



COI QUERY

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|---|---|
| Country of Origin | Georgia |
| Question(s) | <ol style="list-style-type: none">1. Information on documented cases of forced labour perpetrated by state actors (including the National Bank) against individuals who failed to pay their debts with banks (2016-2019)2. Existence of specific bank loans granted only to civil servants (2016-2019) |
| Date of completion | 30 January 2019 |
| Query Code | Q2 |
| Contributing EU+ COI units (if applicable) | |

Disclaimer

This response to a COI query has been elaborated according to the [Common EU Guidelines for Processing COI](#) and [EASO COI Report Methodology](#).

The information provided in this response has been researched, evaluated and processed with utmost care within a limited time frame. All sources used are referenced. A quality review has been performed in line with the above mentioned methodology. This document does not claim to be exhaustive neither conclusive as to the merit of any particular claim to international protection. If a certain event, person or organisation is not mentioned in the report, this does not mean that the event has not taken place or that the person or organisation does not exist. Terminology used should not be regarded as indicative of a particular legal position.

The information in the response does not necessarily reflect the opinion of EASO and makes no political statement whatsoever.

The target audience is caseworkers, COI researchers, policy makers, and decision making authorities. The answer was finalised on the 30 January 2019. Any event taking place after this date is not included in this answer.



COI QUERY RESPONSE

1. Information on documented cases of forced labour perpetrated by state actors (including the National Bank) against individuals who failed to pay their debts with banks (2016-2019)

Among all sources consulted and within the timeframe for researching and drafting this Query response, no information could be found on documented instances of forced labour perpetrated by state actors (including the National Bank) against individuals who failed to pay their debts with banks.

Legal framework and documented instances of forced labour

Human Trafficking is a criminal offence under the Georgian Criminal Code. Article 143⁽¹⁾ reads:

‘1. Purchase or sale of human beings, or any unlawful transactions in relation to them, by means of threat, use of force or other forms of coercion, of abduction, blackmail, fraud, deception, by abuse of a position of vulnerability or power or by means of giving or receiving of payment or benefits to achieve the consent of a person having control over another person, as well as recruitment, carriage, concealing, hiring, transporting, providing, harbouring or receiving of a human being for exploitation, - shall be punished by imprisonment for a term of seven to twelve years, with deprivation of the right to hold an official position or to carry out a particular activity for up to three years.’¹

Additionally, the law on Combating Human Trafficking, approved by the Georgian Parliament in 2006, contains provisions for combating any form of trafficking, including forced labour.² Georgia is also a signatory country to the 1930 Forced Labour Convention (no. 29).³

The European Committee of Social Rights’ Conclusion report 2016 stated that in Georgia forced labour exists in domestic environment and in family businesses.⁴ During 2018, Georgian task forces conducted screenings for trafficking indicators on a total of 682 individuals working at hotels, bars, nightclubs, and bathhouses, and on another 55 individuals considered as ‘high-risk’ as they were working at businesses that violated labor standards.⁵ The 2018 USDOS Trafficking in Persons Report concluded that, although the Government of Georgia fully meets the minimum standards for the elimination of trafficking, cases of forced labour within the country exist.⁶

In November 2018, the European Parliament (EP) released its report on the implementation of the EU-Georgia Association Agreement. The report stated that the Parliament’s Committee on Foreign

¹ Georgia, Criminal Code, 22 July 1999, Art. 143⁽¹⁾, [url](#)

² Georgia, Law of Georgia on Combating Human Trafficking, Art. 3 (e), 28 May 2006, [url](#)

³ ILO, Ratification of C019 – Forced Labour Convention, 1930 (No. 29), 1 May 1932, [url](#)

⁴ COE-ECSR, Press briefing elements: Conclusion 2016, [url](#) p. 6

⁵ USDOS, 2018 Trafficking in Persons Report - Georgia, 28 June 2018, [url](#) p. 195

⁶ USDOS, 2018 Trafficking in Persons Report - Georgia, 28 June 2018, [url](#) p. 194



Affairs (AFET) had given a positive assessment, but had also encouraged Georgia to address a number of shortcomings in certain areas, including labour standards.⁷

Over-indebtedness

In the past years, the locale media have reported a growing phenomenon of Georgian citizens trapped by debts held with commercial banks, microfinance institutions and private lenders. Easy access to loans, high interest rates, and an unstable job market are considered to be the key factors that have led a growing number of Georgian low-income households to descend into debt.⁸ A Jamestown Foundation article refers to former president Mikheil Saakashvili claiming that almost one third of the country's adult population is 'in debt bondage and dependence' on the banks, as of April 2018.⁹

According to news organisation Eurasianet, in June 2018, Prime Minister Mamuka Bakhtadze stated that 630 000 Georgians had a debt they were unable to pay off.¹⁰ In an interview with the same source, the Georgian National Bank explained that low-income households found themselves burdened with heavy debt because of easy access to 'small-size loans with high interest rates'. Furthermore, the National Bank stated that access to big loans pushes Georgians toward the grey economy, as delinquent customers prefer informal employment so that their incomes do not get seized by creditors.¹¹

As a response to this phenomenon of high credit growth, the authorities introduced regulations to limit household over-indebtedness¹², including reducing the maximum effective lending rate to 50 % (from 100 %) in order to limit predatory lending. Since May 2018, a limit to banks' lending was introduced for households without verifiable income, which slowed growth in consumer lending.¹³

Before these regulations were introduced, it is reported that some loan-sharks had been lending at up to a 4 000 percent effective interest rate.¹⁴

In November 2018, the government announced a bailout scheme to pay off the debts held by 600 000 households. The International Monetary Fund (IMF) stated that 'the operation covers approximately one million loans made by banks, MFIs, and other lending institutions'.¹⁵ The bailout scheme, which

⁷ EP, Implementing the EU-Georgia Association Agreement, November 2018, [url](#)

⁸ Georgia Today, In debt & broke in Georgia, 26 June 2017, [url](#); Eurasianet, Georgia's predatory lenders are punishing the poor, 15 August 2018, [url](#); Jamestown Foundation, Georgia's Prime Minister Resigns, in Eurasia Daily Monitor Volume: 15 Issue: 95, 20 June 2018, [url](#)

⁹ Jamestown Foundation, Georgia's Prime Minister Resigns, in Eurasia Daily Monitor Volume: 15 Issue: 95, 20 June 2018, [url](#)

¹⁰ Eurasianet, Georgia's predatory lenders are punishing the poor, 15 August 2018, [url](#)

¹¹ Eurasianet, Georgia's predatory lenders are punishing the poor, 15 August 2018, [url](#)

¹² IMF, Georgia: Third review under the extended fund facility arrangement, 19 December 2018, [url](#) p. 4; Georgia Today, National Bank of Georgia tightens lending regulation, 27 September 2018, [url](#)

¹³ IMF, Georgia: Third review under the extended fund facility arrangement, 19 December 2018, [url](#) p. 4

¹⁴ Eurasianet, Georgia's predatory lenders are punishing the poor, 15 August 2018, [url](#)

¹⁵ IMF, Georgia: Third review under the extended fund facility arrangement, 19 December 2018, [url](#) p. 4



came into force on 15 December 2018,¹⁶ is funded by the charitable Cartu Foundation,¹⁷ which offered to buy off an estimated 1.5 billion lari (\$563 million) of bad loans from individuals across Georgia.¹⁸

2. Existence of specific bank loans granted only to civil servants (2016-2019)

Among all sources consulted and within the timeframe for researching and drafting this Query response, no information could be found on specific bank loans granted only to civil servants in Georgia.

¹⁶ Georgia Today, Annulment of debts of 600,000 citizens to start December 15, 19 November 2018, [url](#)

¹⁷ The Cartu Foundation is a private financial institution affiliated to the ruling party's leader. The debt-relief programme was announced during the run-up to the presidential elections, raising criticism about the political agenda and transparency of such measure. Council of Europe, Observation of the presidential election in Georgia (28 October and 28 November 2018), 14 December 2018, [url](#) p. 16; Transparency International, The initiative to write off debts represents unprecedented case of alleged vote buying, 21 November 2018, [url](#)

¹⁸ AP, Georgian charity to write down debts of 600,000, 20 November 2018 [url](#)



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