-neutral labeling**. In particular, it may be sufficient to include only the name of the producer, the name of the city/settlement (e.g. Sukhumi, Gagra, etc.) and/or address (street, number) on the product. If required, a specific bar-code may be placed on the product according to its content. The name of the product and other information on the label may also be placed in the Abkhazian language.

4.2 Export of Goods

The export of goods originating from Abkhazia and Tskhinvali region/South Ossetia, are allowed through the Georgian-controlled territories accompanied with the Georgian certificate of origin and in compliance to labeling rules (for example, by indication of the registration place of entrepreneur). The legal address of registration (e.g. Rukhi village) may be indicated, as the place of registration of the entrepreneur. Goods must be declared by a person who possesses the special taxpayer status or ordinary taxpayer status, and who has undergone registration on the Georgian-controlled territory. Issuance of a certificate of origin for goods, their declaration, inspection and export-related procedures will be handled by the Revenue Service in compliance with Georgian legislation.

4.3 Movement of Goods to Abkhazia and Tskhinvali Region/South Ossetia



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Entrepreneurs who wish to commence entrepreneurial activities in Abkhazia and Tskhinvali region/South Ossetia and who are registered as entrepreneurs on the Georgian-controlled territories and are granted special taxpayer status, as well as other entrepreneurs, conducting business on the Georgian-controlled territory, are granted the right to supply goods to Abkhazia and Tskhinvali region/South Ossetia in accordance with this initiative and the rules established under Georgian legislation. In such cases, a bill of lading will be closed in the moment the dividing line is crossed. The goods will also be considered as having been delivered.

5. FINANCIAL AND LEGISLATIVE INSTRUMENTS

5.1 Financial instrument

Within the framework of the current initiative, **trade across the dividing lines and related economy activities** will be supported, including joint production and partnership projects of people/interested interlocutors living on both sides, which, together with economic benefits, will ultimately contribute to cooperation and confidence building.

With the aim to facilitate trade across dividing lines, the state will launch the following pilot mechanism:

A new **sub-program** will be developed within the framework of existing state programs, which will aim at funding business activities, as well as small business projects in Abkhazia and Tskhinvali region/South Ossetia within the framework of the grant program. Grants will be issued for joint business projects across the dividing lines as well as for individual business projects for residents of Abkhazia and Tskhinvali region/South Ossetia.

In parallel, the establishment of the **Special Independent Fund** is foreseen, to mobilize financial resources and contributions from different donors and actors, international partners and private organizations, to serve the purpose of facilitating trade across the dividing lines.

Special Independent Fund

The Special Independent Fund will have a small administrative unit which will ensure its smooth operation and also provide assistance as needed, including in project documentation, to applicants for financial assistance. The need for such assistance may emerge for those with specific business ideas and projects, albeit those lacking the necessary experience related to project/proposal writing.

The Special Independent Fund will have an **independent decision-making steering board** - a board of experts (that may involve the representatives of actors from both sides of dividing lines involved in trade), who will make general recommendations, review, consider and make decisions on the funding of business initiatives/ applicants' projects.



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Moreover, with the assistance of the EU and other partners, additional humanitarian and **grant programs** will be developed and enacted (e.g. such as ENPARD III). International experts (possibly via partner/contractor international organizations having an access to Abkhazia and Tskhinvali region/South Ossetia) will be able to supervise/control the appropriateness of spending of grant funds in Abkhazia and Tskhinvali region/South Ossetia.

5.2 Legislative base

The appropriate provisions and amendments will be enacted in various Georgian legislation and bylaws to make the current initiative operational. Amendments will be introduced to the following legal acts:

1. Law “on the Rules of Registration of Georgian Citizens and Foreign Citizens Residing in Georgia, Issuance of Personal Identification Card (Residence Permit) and Passport for a Citizen of Georgia”;
2. Law “on the Occupied Territories”⁵;
3. Law “on Civil Acts”;
4. “Tax Code of Georgia”;
5. Law “on Entrepreneurship”;
6. Law “on Grants”;
7. Law “on Higher Education”;
8. Law “on General Education”.

CONCLUSION

The peace initiative “A Step to a Better Future” creates the opportunity for the facilitation of trade and establishment of economic relations acceptable for all actors. It is tailored to the interests and needs of the population and its implementation will substantially improve humanitarian and socio-economic conditions of those living in Abkhazia and Tskhinvali region/South Ossetia.

With the aim of facilitating and supporting trade and economic relations across dividing lines, the initiative suggests flexible and pragmatic instruments that enable depoliticization of issues for serving concrete humanitarian tasks.

The initiative is open to dialogue and cooperation and creates space for constructive engagement of all interested actors. At the same time, it forms the basis for the representatives of communities living on

⁵ It should be noted that Article 6 of the Law on Occupied Territories restricting economic activities in Abkhazia and Tskhinvali region/South Ossetia allows exceptions, via special permission of the Government of Georgia. The rules on issuing/granting this kind of a special permit will be regulated by the relevant Decree of the Government of Georgia



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both sides of dividing lines to engage in community dialogue to discuss trade and economic ties, as well as other issues of concern (such as education, environment, etc.), to define common interests and challenges as well as ways for their solution. Various forms and platforms for dialogue can respectively be discussed.

This proposal is one of the most significant directions of the reconciliation and engagement agenda of the Government of Georgia which, together with other peace initiatives and planned steps, serves the tasks of ensuring the welfare of population on both sides of dividing lines, building confidence and peace.