

Labour Market Profile Georgia – 2022/2023



This profile provides a comprehensive overview of the labour market's structure, development, and challenges.

*Danish Trade Union
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ULANDSSEKRETARIATET – DTDA
DANISH TRADE UNION DEVELOPMENT AGENCY

PREFACE

Danish Trade Union Development Agency (DTDA) is the Danish trade union movement's development organisation. The agency was established in 1987 by the two largest Danish confederations – Danish Federation of Trade Unions (Danish acronym: LO) and Danish Confederation of Professionals (Danish acronym: FTF). These confederations merged to become the Danish Trade Union Confederation (Danish acronym: FH) in January 2019.

The work of DTDA is in line with the global Decent Work Agenda (DWA) based on its pillars: creating decent jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The overall development objective of DTDA's interventions in the South is to eradicate poverty and support the development of just and democratic societies by furthering the DWA.

DTDA collaborates with trade union organisations in Africa, Asia, Latin America, the Middle East, implementing programmes with the immediate objective to assist the partner organisations in becoming change-agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and achieving the labour-related Sustainable Development Goals (SDGs).

The Labour Market Profile (LMP) format provides a comprehensive overview of the countries' labour market situation. The profile is divided into nine thematic sections describing the economic performance, labour legislation, social partners, social dialogue, violations of trade union rights, working conditions, the general status of the workforce, education, and social protection.

In the context of DWA and SDGs, LMPs follow several central indicators addressing aspects of labour market development, especially the unionism evolution, social dialogue and bi-/tri-partite mechanisms, policy development and legal reforms, status vis-à-vis ILO conventions and labour standards, among others.

Primary sources of data and information for LMPs are:

- The profile was crafted as a desk-study from Copenhagen based on a standard format developed in DTDA applied to various countries. Data collection was elaborated upon coordination with the Georgian Trade Union Confederation.
- National statistical institutions and international databanks are applied as sources for collection of general (statistical) data and information such as ILOSTAT and NATLEX, World Bank Open Data, ITUC Survey of Violations of Trade Union Rights, the U.S. Department of State, as well as other internationally recognised labour-related global indexes.
- Academia and media sources (e.g., LabourStart, national news, among others) are furthermore used in the research on labour market issues.

Labour Market Profiles for more than 30 countries are available on DTDA's website:

<https://www.ulandssekretariatet.dk/>.

The frontpage picture depicts workers in Georgia and provided by Georgian Trade Union Confederation.

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EXECUTIVE SUMMARY

Georgia's significant economic growth has been supported by the high inflow of foreign direct investment, consumption, exports, and tourism. Structural shortcomings blighted the economy and labour market development, echoed in long-run high unemployment. The growth was further negatively affected by the global Covid-19 pandemic in 2020 and the European energy crisis triggered by the Russian war against Ukraine in 2022. The country demonstrated considerable poverty reduction during the last two decades, driven by real wage increases, high remittance, and access to subsistence allowance schemes.

Signing the Association Agreement with the European Union in 2014 called for reforming the labour market's legal framework. It led to remarkable improvements in recent years, bringing it more in line with international labour standards and reaching a relatively high level of compliance with labour rights. Regular violations of workers' rights continue to be present. Georgia is behind in dealing with plans and policies to prepare the workforce for 'green jobs' and ensure skilled and qualified workers.

Social dialogue has been marred by the damaged legal and political heritage caught in an underdeveloped tripartite institutional structure, stymying unionism and collective bargaining. This situation is reflected in the relatively low coverage of collective bargaining agreements (CBAs) at around 13% of hired workers in 2021. But CBAs in the informal economy and social partnerships are emerging locally, backed by legal and institutional improvements in recent years. For example, developing the labour inspection system is in progress but somewhat slow for labour mediation. There is no competent authority to monitor the protection of labour rights, just as the labour inspectors are not entitled to screen all labour rights.

Georgia's workforce dropped by 25% from 2000 to 2021. A substantial shift has been detected from self-employed to hired workers. Labour income

share in GDP rose in the 2010s, topping neighbouring countries. High labour underutilisation at 39% in 2021 is stuck to low elasticity of jobs, not to mention around half of Georgian's workforce are economically inactive, underestimating the real unemployment scale. Key labour indicators reflect stark gender gaps, identically the low women employment rate at 41%. Young people display high inactivity rates but take strides to reduce the proportion of youth not in employment, education, or training (NEET rate).

Weak employment opportunities in Georgia have driven a "brain drain" emigration of highly skilled occupational groups. Government employment agencies provide job seekers with better information on the domestic labour market, but their impact on migration decisions is limited. The very high influx of Ukraine refugees and Russian who fled has created mounting political and economic tensions in Georgia in 2022.

The Covid-19 pandemic triggered an unprecedented situation for the education system bringing massive difficulties in ensuring school learning, and the risks of child involvement in labour have increased. More firms offered formal training until the pandemic created some downturns. Vocational training enrolment is very low compared to the regional average, and the government is far below its targets. Information and communication technology (ICT) training is on the rise.

Most Georgians are covered by at least one social protection benefit but stick lower concerning labour market programmes. The expenditure of subsistence allowance programmes burst massively from 2019 to 2021 due to the Covid-19 pandemic. The country faces looming financial unsustainability for the pension and subsistence allowance system linked to the ageing population, especially women. The high health out-of-pocket expenditure is falling, moving toward the European and Central Asia average.

Status of key labour market indicators in the framework of the Decent Work Agenda (DWA) in Georgia

Creating decent jobs	
Policy reforms addressing creation of decent employment.	The National Strategy 2019-2023 for Labour and Employment Policy connected to Action Plans aim at institutionalisation of social dialogue targets to facilitate for social partners to have opportunities of systematic engagement in social dialogues. The Georgian Government Programme 2021-2024 Toward Building a European State, outlines economic policy priorities to enable the country to quickly recover and return to its economic position in 2019-2020.
ILO standard setting on improvement of status of workers from the informal economy.	The proportion of informal employment in total employment increased from 51% in 2019 to 56% in 2020, while the non-agricultural informal segment rose from 22% to 25% during the same period. A series of the new climate mitigation sectoral laws and policy documents are projected to have impacts on the labour market dealing with a new regulating and management sphere, gearing to formalisation of the informal workers.
Guaranteeing rights at work	
Growth in trade union members (paying dues).	Approximately 5.4% from 2010 to 2022. *
Ranking in violations of trade union rights.	Ranking in the Global Rights Index at 3 out of 5+ (5+ is worst). **
Labour legislation is improved according to ILO standards.	In recent years, a series of labour law reforms were launched: Elimination of all Forms of Discrimination; Occupational Safety and Health (OSH) Law, several amendments to the Labour Code and Trade Union Law to bring the legal framework in line with the EU's legal framework; Labour Inspection Law.
Unionism with minimum 30% women representation in decision-making bodies.	Data not available.
Extending social protection	
Persons covered by at least one social protection benefit.	97% (see more in Table 11 ahead).
Workers from the informal economy have access to national social security schemes.	Georgia converted its contributory social insurance system into a universal, tax-financed pension in 2006 but it still struggles with loophole in workers from the informal economy. A new law on accumulative pensions was launched in 2019, initially mandatory for only under 40 but now if a person was 39 in 2019 and now is 42, they are mandatory to participate in the scheme. For the self-employed and those above the age of 40, enrolment in the programme is voluntary but with 4% personal contribution.
Promoting social dialogue	
Trade union density of hired workers.	Around 18% of hired workers in 2022, which dropped by 3 percentage points from 2010, at 21%.
Cooperation in labour-employer relations.	Ranking 96 out of 141 countries. ***
Number of collective agreements.	As for collective agreements at the enterprise level (outside the education sector), 59 collective agreements were signed with the trade unions in October 2021, of which 26 were signed or extended in 2017-2020.
Workers' coverage of collective agreements (%).	In October 2021, 105,098 employees were involved in CBAs, a drop of 19% from 2020, reaching coverage of 13% of hired workers.
Bi-/tri- partite agreements concluded.	The civil society consultation structures established put pressure on the Georgian government's labour law reforms agenda. The practice of bipartite dialogue between the workers and company owners is very poor, and that workers often need strikes to achieve better work conditions.

* This estimation is based on GTUC's trade union membership (paying dues) rate in 2010 to the number of members registered by GTUC in 2022, which was assessed at paying dues.

** This ranking is translated into "regular violations of rights": the government and/or companies are regularly interfering in collective labour rights or are failing to guarantee essential aspects of these rights altogether. There are deficiencies in laws and/or certain practices which make frequent violations possible.

*** This indicator is based on data from the Global Competitiveness Index that represents employers' opinion from surveys.

Sources: International Trade Union Confederation; World Economic Forum; Georgia Trade Union Confederation; and DTDA data collection.

COUNTRY MAP



Source: National Online Project.

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ECONOMIC PERFORMANCE

Georgia experienced turbulent times during the political transition during its secession from the Soviet Union in 1991, entering independent statehood. Structural reforms shifted from a centrally planned economy to a neoliberal market. The country joined the upper-middle-income group in 2015 and was one of the fastest-growing economies in Europe and Central Asia. GDP per capita stays significantly lower than the Europe & Central Asia (excluding high-income) average, US\$5,014 vs US\$8,708 in 2021, respectively.

The economic growth plummeted in 2020 as an impact of the global Covid-19 pandemic: GDP per capita fell by 9.2% from 2019 to 2020. Expanded pandemic-related spending used national savings, increased general government expenditure, and mounting government debt. Investments tumbled and widened the current account balance. The economic growth started to rebound swiftly in 2021, demonstrating Georgia's financial institutions' growing maturity and resilience. Georgia took several measures to soften the economic shock of the pandemic, such as imposing a moratorium on collecting property and income taxes in the hospitality sector, easing bank lending regulations, and increasing spending on infrastructure, among others.

Georgia's economy is projected to be negatively affected by the Russian war against Ukraine initiated in 2022 via trade, tourism, and remittance reductions. Oil and food prices have increased sharply due to uncertainty and disrupted supplies from Russia and Ukraine. The International Monetary Fund forecasted economic growth to reach 9.0% in 2022. See more details in Table 1 and Figure 1.

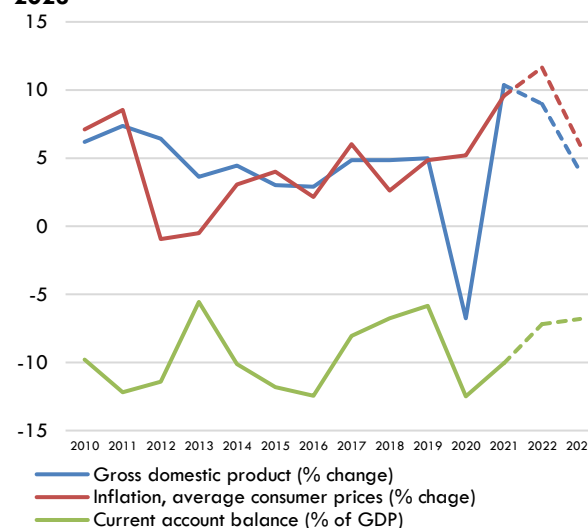
The country's inflation in consumer prices has been relatively stable during the last decade staying below 5%. However, the Covid-19 pandemic's broad impact spurred consumer price increases, reaching 10% in 2021 and 12% in 2022. This relatively high inflation and the high-interest rate pressured a high-cost environment, weakening workers' income purchasing power.

Table 1: Georgia's key economic data, projections, 2019-2023

Values	2019	2020	2021	2022	2023
GDP (current, billion, US\$)	17.5	15.8	18.7	25.2	26.9
GDP per capita (current, US\$)	4,694	4,263	5,014	6,770	7,270
Total investment (% of GDP)	25.3%	23.9%	21.9%	19.8%	19.1%
Gross national savings (% of GDP)	19.5%	11.4%	11.9%	12.6%	12.3%
General government total expenditure (% of GDP)	28.9%	34.5%	31.4%	28.5%	28.0%
General government gross debt (% of GDP)	40.4%	60.2%	49.5%	39.8%	41.0%

Sources: International Monetary Fund, World Economic Outlook Database, October 2022.

Figure 1: Gross domestic product, inflation, and current account balance trends in Georgia, %, 2010-2023



Sources: International Monetary Fund, World Economic Outlook Database, October 2022.

The economic growth in Georgia has been driven by the relatively high inflow of foreign direct investment, consumption, exports, tourism, and remittances. Entrepreneurship is vibrant. On the other hand, economic development has been haunted by weak productivity, especially in agriculture, and a lack of high-quality jobs. Human capital continues to be vulnerable, with poor learning outcomes and a lack of linkages between education and private sector needs. Besides, the country's trade openness and reliance on income from tourism make it vulnerable to external and global shocks, not to mention high dollarisation and persistent support for external savings further amplify risks.¹

Greenhouse Gas (GHG) Emissions are a central global challenge caused by unsustainable human economic activities. All international legally binding climate change treaties are in force for Georgia, and they determined its main and sectoral mitigation targets, directions, and measures by 2030. It is worth mentioning that the country has no Green Growth Strategy nor joins the Solidarity and Just Transition Silesia Declaration. Georgia is recognised as vulnerable to climate change impacts, ranked 40th out of 181 countries in the 2020 ND-GAIN Index (1 is best) (1 is best).²

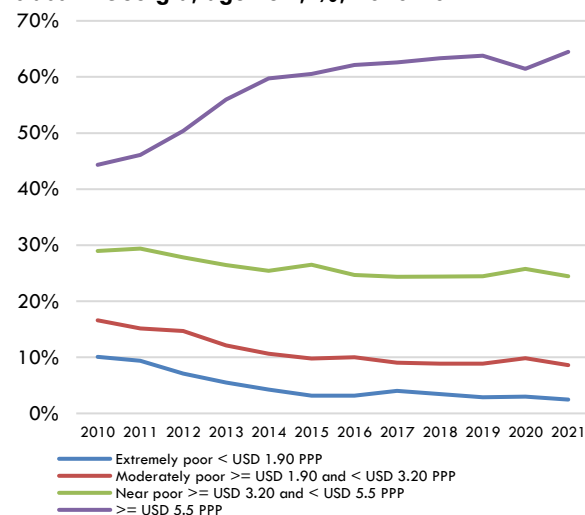
Recent studies found that climate change mitigation interventions have a predominantly positive impact on Georgia's labour market.³ However, as indicated above, the country is behind in dealing with plans and policies to prepare the workforce for 'green jobs' and ensure skilled and qualified workers. A focus on male-dominated sectors' transition emerged to the 'low carbon economy' that could push many men-dominate sectoral jobs to require relocation. The country has no rapid shift planned in the energy sector. Still, the international climate change mitigation trends suggest it will impact the coal production in Tkibuli. It could trigger a need for job alternatives for Tkibuli workers. Moreover, the EU climate policy and the European Climate Deal (EGD) have gradually gained more influence on Georgia's climate policy, linked with the energy sector and the energy security aftermath of the ongoing Russian war against Ukraine.

Living conditions steadily improved in Georgia. The Gini Index (based on 0 represents 'perfect' equality, while an index of 100 implies 'perfect' inequality) measured from 41 in 2000 to 35 in 2020. But it remains one of the most unequal countries in Europe and Central Asia. The Human Development Index (HDI) ranked Georgia as having very high human development, at 63 out of 191 (1 is best) in 2021, and the HDI rank took seven steps up the ladder from 2015 to 2021.

Figure 2 below shows that poverty among the employed was slowly declining during the last decade, and the middle class was on the rise, with

a slight downturn in 2020 but rebounded, reaching 64% in 2021. However, around 49% of the workforce is economically inactive, excluded from the projections. The broader poverty headcount ratio at the national poverty line confirmed that it fell steady: from 34% in 2004, peaking at 39% in 2007, and declining to 20% in 2019. Georgia's poverty reduction is driven by real wage increases, high personal remittance, and social protection coverage (see more in the Social Protection section). The economic toll and the fast-rising unemployment rate in 2020 supported that the poverty rate reached 21% in 2020, hitting the hardest vulnerable groups, such as workers in the informal economy. A large portion of the population is only marginally above the poverty line. Nevertheless, the declining poverty ratio hints at some real wealth gains for the Georgian population (see more in the Working Conditions section).

Figure 2: Projections of employment by economic class in Georgia, age 15+, %, 2010-2021



Note: Data are based on imputed observations and exclude the economically inactive population that cover around 49% of the population (aged 15+).

Sources: ILO, Key Indicators of the Labour Market (KILM).

Investors' confidence grew, and the country took steps during the 2000s to re-brand itself as a nation open to business and innovation. The country's investment climate became among the best in the region. During the 2000s, foreign direct investment (FDI) grew fast, peaking at 19% of GDP in 2007. The 2000s and 2010s experienced an average FDI inflow of 9% of GDP. In contrast, this rate was 2.4% of GDP for Europe & Central Asia (excluding high

income) average in the 2010s. In 2020, Georgia's FDI plummeted to 3.4% of GDP. Most foreign investments are used in domestic infrastructure (transport, telecoms, energy, real estate) and domestic-oriented services (financial services, retail, and construction). There has been relatively limited investment in export-oriented agri-business but significant investment in manufacturing.

Based on the Doing Business Index, Georgia remained one of the world's most business-friendly countries, ranked 7 out of 190 in 2020. It supports the significantly high FDI inflow. Out of the ten indicators, the country's best ranking is in starting a business (2), followed by registering property (5), protecting minority investors (7), and paying taxes (14). The lowest rankings are trading across borders (45) and getting electricity (42) (see more details in Appendix Table 20).

Free Industrial Zone

A free industrial zone (FIZ) is a specific Special Economic Zone (SEZ) type operating in Georgia. These zones are regulated under the Law on Free Industrial Zones, adopted in 2007. FIZ regulations do not impose restrictions regarding foreign ownership of companies. They promote the inflow of capital, technology, know-how, and employment. Investors may conduct processing activities connected with the transit of goods benefitted from a special tax regime. The authorities consider that this trade flow will contribute to export diversification, reduce Georgia's current account imbalance, and add to regional development gathered by the advancement of cargo transportation and related services.⁴

The financial and operational advantages for companies operating within FTZs benefit from an exemption from corporate taxation, relatively low labour costs, low energy and cargo costs, simplified customs procedures, free trade opportunities, and a quick business set-up procedure, among others. Goods produced or assembled in FIZs can be sold in the domestic market but must pay 4% of the gross income from the tax sale. Arms and munitions, nuclear and radioactive substances, narcotic and

psychotropic substances, and tobacco are prohibited in the scheme.

Currently, several FIZs are registered: Poti was established in 2009 and the first FIZ in the Caucasus region with more than 10,000 employees; Kutaisi was initiated in 2009 with more than 20,000 employees; Kulevi was created in 2012; both Tbilisi and Kutaisi's Hualing started in 2015.⁵ Based on the data availability, FTZ employees from Poti and Kutaisi represented around 3.4% of employees in 2015. There is scarce information concerning the workers' conditions in the FIZs.

LABOUR LEGISLATION

The Rose Revolution of 2003 initiated excessive deregulation of the labour market, including abolishing its labour inspectorate and approving a labour code that eliminated much of the previous employment protections. It vaporised labour regulations, leading to poor practices of working conditions, e.g., dismissal without warning and justification. However, Georgia negotiated an Association Agreement with the European Union (EU) at the beginning of the 2010s, reaching a deal that came into force in September 2014. It introduced a timetable for implementing laws to ensure approximate harmonisation with EU legislation in employment, social policy, and equal opportunities (see more in the Trade Agreements sub-section). Several laws and policies were relaunched concerning public employment services, the labour market information system, and active labour market policies (ALMPs).

This new wave of reforms reached only partial compatibility with the EU; for example, it did not combat unfair practices, just as the labour inspectorate re-established in 2015 with a limited mandate and powers.⁶ The course was challenged by weak cooperation in labour-employer relations (see also the Social Partners section). Nevertheless, the established civil society consultation structures put pressure on the Georgian government's reform agenda in labour law. It brought a tailwind for Georgia's parliament to pass a historic labour law reform package in 2020, offering much greater

protection to workers (see ahead). This new law reform was shadowed by the Covid-19 pandemic, delaying its full implementation and aggravating the labour market's situation.

Georgia adopted new climate mitigation sectoral laws and policy documents. These will also impact the labour market dealing with a new regulating and management sphere, gearing to the formalisation of the informal workers. For example, it led to the creation of some mandatory positions, e.g., increased forest management personnel for sustainable forest management, environmental manager for companies for sustainable waste management, energy auditors and certified specialists in the energy sector.⁷

The status of Georgia's central labour-related legislation is summarised below.

Constitution

Georgia's constitution from 1995 includes citizenship, fundamental human rights, and freedoms. It depicts that freedom of labour shall be guaranteed; everyone has the right to choose their employment freely. Law shall protect the right to safe working conditions and other labour rights, such as establishing and joining trade unions; the right to strike is recognised. The organic law shall determine the requirements and procedures for exercising these rights. Besides, the freedom of enterprise shall be guaranteed.⁸

Labour Code

The Labour Code was adopted in 2006 and allowed most workers' rights, including government employees, to form and join independent unions, legally strike, and bargain collectively. However, the law was criticised for imposing restrictions on the right to strike and weakly regulated working hours, maternity protection, compensation for overtime, and night work. Provisions concerning employment contracts were observed as biased towards the employer; for example, employers were not obliged to engage in collective bargaining, even if a trade union or a group of employees wished to do so.

Significant changes were introduced in October 2020 as part of the labour law reforms agenda, advancing the labour standards on a series of types of changes: For example, limits on work hours, mandatory weekly rest time, breaks between shifts, better protections for interns, part-time employees, and night-shift workers. The changes included non-discriminatory clauses to protect women from paying for equal, not to mention more leverage to pregnant and child-rearing parents; further strengthening the labour inspectorate by granting it more independence by widening its mandate, e.g., expanded for a solution to the number of occupational injuries and fatalities. The law recognises the right to freedom of association, the right to collective bargaining, and the right to strike.

Georgia Trade Union Confederation (GTUC) raised attention to improve the revision of the Labour Code of 2020, dealing with enhancing social and maternity protection, including protection from unemployment; setting up the adequate minimum wage and wage-setting mechanisms; ensuring that freedom of association and the right to strike is fully respected (see more in Appendix Table 21).

Occupational Safety and Health (OSH) Law

The OSH Code from 2019 expanded the Labour Inspectorate mandate to inspect hazardous professions and, for OSH, allowed unannounced inspections across all sectors of the economy. Amendments passed in September 2020 and came into force on January 1, 2021. Employers must appoint a certified labour safety specialist if they have more than 20 employees. Employers are also to compensate employees for injuries at the workplace, including damages resulting from occupational illness.

Elimination of all Forms of Discrimination Law

The Elimination of all Forms of Discrimination Law of 2019 was amended. It covers labour and pre-contractual relations, education, social protection, and healthcare spheres; sets prohibitions on directing one individual to discriminate against the other; obliges the employer to protect individual equality principles in labour and pre-contractual relations, among others.⁹

Public Service Law

The Public Service Law from 2015 aims to establish a legal basis for the formation and functioning of a stable, unified public service in Georgia. It is based on career promotion, merit, integrity, political neutrality, impartiality, and accountability. The law determines the status of a public servant, the conditions for recruiting qualified public officers and their performance of service and matters of public service administration. It regulates official legal relations between public servants in state bodies, bodies of the autonomous republics of Abkhazia and Adjara and municipalities and legal entities under public law unless otherwise provided for by this law.

Labour Inspection Law

The Labour Inspection Law from 2020 defines fundamental principles and basic areas of activity of the Legal Entity of Public Law. Labour Inspection Service is governed by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia; it determines the powers of the labour inspection service to ensure the practical application of labour provisions and other aspects related to the execution of its capabilities. Since January 1, 2021, the Labour Inspectorate has been empowered to inspect workplaces without the employer's consent to detect breaches of the provisions within the labour legal framework.

Trade Union Law

The Trade Union Law from 1997 establishes the legal grounds and rights and guarantees for the activities of trade unions. It regulates the public relations related to the establishment of trade unions and the realisation of their rights and guarantees for their activities, as well as the relations of trade unions and federations (associations) of trade unions with state and local self-government bodies, employers, employers' confederations (unions, associations), other public associations and natural and legal persons.¹⁰ The law was amended in September 2020 to lower the minimum membership requirement for establishing a trade union from 50 to 25.

Social Protection

Georgia does not have a social protection code. Instead, several laws refer to different social programmes. For example, social assistance is recognised as a need assessment-based state support rather than an unconditional guarantee. It required targeting resource distribution through the social assistance system to persons needing special care, low-income families, and people without shelter. Besides, it provided support for developing alternative means of social service (e.g., prevention of children abandonment, deinstitutionalisation of orphanages, reintegration of children in institutions to their families, among others).¹¹ The government is currently examining different models of social protection and considering adopting social code (see more in the Social Protection section).

Observations on Labour Legislation

International organisations register specific flaws in Georgia's labour legislation's framework concerning international standards for the rights to organise, the rights to collective bargaining, and the rights to strike:¹²

- The Labour Code prohibits anti-union discrimination but does not provide adequate means of protection against it.
- Authorities' power to intervene in the preparation of collective agreements related to discussion and resolution of collective labour disputes provides that, at any stage of a dispute, the Minister can terminate conciliatory procedures.
- The right to strike is recognised by law but strictly regulated.
- Compulsory recourse to arbitration, or too long and complicated conciliation and mediation procedures before strike actions.
- The Labour Code determines that it can only solve a collective labour dispute between an employer and a group of at least 20 employees or trade union.
- Restrictions for the objective of a strike: Labour Code defines a strike as the "voluntary refusal of the employee in case of a dispute to perform fully or partially the obligations imposed by the

employment contract.” It implies that sympathy strikes are not permitted.

- Authorities’ or employers’ power to prohibit unilaterally, limit, suspend or cease a strike action, i.e., a court has a right to postpone or suspend a strike for 30 days if it endangers human life or health, natural environment, the property of a third party or activities of vital importance.
- Discretionary determination or an excessively long list of “essential services” in which the right to strike is prohibited or severely restricted, i.e., the right to strike is not permitted during the working hours of employees engaged in activities related to the safety of human life and health.

Generally, international reports found that Georgia’s government has not effectively enforced laws that protect freedom of association or prohibit antiunion discrimination. Additionally, other challenges in labour and employment rights relate to the right to work, just conditions of work, fair remuneration, sexual and moral harassment at the workplace, and vocational training.¹³

Ratified ILO Conventions

ILO conventions cover international principles and rights at work. Currently, 18 conventions ratified by Georgia are in force, and none have been denounced. It is the lowest number of ratified ILO conventions among the neighbouring countries. The latest ratifications were the Tripartite Consultation Convention (C144) in 2018 and the Seafarers’ Identity Documents Convention (C185) in 2015. Since 2019, the government and social partners in Georgia have enhanced social dialogue to promote other ILO Conventions’ ratification.¹⁴

The country ratified eight out of ten fundamental conventions, leaving out the two occupational safety and health conventions. Two of four Governance Conventions were signed, leaving out the two labour inspection conventions. Additionally, eight Technical Conventions are ratified, out of which five are Up-To-Date and actively promoted. See more

details on the status of ILO conventions in Appendix Table 15.

The independent ILO body, known as the Committee of Experts on the Application of Conventions and Recommendations (CEACR), examined the application of the Freedom of Association and Protection of the Right to Organise Convention (C087) in 2021. They registered satisfaction with several improvements of the Labour Code: i) lowered the minimum membership requirement for establishing a trade union from 50 to 25; ii) the Order on Approval of the List of Essential Services employees working for essential service providers may exercise the right to strike if they ensure that a minimum service is provided to meet the users’ basic needs and ensure that the service in question operates safely and without interruption; iii) courts can postpone or suspend a strike for no more than 30 days if there existed a danger to the life or health of people, environmental safety but a third party’s property was deleted.¹⁵

The committee also had observations on the Right to Organise and Collective Bargaining Convention (C098) in 2021 concerning the number of complaints of anti-union discrimination at the time of hiring and non-renewal of employment contracts and the fine imposed and their amounts, as well as taking steps in consultation with the social partners, to ensure that the Labour Code promotes the negotiated resolution of collective labour disputes, among others.¹⁶

The Sustainable Development Goal indicator 8.8.2 seeks to measure the level of national compliance with fundamental labour rights (freedom of association and collective bargaining (FACB)). Based on ILO textual sources and national legislation, Georgia ranks at 0.86 in 2020 (0 out of 10; 0 is best). Compared to neighbouring countries where data are available, Georgia’s ranking is significantly better than Armenia’s (1.40), Turkey’s (3.66) and Europe and Central Asia’s average (1.30) (Table 2).

Table 2: Level of national compliance with labour rights among Georgia and neighbouring countries, 2020

Country	Value
Europe and Central Asia	1.30
Armenia	1.40
Georgia	0.86
Turkey	3.66

Note: The value has a range from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with FACB rights) and 10 the worst (indicating lower levels of compliance with FACB rights based on ILO textual sources and national legislation).

Sources: ILO, Key Indicators of the Labour Market (KILM).

Trade Agreements

Georgia participates in Euro-Atlantic integration. It includes signing an Association Agreement (AA) with the European Union (EU) in 2014, entering into force in July 2016. This AA introduced a preferential trade regime known as the Deep and Comprehensive Free Trade Area (DCFTA). The agreement leverages Georgia's commitment to implement internationally recognised core labour standards and trade union rights. As previously mentioned, it led to a series of labour-related law reforms in recent years. They exited the GSP+ scheme in January 2017 because the new market access arrangement superseded it. Also, new institutions are established for the procedural commitments relating to transparency, dialogue, and cooperation between social actors, such as the Tripartite Social Partnership Commission, intergovernmental Trade and Sustainable Development Subcommittee, domestic advisory groups, and the Labour Inspection system.

The Georgian Government Programme 2021-2024 Toward Building a European State outlines economic policy priorities to enable the country to quickly recover and return to its position in 2019-2020. Georgia has still not accepted the Additional Protocol to the European Social Charter Providing for a System of Collective Complaints as a tool not only to enhance the protection of social rights but also to promote social dialogue and empower civil society institutions. On the positive side, several amendments to the Labour Code are spotted to bring the legal framework in line with the EU's legal framework, such as guaranteeing the minimum

amount of remuneration paid for overtime; to ensure that employees do not have the option of waiving their annual leave; to establish a maximum limit for total overtime work performed by adults; among others. Several executive actions are noted as important pending issues, akin to the gender pay gap, the development of women entrepreneurs, enhancing the capacity of the Labour Inspection Office, and raising budgetary commitments to increase access to vocational education and training institutes. Last but not least, training and awareness-raising actions are listed, especially in the training of judges and lawyers, as well as in collaboration with social partners to implement the campaigns.¹⁷

Since the invasion by Russia of Ukraine initiated in February 2022, the political and economic context for the Association Agreements has changed with an impact on the implementation of the DCFTAs in Georgia.

Georgia has struggled to resolve the United States (U.S.) General System of Preferences (GSP) petition by upholding workers' rights and working conditions under the International Labour Standards (ILS). During the 2010s, concerns were raised regarding gaps in legislation such as anti-union discrimination and collective bargaining, the abolition of the labour inspectorate, and the government's hostile attitude to unionism which regularly interfered in elections, dues collections, collective negotiations, and other activities. Furthermore, the 2015 follow-up petition cited that the Georgian government insufficiently created a credible, independent labour inspectorate to enforce ILS. Even with its 2013 amendment, the labour code still did not conform to internationally recognised workers' rights. As already mentioned, at the end of the 2010s, Georgia's government undertook concrete steps to improve the inspection of working conditions, including passing legislation to protect workers in hazardous industries. Obligations for employers were set to enter effect on January 1, 2019. In October 2020, the United States Trade Representative (USTR) announced that the country's investigations for Georgia concerning worker rights had been resolved with no loss of GSP benefits.

Georgia also has other more traditional bilateral and regional trade agreements with Armenia, Azerbaijan, China, the Commonwealth of Independent States (CIS), the European Free Trade Association (EFTA), Hong Kong (China), Kazakhstan, the Russian Federation, Turkey, Turkmenistan, and Ukraine. Also, Organisation for Democracy and Economic Development (GUAM) has signatories from Azerbaijan, Georgia, Moldova, and Ukraine.

In the framework of the Black Sea Economic Cooperation Organization (BSEC), Georgia pays special attention to enhancing cooperation in the areas of railway and vehicle transportation, as well as the energy sector, due to existing and future projects in these fields. Georgia is committed to further cooperation in the following spheres: tourism, telecommunications, agriculture, small and medium enterprises (SMEs), science and technology.

In a broader view of regional trade agreements, studies argue that the measures of labour conditions (i.e., mean real monthly earnings, mean weekly work hours per employee, fatal occupational injury rate, and the number of the ILO's fundamental conventions ratified) find no evidence for possible pro-labour-condition effects of labour clauses.¹⁸

SOCIAL PARTNERS

Social partners are central to promoting the realisation of core labour rights and social justice for workers by protecting freedom of association and collective bargaining in bi- and tripartite functions. These partners usually represent government institutions, trade unions, and employers' organisations.

Government

Georgia's central government institutions that operate with labour issues are:

- The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs.
- The Ministry of Justice.
- The Ministry of Economy and Sustainable Development.

- The Ministry of Education and Science.
- The Human Rights Secretariat.
- The Government's Administration.

In particular, the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs (MoIDPLSA) oversees regulating the healthcare system, labour, internally displaced people (IDP) issues, and social security system. It operates with the Department of Labour and Employment Policy (DOLEP) and the Department of Inspection of Labour Conditions. The ministry is the highest executive authority regarding labour matters. It is responsible for formulating, implementing, and advising on labour policies and regulations.

The ministry promotes the National Strategy 2019-2023 for Labour and Employment Policy and the Action Plan 2019-2021 of the National Strategy for Labour and Employment Policy. This strategy aims to play a more active role in ensuring high-quality jobs in the labour market and increasing employee numbers. The main objectives are i) reducing the discrepancy between demand and supply, ii) strengthening Active Labour Market Policy (ALMP), and iii) promoting the involvement of women and vulnerable groups in the labour market through targeted social and inclusive employment policies.¹⁹

Trade Unions

During the Soviet Union period, Georgia's labour market was based on state industry and its employment system. After the Soviet Union break-up, Georgia went through a hybrid war by Russia using separatists (1991–1993), political turmoil, and economic collapse. Although various trade unions started to appear, they mainly stood inactive. As part of the transformation process and the aftermath of the Rose Revolution in 2003, the government started a profound privatisation process of the economy. This process included abolishing the labour inspectorate, and working conditions became precarious, such as most employees' contractual terms becoming short-term contracts. Many employers often refused to engage

with trade unions just as the government interfered in major unions' collection dues by salary check-off, which challenged membership retention. Overall, the changes cost a massive loss of trade union members.

In 2003/2004, just 11% of regular survey respondents displayed a positive attitude towards trade unions. But it was on the rise during the 2000s; by 2011, it peaked at 30%. It appeared it fell during the 2010s, reaching 12% in 2018.²⁰ These surveys stem from a high level of uncertainty and often lack of awareness, rather than active distrust, as well as haunted by the country's Soviet heritage and neoliberal policies.

Data reveal that the trade union membership rate has struggled to bring more members into the fold: Georgian Trade Union Confederation's (GTUC) members fell by 43% from 2007 to 2022, representing around 150,000 members. The trade union density of hired workers (employees) dropped by 24 percentage points from 2007 to 2019, reaching 18%. This density stood with a flat growth from 2019 to 2022, recorded at 18% in 2022, supported by a drop in hired workers in recent years (see more in the Workforce section and Table 3). The decline in trade union density trend was similar for all other Eastern Europe countries during the last two decades, registered by the Organisation for Economic Co-operation and Development (OECD); OECD's total trade union density average at 16% in 2019, around two percentage points lower than Georgia's.

Table 3: Status of trade unions in Georgia, 2022

Indicator	Values
Confederation	1
Sectoral trade unions	21
Trade union membership	150,000 *
Trade union density – employed	12%
Trade union density – hired (employees)	18%

* Data represent Georgian Trade Union Confederation membership.
Source: Georgian Trade Union Confederation's website; own calculations of the trade union density based on employment data from GeoStat.

The fall of trade union members has been linked to the government making most public servants and

teachers leave trade unions; hostility undermined working conditions; some employers interfered with unions. In addition, the private sector has been dominated by micro and small enterprises. As previously mentioned, the trade union regulations dealing with establishing a trade union have been rigid. The labour reform in 2020 lowered the minimum membership requirement from 50 to 25. It was further backed by Georgia's trade union movement's participation in the reform.

The establishment of employer-sponsored "yellow" unions surfaced during the 2000s, haunted by harassment of real trade unions. Employers widely use this practice in the country. The development of the trade union movement was contested by many workers' passive attitudes or lack of awareness or solidarity incentives. Many feared losing their job, partly under the influence of old labour stereotypes and partly out of hopelessness nurtured by the high unemployment rate.²¹ Recent reports listed the effect of "yellow" unions in the Georgian Post and Georgian Railways impeded the ability of independent unions to operate. Moreover, widespread instances of harassment in both the public and private sectors based on union affiliation, notably in the railway and postal services.²²

The trade union movement was initiated to organise workers from the informal economy. It opened for the Self-Employed and Commercial Sector Workers Union of Georgia (SCWU) in 2009. This union has around 550 members. Also, the organised minibus drivers in Tbilisi are represented by the Trade Union of Georgian Motor Transport and Motorway Workers (MTMWETU) and the local trade union of minibus drivers. This group advocated reforming the complex and exploitative system of private minibus routes into the tender-based system; conditions of work, including wages, hours, medical insurance, annual leave and safety and health; employment security issues (see more in the Social Dialogue section).

The status of the central organisation of trade unions is summarised below.

Georgian Trade Union Confederation (GTUC)

The GTUC was established in 1992. It is the only trade union centre that unites 21 independent sectoral organisations (see Appendix Table 16). The organisation is registered as a non-profit (non-commercial) legal entity following the Constitution of Georgia. GTUC is affiliated with ITUC and Pan-European Regional Council (PERC). The president of the GTUC is appointed as vice-president of ITUC and president of PERC. As depicted in Table 3 above, GTUC represented around 150,000 workers in August 2022.

The confederation's core principle of its activities is the democratic principles of governance, transparency, and accountability. The highest governing body is the congress, where the confederation president is elected every four years. During the period between the congresses, the governing body consists of leaders of all sectoral trade unions or their delegated representatives. The highest supervisory body of the confederation is the control and revision commission.

The organisation's objectives are to promote further democratisation of the country, protection of freedoms and independence of trade unions, establishment of healthy competition in the labour market, conduction of collective bargaining negotiations and conclude collective agreements, establishment of civilised labour relations practices, protection of children and women's labour rights, organising workers' strikes, rallies and demonstrations, protection of gender equality, among others.²³

The confederation has improved the internal structural background. While some of the sectoral organisations effectively organise the workers and protect their rights, others still appear to struggle to become a modern trade union, from inactive to more new active campaigning methods. In 2018, approximately 40% of GTUC members were employed persons under 35. The youth movement is becoming more involved in providing information to the employees and potential workers on their labour rights.²⁴ The confederation has supported many other initiatives, such as establishing a

minimum wage system; pension reforms and unemployment insurance; the process of improving the labour safety law; promoting campaigns to protect workers' rights; progressive income taxes; paid maternity leave in the private sector; digital labour platform workers' rights; healthcare and agriculture workers' rights. GTUC also prepared a draft law about minimum wage and unemployment allowance, initiated in the Georgian parliament, and contributed to recent changes in the Labour Code and the Labour Safety Law.

In the upsurge of the global Covid-19 pandemic in 2020, GTUC launched a series of interventions, including a nationwide awareness campaign in support of 10,000 self-employed and informally employed market vendors, who were eligible for financial support as compensation for the lockdown. They aimed at expanding their services to hard-to-organise workers and recruiting new members.²⁵

Georgian trade unions advocated diverse activities dealing with the invasion of Ukraine by Russia; for example, via virtual meetings with other European confederations, including the participation of representatives of Ukrainian, to take stock of the situation and to adopt a resolution.²⁶

Employers' Organisations

In 2022, employers constituted around 2.6% of Georgia's total employment, which was in line with the Europe and Central Asia (upper-middle-income) average.

The Global Competitiveness Index provides a wide range of indicators, including the competitiveness of the labour market based on values linked to surveys among employers in the country and other statistical data. Table 4 below illustrates the ranking of the twelve indicators regarding the labour market's competitiveness. Georgia ranked 37 out of 141 countries (1 is the best). It suggests that the country especially has been challenged with internal labour mobility (123) as well as cooperation in labour-employer relations (96) and active labour market policies (96). In contrast, the country is considered

top concerning the labour tax rate (1) and ease of hiring foreign labour (9).

Table 4: Labour Market Efficiency in Georgia, 2019

Indicator	Rank
Total	37
Redundancy costs (weeks of salary) *	17
Hiring and firing practices *	25
Cooperation in labour-employer relations *	96
Flexibility of wage determination *	47
Active labour market policies *	96
Worker's rights *	34
Ease of hiring foreign labour *	9
Internal labour mobility *	123
Reliance on professional management *	80
Pay and productivity *	89
Ratio of wage and salaried female workers to male workers **	51
Labour tax rate **	1

* Survey data. ** Ranked by per cent.

Note: Rank from 1 to 141 (1 is best).

Source: World Economic Forum, The Global Competitiveness Report, 2019, 8th pillar: Labour market.

Organising employers are functioning in Georgia, and the status of the central organisations involved in social dialogue is summarised below.

Georgian Employers' Association (GEA)

The Georgian Employers' Association (GEA) was founded in 2000. It is in Tbilisi and has branches in Batumi, Poti, Telavi, Gori, and Kutaisi. The core of its members is medium-sized private businesses, of which about 60% are affiliated with GEA. Some large companies, including state enterprises, are also members. There are no micro-and small enterprises among the members of GEA.²⁷ Currently, GEA unites more than 2,000 direct and 6,000 indirect member companies from different business sectors.²⁸ The organisation represents employers in tripartite commissions and councils, not to mention joining the International Organization of Employers (IOE) in 2004. It also gained recognition from the ILO.

The organisation prioritises protecting its members' economic and legal interests and focuses on four areas: social dialogue, employment policy, work safety and protection, and social security.

Business Association of Georgia

The Business Association of Georgia (BAG) was established in 2009. Currently, it has a membership of 90 Georgia companies.²⁹ The association's primary function is to protect the member companies' business interests. BAG developed regular communication with government structures and held meetings and discussions on topics important to its members. Moreover, it functions in several thematic committees established to protect member companies' interests and discuss various economic issues.

SOCIAL DIALOGUE

Social dialogue encompasses all types of negotiation, consultation, or exchange of information between representatives of social partners on common interest issues relating to economic and social policy. It can be informal or institutionalised, and often it combines the two. It can take place at the national, regional or enterprise level.³⁰

The breakdown of the Soviet Union at the beginning of the 1990s altered the ambience of the social dialogue in many Eastern European countries, especially Georgia. As previously mentioned, the economic framework was reshaped into a neoliberal economic model, benefitting employers' interests. Union activists were often perceived as opponents of employers rather than social partners. It fuelled a hostile dialogue ambience, turning into deteriorated labour rights and working standards. Studies argued that businesses' role in the tripartite institutions and the social dialogue appeared not fully appreciated at the national level in Georgia. Individual enterprises' participation in social dialogue frequently was rational and constructive at the company level. The independent interests of business were under development and required institutionalisation. Due to ongoing transformations, the business has been chiefly concerned with sorting out short-term problems rather than discussing long-term perspectives.³¹

During the 2000s, as a part of the revision of the Labour Code, the national tripartite council was

formed, signing a national tripartite agreement. It only led to marginal changes in new laws, lacking a sustainable foundation.³² The state distanced itself from intervening in collective labour disputes and conflicts. During the 2010s, the social dialogue moved toward a more constructive tone of social dialogue, linked to the central Georgia-EU's Association Agreement and its labour provisions. Trade unions improved their capacity to deal with labour issues in negotiations with employers. Although employers' view on cooperation in labour-employer relations remains contested (revisit Table 4), they have, to some extent, recognised unions and expressed their readiness for social dialogue.³³

Georgia ratified the ILO Convention on Tripartite Consultation (C144) in 2018 but not yet the Collective Bargaining Convention (C154) (revisit Appendix Table 15). The country also ratified the European Convention on Human Rights in 1999 and the Revised European Social Charter in 2005. It has not signed the Additional Protocol to the European Social Charter Providing for a System of Collective Complaints, including labour and employment rights, a tool to promote social dialogue and empower civil society institutions. The latest report concerning compliance with the European Social Charter from 2020 found two warnings for Georgia dealing with no appropriate authority that supervises that daily and weekly working time limits are respected in practice, nor has it likewise been established that law ensures that work performed during public holidays is adequately compensated. It is worthwhile to mention that there is no competent authority to monitor the protection of labour rights in Georgia, just as the labour inspectors are not entitled to monitor all the labour rights.³⁴

The government promotes the National Strategy 2019-2023 for the Labour and Employment Policy of Georgia, dealing with the institutionalisation of social dialogue, targeting to facilitate social partners to have opportunities for systematic engagement in social exchanges. It enhances the Trilateral Commission for Social Partnership at the national and regional levels (see ahead).

Despite some progress in social dialogue, the coverage of collective bargaining agreements (CBAs) dropped by 19% from 2020 to 2021; GTUC listed 59 active CBAs covering 105,098 workers in October 2021, equalling around 13% of hired workers. This coverage was at the low end among several Eastern European countries, e.g., the Czech Republic (35%), Hungary (22%), Latvia (27%), Slovak Republic (25%), and Slovenia (79%) but hovering above Estonia (6.1%), Lithuania (7.9%); in par with Poland (13%).³⁵ Georgian trade unions with the highest share of workers covered by collective agreements are mainly in Education and Science Workers Free Trade Union (40%), Trade Union of New Railway Workers (12%), Trade Union of Service, Communication and Banking Workers (9.9%), and Trade Union of Medicine, Pharmacy and Social Security (9.9%) (see more details in Appendix Table 16).

Collective bargaining in the informal economy has taken some steps ahead in Georgia. For example, reform of the complex and exploitative system of private minibus routes into the tender-based system. Ministry of Regional Development and Infrastructure, League of Passenger Transport Operators and Trade Union of Georgian Motor Transport and Motorway Workers (MTMWETU) established a permanent council for consultation. Protest rallies were held. Tbilisi municipality negotiated with MTMWETU's leader and ad hoc committee of drivers. Memoranda of cooperation concluded between MTMWETU and large companies that won the tender, leading to the signature of collective agreements, which included medical insurance, working hours, paid annual leave, and safety conditions. Drivers registered as individual entrepreneurs with commercial contracts.³⁶ It was agreed in 2020 that microbus drivers, previously contracted under a service agreement, would be recruited as employees, meaning they could enjoy adequate healthcare and OSH protections. The change affected around 3,000 workers in Tbilisi.³⁷

The public servants' sectoral trade union has relatively constructive relations with regional self-governance institutions, despite ministries

dismantling trade unions. It created an absence of a social dialogue structure concerning the professional standards for public servants; it negatively affected unionism to operate as a social partner. In the more commercialised sectors, sectoral trade unions are oriented towards dialogue with the related companies. According to the National Strategy 2019-2023, social partnership at the local level is detected as a central issue in reducing the mismatch between supply and demand in the labour market at the policy level. The government emphasised promoting work-based learning implementation at the enterprise level, improving educational programmes, infrastructure, and methodology following the requirements of the labour market, not to mention more emphasis on protecting the collective agreements. Where collective bargaining negotiating did go ahead throughout the Covid-19 pandemic, there were adaptations in processes and procedures switched to online negotiations.³⁸

Central Tripartite Institutions

Numerous consultation bodies are set to promote social dialogue among social partners in Georgia, and the leading institutions are presented below:

Tripartite Commission of Social Partnership

A Tripartite Commission was initiated in 2009 and started working regularly. The institution functions to improve the social partners' partnership and to work out recommendations on labour issues. In December 2012, the parliament passed a law institutionalising the commission under the prime minister's chairmanship. Each social partner has six members represented in the council.

According to the state decree on Social Partnership from 2013, the Tripartite Commission of Social Partnership is supposed to meet quarterly. In practice, however, their meetings are much less frequent and are organised on an ad-hoc basis.³⁹ Additionally, the social dialogue continues to be relatively weak at the regional and intermediary sectoral level due to social partners' underdeveloped structural organisation, among

others due to inadequate social partnership mechanisms in practice.⁴⁰

National Vocational Education Council

This council promoted several initiatives to strengthen social partners in developing and implementing Vocational and Education Training (VET) policies in the private sector. It included establishing sectoral and supervisory councils at the college level that rely heavily on the private sector, employers' organisations, and trade unions.

Deep and Comprehensive Free Trade Area (DCFTA) Advisory Group

The Ministry of Economic and Sustainable Development (MoESD) established the DCFTA's Domestic Advisory Group (DAG), supporting the consultation platform to bring together representatives from the Georgian government, employers and business associations, trade unions, and Non-Governance Organisations. Recent studies uncovered that the Georgian DAG has a low degree of inclusiveness and lacks significant progress in advancing a genuine multistakeholder debate as well as the trade and sustainable agenda in Georgia.⁴¹

Dispute settlement

Georgia's dispute settlement system has been reformed and improved during the last decade. Judicial reforms implemented since 2013 have created institutional safeguards for the independence and accountability of individual judges and the judiciary. Labour dispute settlement is defined in the Labour Code. It passed amendments in May 2019 that strengthened protections against sexual harassment in the workplace and empowered the Public Defender's Office (PDO) to investigate cases upon referral. Enforcing contracts easier by introducing random and automatic assignment of cases to judges throughout the courts was also developed. The country still lacks a body capable of proactively investigating workplaces to identify discriminatory practices.

In developing projects geared to improve compliance with the Labour Code in Georgia, the least successful component was labour mediation. The lack of readiness of the Georgian government to make fundamental changes in the collective labour disputes system prevented the project from achieving tangible progress in addressing mediation requests more effectively.⁴²

Georgia's courts filed around 87,000 cases in 2021, and a high backlog of lawsuits haunts the institution. The number of seats for judges had been increased by 49 in response to the large logjam. Although several vacancies remain, the judicial authorities are working to ensure that highly qualified judges are appointed. Georgia's judicial system's weak scope in dealing with labour issues is reflected in breach of safety regulations at work cases data: out of 1,014 cases listed from 2019 to 2022 (January-June), just four were solved.⁴³ It is worthwhile to mention that the number of such cases fell significantly by 34% from 2019 to 2021.⁴⁴

Several other laws have been developed to address the alarming high case backlog. The Law on Mediation of 2019 was adopted to increase the number of cases settled out of courts. The Court Mediation Programme and related action plans were developed, and all courts established mediation centres. Those would further help to address the backlog.⁴⁵

The collective discussions and mediation of labour arguments between an employer and employee operate in the form of independent mediators selected from a recognised registry, subsidised by the state. Currently, the government has trained fifteen participants on collective bargaining disputes. Data from 2014 to 2018 showed that 38 mediation requirement cases were recorded, out of which 52% ended in agreement.⁴⁶

International reports detect that Georgian employers' obligations to participate in mediation are not clearly defined by law or practice.⁴⁷ A study of the labour disputes in the Civil Service found that most labour disputes are decided against a public agency. Restoration of the

employees' rights is often impossible in practice, though. Conflicts mainly occur in cases of dismissal about restructuring or disciplinary proceedings. Disputes concerning the fairness of the competition for a position are also frequent. Procedural violations made by public agencies are repeatedly identified in the conflicts, such as shortcomings in examining the case and its justification. Public agencies lack helpful tools to prevent conflicts and promote their sufficient resolution on time and at lower costs.⁴⁸

About 4,000 applications were pending against Georgia in the European Court of Human Rights. By March 31, 2022, the Court considered only 154 applications, the lowest historic number for Georgia. The number of cases before domestic courts increased by 110% between 2013 and 2021. That demonstrated that trust in local institutions and the judiciary at the national level had improved significantly. Prosecutorial powers vested previously in the Minister of Justice had been transferred to the Chief Prosecutor of Georgia. In 2018, the prosecution service became fully independent. In 2019, the independent state Inspector Service was created to investigate specific crimes committed by law enforcement officers and civil servants. In 2021, two independent state agencies were established: the State Investigative Service and Personal Data Protection Service.⁴⁹

TRADE UNION RIGHTS VIOLATIONS

The Global Rights Index 2022 ranks Georgia at 3 out of 5+ (5+ indicates a complete breakdown in the rule of law). This ranking regard "regular violations of rights": Governments and/or companies are regularly interfering in collective labour rights or failing to fully guarantee essential aspects of these rights. There are deficiencies in laws and/or certain practices which make frequent violations possible.⁵⁰

The International Trade Union Confederation's (ITUC) survey of violations of trade union rights registered several cases in recent years, dealing with waste management service employees fired for organising strike; legal action against gig

companies after couriers were terminated for going on strike; justice for 56 illegally dismissed chemical workers; Czech energy company denies rights to Georgian workers; court imposes an indefinite ban on striking during working hours for metro workers; energy workers in Georgia campaign for respect and decent salaries.⁵¹

Due to continued concerns over the country's respect for freedom of association, collective bargaining, and the right to strike, labour unions called upon the government to take further steps to enhance worker protections and protect existing workers' rights. For example, only 32 complaints dealing with breaches of labour rights at the Ministry of Labour, Health, and Social Affairs' Labour Conditions Inspection Department (LCID) in 2020. It is worthwhile to mention that the low number of complaints might be due to the limited mandate of the LCID; by the same token, prior to January 1, 2021, the authority in charge of the protection of labour rights did not have the power to monitor the protection of labour rights (except for the occupational safety norms) without the consent of employers. Even when it performed such monitoring, its authority was limited to issuing non-binding recommendations.⁵²

Other international organisations registered that workers generally exercised their right to strike per the regulations but at times faced management retribution. For example, employees of a mill began a 38-day strike in May 2021, demanding wage increases and a safer work environment. During the strike, the employer refused to dialogue with trade unions and resorted to another means to end the strike. Employees ruled out any agreement with the employer without a trade union. During a parallel mediation process, the labour inspectorate found several safety violations. As a result of multilateral negotiations, large-scale rallies and marches occurred, demanding the involvement of state officials in the processes. The strike was resolved with employees, trade unions, and employers signing an agreement. The management of the mill company filed a lawsuit against 26 workers requesting to declare their strike illegal. The court suspended the case, as GTUC proved that the

employer did not have a legal basis for declaring the strike illegal.⁵³

GTUC further reported widespread instances of harassment in both the public and private sectors based on union affiliation, notably in the railway and postal services.

The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs through the Labour Inspectorate did not find forced or compulsory labour cases in 2021. However, GTUC claimed this was because the Labour Inspectorate lacked enough inspectors to cover the country effectively, especially the informal economy.

WORKING CONDITIONS

Georgia introduced the minimum wage in 1999. It was not adjusted to the inflation in consumer prices afterwards, thus too low and outdated, nor in line with the standard of living in the country. The minimum wage for the private sector stood at GEL 20 (current US\$6.7) per month in 2022, while for public employees up to GEL 115 (US\$38) with effect from January 2007. The country's minimum wage is at rock bottom in Europe and Central Asia.⁵⁴ The lowest-paid jobs in the private sector's agricultural sector were monthly average GEL 911 (US\$292) in 2020, thus typically significantly higher than the minimum wage. Although Georgia's parliament initiated to discuss determining a minimum wage at the end of the 2010s, it entered an uphill battle.

Georgian's minimum wage is significantly lower than the Subsistence Minimum, with an average amount of monthly allowance for working-age males at GEL 240 (US\$80) per month in 2022 (January-July, average) (see more in the Social Protection section).

The average real earning growth rose steadily during the last ten years, with some glimpses in 2017, 2019, and 2020. It significantly grew from 2020 to 2021, at 13%. Average earnings reached GEL 1,447 (US\$482) per month in 2022 (I quarter).

A gap in average monthly nominal earnings of employees in public and non-public sectors widened from 5.7% in 2014 to 20% in 2019/2020, benefitting the non-public sector (see Table 5 and Figure 3). The sectoral highest nominal earning hikes in recent years are mining, construction, accommodation and food services, education, and agriculture (see details in Appendix Table 17).

Table 5: Status of minimum wage and earnings in Georgia per month

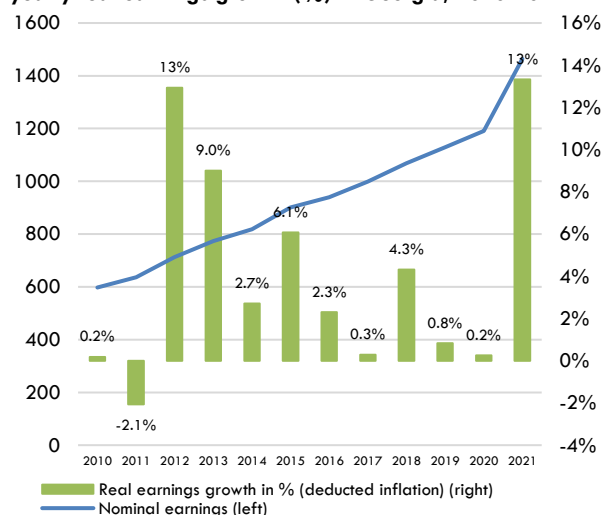
	Current Georgia lari (GEL)	Current US\$
Minimum wage		
Private sector (1999-current)	20	6.7
Public employees (2007)	115	38
Average earnings (2022)	1,447 *	482
Nominal earnings of employees (2020)		
Non-public sector	1,285	413
Public sector	1,024	329
Yearly real earnings growth on average, 2010-2021	4.2%	
Average earnings gender gap 2020	32% **	

* Nominal earnings based on trimester 1, 2022.

** Ratio of women's earning to men.

Source: GeoStat; WageIndicators.org; and own calculations on real earnings growth and earnings gender gap.

Figure 3: Average monthly nominal earnings (lari) and yearly real earnings growth (%) in Georgia, 2010-2021



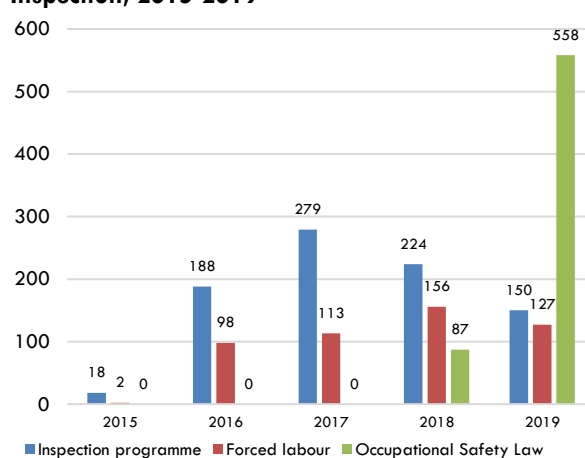
Source: GeoStat; own calculations on real earnings growth.

The informal economy creates loopholes in labour and business regulations, such as wages. Another critical aspect is that earnings encounter a significant gender gap favouring men. On the positive side, this gap deflated from its peak at

51% in 2006, dropping by 19 percentage points and reaching 32% in 2020. The gap is mirrored in women's overrepresentation in low-paying, low-skilled positions, regardless of their professional and academic qualifications (see more in the Workforce section).

The government abolished labour inspection in 2006. The system was marred by corruption linked to the former Soviet Union structure, hindering business activities. There was no oversight system for almost ten years to supervise compliance with the Labour Code and technical regulations. As part of the EU-Georgia Association Agreement and external pressure, the Labour Inspection Service was re-established within the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs in 2015. It led to the Occupational Safety Code in 2019, providing an obligatory mandate of implementation to inspect facilities and establishing the supervisory body's right to inspect any workplace without previous notice at any hour of the day or night. Its authority extended to all sectors of economic activity. The Labour Inspectorate's mandate introduced further occupational health and safety measures, finally establishing the Labour Inspection Office as a legal entity of public law in January 2021. The establishment of the Labour Inspection Management system has made some progressive developments, especially in OSH inspections since 2018 (Figure 4).

Figure 4: Number of facilities inspected by the Labour Inspection, 2015-2019



Source: Georgian Labour Conditions Inspection Department, Annual Report 2019.

The labour inspection system is set to conduct state supervision over enforcing occupational safety norms, eliminating forced labour and labour exploitation, and protecting labour rights. In practice, it has been challenged due to the Covid-19 pandemic in 2020, leading to lockdowns and many companies were at least temporarily closed; by the same token, the extensive informal economic and workers often lack awareness or incentives to comply with the business and labour regulations further hinders the system's function.

Data indicates that the number of filled labour inspectors reached 56 of 110 positions in June 2021.⁵⁵ It suggests one inspector per around 21,000 workers (one per 15,000 per hired). It appears to be a relatively low inspections scope concerning the ILO recommends one per 10,000 workers in industrial market economies but close to one inspector per 20,000 workers in transition economies.⁵⁶ The Labour Inspection Management system was still contested to expand inspection in workplaces, levy fines, or other employers' penalties for overtime or wage violations.⁵⁷

Discrimination in workplaces has been pervasive. The trade union movement registered cases of discrimination based on age, sexual orientation, and union affiliation. Companies and public workplaces frequently reorganised staff to dismiss employees who had reached the qualifying age to receive a pension. Also, vacancy announcements often included age requirements as preconditions to apply for a particular position.⁵⁸

WORKFORCE

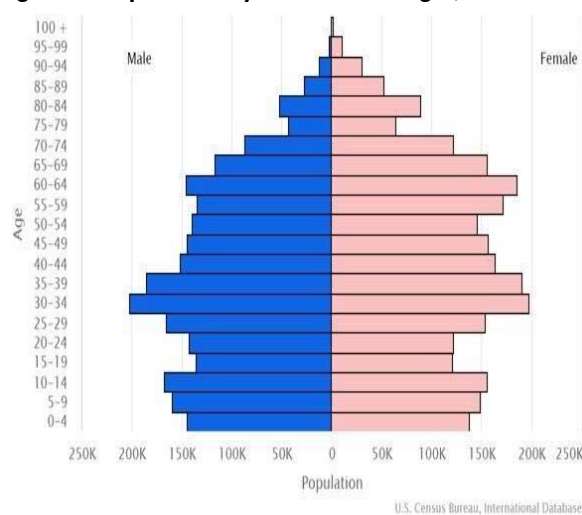
Georgia's population is shrinking, entering negative population growth since the 1990s. But in recent years, this growth has grasped close to 0%. The population represented approximately 3.7 million ethnically and linguistically diverse people in 2022.

The fertility rate fell from 2.3 in the 1980s to 1.7 births per woman in the 2000s, linked to armed conflicts in the early 1990s, high external migration flow, and socio-economic difficulties with the transition to a market economy. The fertility rate

rebounded, reaching 2.2 on average in the 2010s, but with a minor drop by 0.2 percentage points in 2020, stuck to 2.0. The life expectancy rate increased slowly from 70 years in 1980 to its peak of 74 since 2018.

Figure 5 visualises the population pyramid. One of the central observations is the relatively small share of the youth generation, which prompted the government to reform the pension system (see more in the Social Protection section). Around 29% of the population are below 25 years old; 65% are of working age (15-64); 17% are 65 years and over, dominated by women.

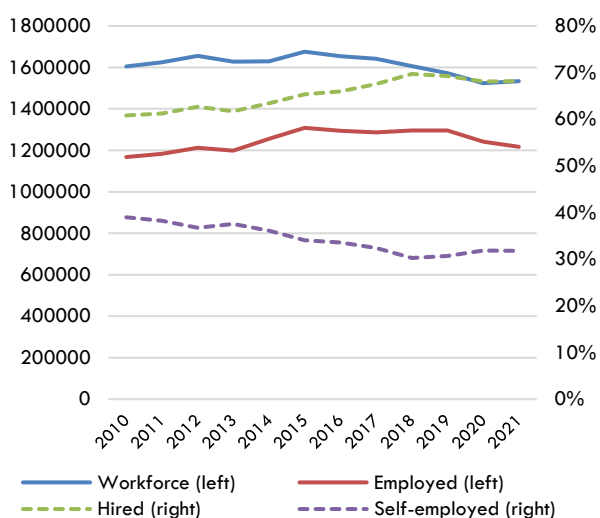
Figure 5: Population Pyramid for Georgia, 2022



Source: CIA, The World Factbook: Georgia.

Georgia's workforce fell by 25% from 2000 to 2021, representing around 1.5 million people today. This shift is reflected in the smaller young generations in the Population Pyramid above. The employment rate followed the trend similarly but at a slower pace, except for the significant dip in 2020/21. The ratio of employed to workforce increased from 73% in 2010 to 82% in 2019, falling to 79% in 2021. There has been a substantial shift from self-employed to hired workers during the last two decades: hired increased by 21% while self-employment fell by 63% (see Figure 6 and Appendix Table 19).

Figure 6: Georgia's workforce and employment trends, 2010-2021



Source: GeoStat.

Another trend is that Georgia's workers operating in the public sector fell from 26% in 2010 to 21% during the middle of the 2010s but started to bounce, reaching 25% in 2021; those in non-public ownership currently represent three out of four workers.

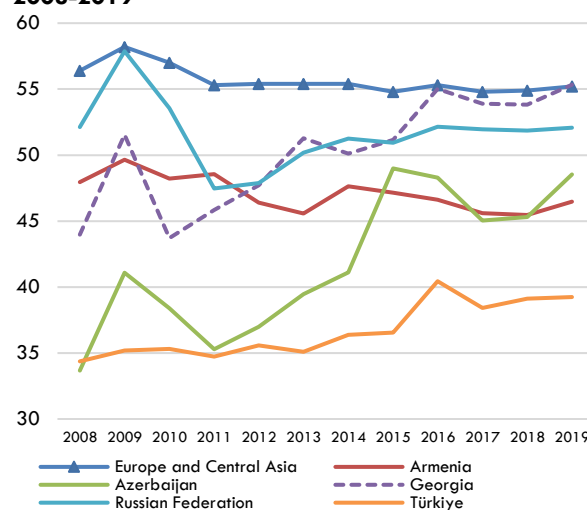
Appendix Table 18 shows the distribution of employed persons by economic activity: the agricultural sector had the highest share of 19% in 2021, followed by the wholesale and retail trade sector at 15%, education at 12%, and industry at 11%. Primary considerable shifts in the number of workers from 2017 to 2021 were especially a fall of 20% for the agricultural sector, the industry by 11%, accommodation and food services by 12%, and information and communication by 17%. Besides, the agricultural sector's share of total employed persons fell by 3.6% and industry by 0.7% during the same period. In contrast, the construction sector detected an upsurge of 1.2%, wholesale and retail trade of 1.3%, and transportation of 0.8%. These changes are linked with intensive enterprise reforms, job destruction and labour shedding in older sectors of Georgia's economy, proportionally offset by job creation in new sectors.

Although the country has a relatively well-educated workforce, the available skilled jobs often mismatch the types demanded in the private sector. Georgian

businesses reported difficulties in hiring and retaining skilled workers because they use outdated technology or do not have the necessary scale to provide remuneration that would be competitive by international standards.⁵⁹ It is backing the private sector's weak competitiveness and marred by the relatively high and persistent unemployment rate.

ILO-modelled estimates show that Georgia's labour income shares in GDP – the amount of GDP paid out in wages, salaries, and benefits – were on the rise in the 2010s and became in line with Europe and Central Asia's, superseding all neighbouring countries (Figure 7). It points out that Georgia has taken steps to achieve the Sustainable Development Goal's Indicator 10.4.1, driven by fiscal, wage and social protection policies (Appendix Table 13, Indicator 10.4.1). It further supports the previously mentioned shifts in employment by economic class with rising middle-class and hired workers (revisit Figure 2 and Figure 6).

Figure 7: Labour income share as a percent of GDP, %, 2008-2019



Source: International Labour Organization.

Business-friendly policies dominated Georgia's enabling environment for jobs, but political instability remains a significant challenge for firms. Job outcomes have contributed significantly to poverty reduction, but job creation is not keeping pace with economic growth. Georgia's annual growth rate of output per worker was 4.6% on average in the 2010s and peaked at 8.5% in 2020. It plummeted to -0.8% in 2021 since the

Covid-19 pandemic significantly affected employment and labour relations. For example, pandemic restrictions had a significant economic impact on the tourism, retail, and transport sectors.

Georgia's economy is considered too small to absorb all workers, as reflected in the high unemployment rate (see the Unemployment sub-section). Survey data suggested that two out of three of Georgia's urban workers were relatively well-matched to their jobs. Just 4% of all urban workers are under-educated. Instead, too many urban workers underuse their skills in their current positions. Women and workers from the informal economy are more likely to be over-educated for their current jobs.⁶⁰

Even though many new firms have become established in Georgia, firms are dominated by small and individual enterprises that often fail to grow to medium-sized firms and have high failure rates. Most Georgia firms (99.7%) were Small and Medium Enterprises (SMEs), accounting for 62% of total employment and generating 59% of gross value added. Employment in large companies is on the rise, often related to relatively older firms. Concerning sectoral distribution, SMEs tend to be concentrated in low-value-added sectors, such as trade and construction. In 2015, the Government of Georgia embarked on an ambitious effort to improve business environment conditions and tackle market failures that make it harder for entrepreneurs and managers of small and medium-sized companies to start, run, and grow their businesses. Among others, it resulted in the adoption of the SME Development Strategy 2016-2020.⁶¹

The newly emerging Fourth Industrial Revolution (4IR) rapidly changes the nature of work and the demand for skills. For example, the scale of output of business process outsourcing (BPO) companies in Georgia has emerged, reaching at least 130 BPO providers in 2021. It has benefitted from the flexible business climate and its regulations (revisit Appendix Table 20). Most outsourced services include customer support, accounting, payroll, and HR management. The number of employees engaged in related IT and BPO outsourcing services

was around 15,000.⁶² It represented about 1.8% of all hired workers in 2021 (see more in the Vocational Training sub-section).

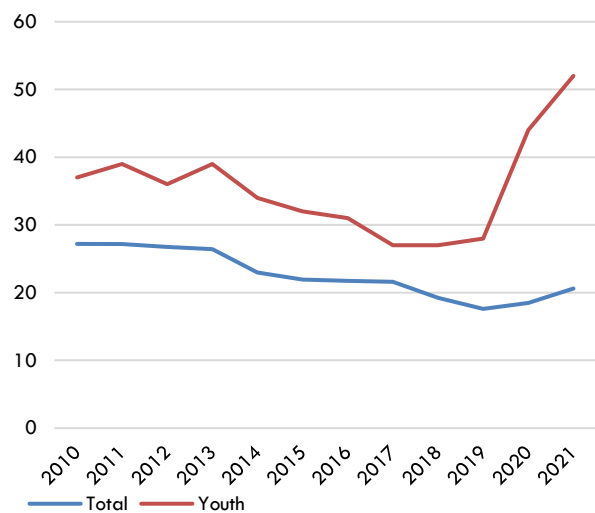
Unemployment

Unemployment has been a structural challenge for Georgia during the last two decades. The high number of unemployed swelled during the 2000s, fuelled by the impact of the Rose Revolution in 2003, leading to a series of reforms to reshuffle the country's economic and labour structures. Additionally, the regional turmoil from the Second Chechen War (1999-2009), the "twin crisis" of the Russo-Georgian War in August 2008 and the global financial and economic downturn in 2007-2009 also pushed many into unemployment.

The official unemployment rate peaked in 2010 at 27%. Since then, the unemployment rate has dropped, supported by solid economic growth and declining workforce participation, reaching 18% in 2019. The economic downturn of the Covid-19 pandemic pushed unemployment to rebound to 19% in 2020 and even reached 21% in 2021. It could even increase further in 2022, caused by the influence of the European energy crisis triggered by the ongoing Russian war against Ukraine.

Georgia's youth unemployment rate was high at 33% on average in the 2010s; it skyrocketed in 2020, interconnected with Georgia's National Statistics Agency (NSA) changing its methodology of calculating unemployment such as subsistence farmers are no longer categorized as employed. Since job opportunities for young people in Georgia are limited, with almost 53% of the current workforce employed in subsistence agriculture, it could explain a large part of the considerably increased youth unemployment rate. So far, this rate peaked at 52% in 2021 (see Figure 8). This situation mirrored scarce job opportunities in the country, not to mention young people displaying high inactivity rates (see more in the Youth sub-section).

Figure 8: Georgia's unemployment rate trend, %, 2010-2021



Source: GeoStat.

Studies revealed that Georgia's growth elasticity of jobs was very low and not at the same pace as other Western Balkan countries and EU-Central and Eastern Europe (CEE) countries. For example, total employment growth is low because individual and small firms have high exit rates: more than half of these firms do not survive four years in business.⁶³ Moreover, labour underutilisation is also haunting the low elasticity of jobs, estimated by NSA at 39% in 2021. Central issues raised to bring job creation linked with policies enabling the overall business environment; policies promoting the firm-specific business environment and firms' capacity to create more inclusive and high-productivity jobs; policies aiming at increasing the workforce size; policies aiming at increasing workforce productivity and skills.

The government has given particular attention to unemployed workers and workers at risk of unemployment in communities and industries affected by climate change, resource degradation, or structural change, including those in the informal economy.

Another issue that underestimates the unemployment scale is that around half of Georgia's population (1.5 million people, +15) are economically inactive, excluded from the employment statistics, including the unemployment rate. Those in this group are either aged 15-19 and in education, or others

reached the pension age and are not interested in finding jobs, not to mention many other who stays home doing family/housework or stop looking for work.

Migration

Georgia acceded to the Refugee Convention in 1999 and the Status of Stateless Persons Convention in 2011, and four main legislative acts governing migration are functioning:

- Organic Law on Georgian Citizenship from 2014 defines the basic principles of Georgian citizenship.
- Law on the Legal Status of Aliens and Stateless Persons from 2014 defines regulations for foreign nationals to enter and stay in Georgia.
- Law on Labour Migration from 2015 primarily regulates the norms of labour emigration of Georgian citizens abroad and defines the mechanisms for protecting the rights of labour emigrants.
- Law on International Protection from 2017 set the rights of the persons who need international protection and granted procedures that decision a timeframe; by the same token, it tightened the regulations against the persons abusing the asylum system in Georgia.

At the policy level, the government operates with the latest Migration Strategy 2021-2030 that sets the state's priorities in the field, adjusts the related policies, as well as develops a system aimed at addressing the challenges faced by the world community.⁶⁴ This strategy is managed by the State Commission on Migration Issues (SCMI) that coordinates the basic thematic directions within nine national sectoral agencies involved in migration management.

Georgia's urbanisation rate increased from about 55% in 2009 to 60% in 2021, slightly higher than Azerbaijan (57%) but lower than Armenia (64%), Russian Federation (75%), and Turkey (76%).

Displacement associated with disasters was around 3,500 persons from 2013 up to date, mainly from floods and storms; these data are considered

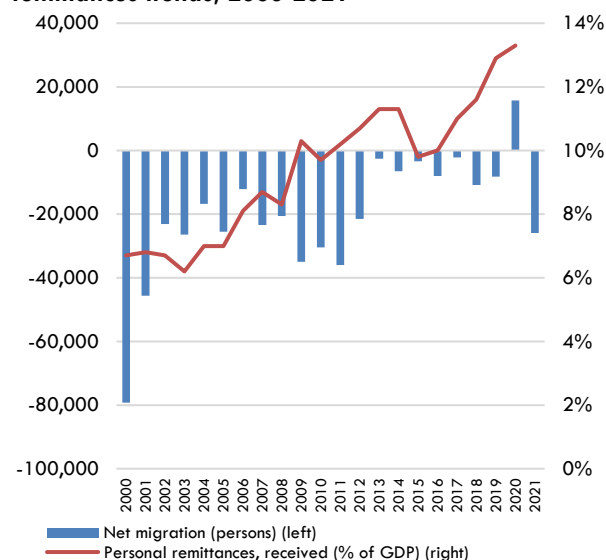
underestimated. Displacement associated with conflicts and violence was about 305,000 persons at the end of 2021; data with “medium confidence”.⁶⁵ Several internally displaced persons (IDPs) still lived in temporary centres that were not suitable for long-term accommodation. The government is working on constructing new accommodation facilities to provide more internally displaced persons with long-term accommodation. The state provided information to IDPs about Covid-19 vaccinations and organised their vaccinations.

Georgia has a geopolitical position as a Western outpost in the Caucasus and Central Asian region. It locates the country as a central transportation hub. During the 1990s, the country experienced a high out-migration (emigration) motivated by the lack of economic opportunities at home, reflected in high unemployment and others searching for better education. During the 2000s, nearly 10% of the population moved to another country. The declining population was more visible in villages at three times more than in cities. A rapid economic and political transformation provided new opportunities after the 2003 Rose Revolution. The relatively smooth bureaucracy supported the flow of migration processes, turning migration into a significant factor in modernising the country. The business environment encouraged many Georgian migrants to return home and repatriate part of their capital: the country started to close the net migration gap. An impact of the Covid-19 pandemic in 2020 is even reflected in high in-migration (immigration) flow. The impact of the Covid-19 pandemic in 2020 is even reflected in high in-migration (immigration) flow. But demographic concerns were triggered in 2021 by a more significant number of Georgian leaving the country for work in Poland, Germany, and especially the U.S. In 2021 alone, nearly 100,000 people departed, widening the negative net migration gap (see Figure 9).

Many Georgians who left the country reside in Russian Federation, Ukraine, Greece, and Armenia. Others target the U.S. and EU member states such as France, Spain, Germany, and Austria, dominated by the younger population driven by the education

system pull factor. Besides, Russians, Armenians, Azerbaijanis, Belarusians, Chinese, Indians, Kazakhs, Turks, and Ukrainians are among the main groups of immigrants living in Georgia.

Figure 9: Georgia’s net migration and personal remittances trends, 2000-2021



Note: Net migration is the total number of immigrants minus the annual number of emigrants, including both citizens and noncitizens.
 Source: GeoStat; The World Bank.

Government employment agencies are in place in Georgia, and vocational training programmes have become key labour market strategies to strengthen skills (see more in the Education section). However, conditions for migrant workers generally stay unregulated and did the government keep specific statistics on migrant labourers in the country.⁶⁶ Other reports found that highly skilled occupational groups, especially the health sector, are losing more labour to emigration than other skills groups. The direct and indirect impact of the two abovementioned labour market tools on migration decisions was limited.⁶⁷

Personal remittances to Georgia have shown steady growth in recent years and amounted to US\$2.1 billion in 2020, an increase of 78% since 2010. The scope of these remittances represented 11% on average in the 2010s and even 13% of GDP in 2020 despite the global Covid-19 pandemic outbreak. These remittances are an integral part of the economy and significantly higher than foreign direct investments; for example, a significant gap

of 9.9 percentage points in 2020, at 3.4% of GDP. It is worth mentioning that Georgia's remittances are also 9.6 percentage points higher than Europe and Central Asia (excluding high income), at 1.5% on average from 2010 to 2020. Georgian individuals who receive remittances are more likely to be unemployed, especially women. Besides, return migrants tend to be self-employed after their return.

In Georgia, around 3,000 people are listed as refugees, asylum-seekers, and some 500 stateless persons in 2021. Most refugees and asylum-seekers come from Iraq, Iran, Ukraine, the Russian Federation, and Egypt. But since the beginning of the Russian war against Ukraine in 2022, Georgia has received around 60,000 Ukrainian refugees. Ukrainian refugees are supported in Georgia, providing various assistance, including accommodation, food, transportation, access to social services, and information provision. However, the budget was limited, and no single plan to help Ukrainian refugees started to strain the support; for example, in cases when hotel owners refused to continue assisting Ukrainian families because the state stopped paying rent. Often mothers with their children. At the same time, around 13,000 people from Georgia fled and applied for asylum in other countries in 2021. The destination countries were France, Germany, and Italy. Approximately 97% of the asylum applications have been rejected; the most successful have been the refugees in Russian Federation and Canada.

A massive inflow of Russians also entered Georgia in 2022 because of the Russian war against Ukraine. Over the first four months of the war, nearly 50,000 Russians fled to Georgia, according to the Georgian authorities, where they could stay for a year without a visa. Other organisations argued that about 250,000 Russians had entered by August 2022, a staggering high compared to Georgia's about 3.7 million population.⁶⁸ This situation fuelled tensions. It further accelerated in the aftermath of the Russian government declaring a "partial military mobilisation" on September 21, 2022. Georgia's government listed that the number of Russians entering daily almost doubled at the

end of September 2022, reaching 10,000 people daily. Media detected protests in Georgia as migration from Russia doubled since the draft, arguing uncontrolled, unprecedented influx of Russians poses security risks to Georgia.⁶⁹

Informal Economy

After the Soviet Union's break-up during the 1990s, Georgia entered a significant structural economic and social transformation, moving towards European development models. Economic output downturns and large-scale privatisation resulted in a severe fiscal crisis, crippling the government's ability to provide social security. Formal jobs contracted and severe restrictions on eligibility conditions decreased the number of benefits and eventually cancelled such schemes altogether. This situation forced many workers into informal, low-skilled, precarious activities as a strategy to survive.⁷⁰

Many firms operate in the informal economy, with limited growth opportunities. They often lack awareness or incentives to formalise their enterprise. The relatively high unemployment rate could slow the tempo of considerably reducing informal employment. Especially skills and knowledge deficits among Georgia's rural population are frequently shadowed by weak incentives to learn, a culture of informal business dealings between friends and relatives, as well as inadequate capacity of the public sector, to deliver modern services.⁷¹

Georgia's Labour Code does not comply with international standards concerning informal employment. For example, the legislation does not cover workers performing work outside of "organised labour conditions," as most informal employment arrangements do not include employment contracts. Thus, many informal workers were not protected by the law. It makes them more workers vulnerable to exploitation; for example, they tend to be the most affected by Covid-19 pandemic restrictions.

Although the informal economy stays widespread in Georgia, the central condition for encouraging economic transactions' formalisation improved during the last two decades. It was supported by strong economic growth in combination with policies to reduce corruption and drive down the regulatory and fiscal burden on businesses.⁷² This development is reflected in the employment shift from self-employed to hired workers (revisit Figure 6).

The Covid-19 pandemic's economic and labour disruptions sparked the proportion of informal employment in total employment to increase from 51% in 2019 to 56% in 2020, while the non-agricultural informal segment rose from 22% to 25%. On the other hand, the National Statistics Office of Georgia listed new data with some adjustments to the informality measurements that about 29% of Georgian non-agricultural workers worked in informal employment in 2021, a drop of three percentage points since 2020 (Table 6). This positive trend and the upsurge of hired workers hint that the country is taking steps to bring more informal workers into formal arrangements, ensuring income and social protection security opportunities. It further points out that the country strives to improve the SDG, dealing with decent job creation and encouraging the formalisation and growth of MSM-sized enterprises (see Appendix Table 13, Indicator 8.3.1). The share of informal employment in total non-agricultural employment is more prevalent among men than women, 34% vs 22% in 2021, respectively; it is slightly more frequent in the rural area than urban, 34% vs 27%.

Table 6: Status of the informal economy in Georgia

Indicator	Value
Size of 'shadow economy' (% of GDP) (2015) *	53%
Proportion of informal employment in total employment (2020)	56%
Share of informal employment in total non-agricultural employment (2021)	29%

* The 'shadow economy' includes all economic activities, which are hidden from official authorities for monetary, regulatory, and institutional reasons. Monetary reasons include avoiding paying taxes and all social security contributions, regulatory reasons include avoiding governmental bureaucracy or the burden of regulatory framework, while institutional reasons include corruption law, the quality of political institutions and weak rule of law.

Source: GeoStat; IMF; ILO.

Georgia's size of 'shadow economy' dropped from 66% in 2004 to 53% of GDP in 2015, continuing to be significantly higher than the neighbouring countries: Armenia (35%), Azerbaijan (44%), Russian Federation (34%), and Turkey (27%).

Informal economy workers were highly affected by the Covid-19 pandemic disruptions. Around 61% of affected workers were in Eastern Europe, and their proportion reached 90% in Central and Western Asia. For example, the State Employment Agency of Georgia described the approach used to self-identify workers in the informal economy as eligible for unemployment assistance and registration in the country.⁷³

Child Labour

Around 18% of Georgia's population is 0-14 years old. As outlined in the Population Pyramid above, this segment's growth lost its pace (revisit Figure 5). Georgia has endorsed several international treaties and conventions on children and child labour, including ILO's two conventions on the effective abolition of child labour (see Appendix Table 15). At the national legislation level regarding the protection of children, in 2015, the Juvenile Justice Code was adopted. It defined criminal procedures involving minors, prioritised the best interests of minors, and imposed detention as a last-resort measure. This code led to a significant decrease in juvenile prisoners. In 2019, a stand-alone Rights of the Child Code was adopted. In addition, the healthcare minister approved a decree that defines hazardous work and light work and lists occupations prohibited for children under 18.

According to the Civil Code, a person shall be considered a minor/child from birth to 18 years of age. The Labour Code prohibits signing an employment contract with a minor to perform unhealthy and hazardous work. However, the Labour Code governing the minimum age for work does not meet the international standard because it does not apply to informal work. The legislation prohibits all the worst forms of child labour, such as employment in hazardous work and exploitation of

children, including forced child labour and commercial sexual exploitation. Recent studies found that state and municipal services in the field of child labour are scarce and insufficient; due to the ineffective response mechanism, children are unable to access the services they need.⁷⁴

Child labour persisted undetected in the informal economy. The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs registered just one case of child labour law violations in 2021. Experts reported minors were employed in the service, construction, agriculture, and tourism sectors.⁷⁵ Besides, due to the dominance of agriculture in the employment structure, significantly more children are engaged in child labour in rural areas than in urban areas: 84% of children in child labour live in rural areas, and 16% in urban areas. It is important to realise that the labour inspectorate did not conduct inspections in the agriculture sector.

Many children in Georgia are involved in labour mainly due to poverty, poor living standards, and other traditional factors that hinder their enjoyment of their fundamental rights. Around 4.2% of Georgian children between 5-17 years were registered as child labour in 2015, which was in line with the Europe and Central Asia average. It was slightly lower concerning children in employment, known as 'working children'. More critical hazardous work (i.e., unhealthy conditions and long hours) for Georgian children was estimated at 2.7% (see Table 7).

Table 7: Status of Child Labour in Georgia and Europe & Central Asia, 2015

Country/ Region	Type	Rate
Georgia	Children in employment	5.8 %
	Child labour	4.2 %
	Hazardous work	2.7 %
Europe and Central Asia	Children in employment	6.5 %
	Child labourers	4.1 %
	Hazardous work	4.0 %

Source: ILO & GeoStat, Georgia National Child Labour Survey 2015: Analytical Report; ILO, Global estimates of child labour: Results and trends, 2012-2016.

More Georgian boys are engaged in labour compared to girls, 6.3% vs 1.9%, respectively. Around eight out of every ten working children are employed in agriculture, mainly helping self-employed family members in a family enterprise or farm. The number of children working unpaid in family activities is approximately eight times higher than the number of children engaged in hired labour. In the older age groups, children are increasingly involved in other industries, and as a result, the percentage of children working unpaid in a family enterprise/farm is decreasing. The educational level of parents of children in child labour is relatively low compared to the academic level of non-working children. Overall, poverty and low income are among the leading causes of child labour.⁷⁶

Reports listed internally displaced children dropping out of school early to work to supplement the family income. Adolescent girls are sometimes forced to give up their education due to early marriages. National mechanisms responding to child labour or those securing education, rest and leisure for children are considered weak.⁷⁷

The Covid-19 pandemic impact is most likely to fuel further impoverishment of families living in poverty, job losses, and problems in the education sector, leaving even more children in poverty and poor living conditions, as well as increasing the risk of informal employment, including during school hours.⁷⁸

Gender

Georgia ratified the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) in 1994 and its Optional Protocol in 2002. In 2021, the CEDAW's committee found Georgia's failure to investigate and prosecute gender and honour-based violence against a woman whose family members severely beat her in front of her young children contributed to her death.⁷⁹ Also, the Georgia-EU Association Agreement introduced links to equality between women and men, including Georgia ratified the Council of Europe Convention on Preventing and

Combating Violence against Women and Domestic Violence (Istanbul Convention) in 2017, leading to harmonise Georgian legislation with the standards of that Convention.

Georgia's national legal framework attempts to create gender equality. First, the constitution of Georgia guarantees equality between women and men. Second, the Labour Code prohibits discrimination, including gender discrimination. Third, the law on Gender Equality from 2010 determines the main directions and guarantees the provision of equal rights, freedoms and opportunities for men and women provided by the Georgian constitution, as well as defines legal mechanisms and conditions for their implementation in the relevant spheres of public life. Under this latter law, the state is responsible for ensuring equal employment opportunities for women and men. The state must guarantee: i) the freedom to choose a profession and place of work, ii) professional support, iii) vocational training, iv) civil service positions based on qualifications and professional abilities, and v) equal treatment in evaluating the work performed.

The present gender gaps in Georgia are reflected in women's roles, opportunities, and rights frequently constrained by conservative gender stereotypes and norms. For example, women are often expected to undertake most of the unpaid care work within the household, such as food preparation, getting water and fuel in more impoverished or remote families, and looking after young children, often in addition to engaging in paid employment or unpaid farm work. It is worthwhile to mention that these traditional socio-cultural norms are more prevalent in rural areas, particularly among conflict-affected people and ethnic minorities, but also remain stretched by Georgia's women in urban areas.⁸⁰ The pervasive informal activities stumped the laws' rights on equality and prohibit gender-based discrimination in practice.

As depicted in Table 8, Georgia has significant gender gaps in the leading labour indicators. For example, almost two out of three men (63%) are in

the workforce, while it is around two out of five (41%) for women in 2021. These fewer women represent relatively higher shares as employed and hired workers than men.

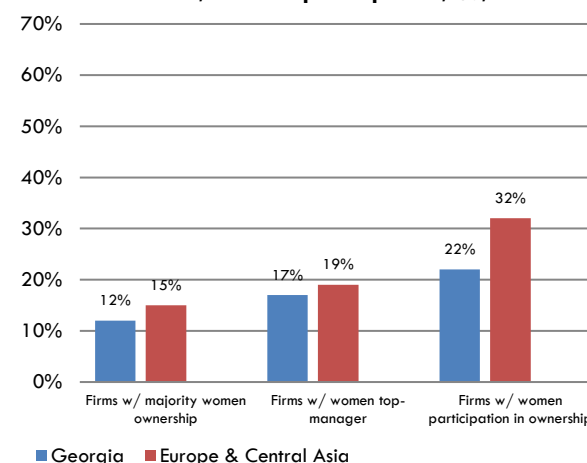
Table 8: Gender gaps in key labour indicators in Georgia, 2021

	Men	Women
Workforce	63%	41%
Employed	77%	82%
Hired	61%	77%
Self-employed	39%	23%
Unemployment	29%	22%
Population outside	37%	59%

Source: GeoStat.

Women entrepreneurs in Georgia are concentrated in retail and service firms, a standard profile worldwide. Based on the latest Enterprise Survey from 2019, only 17% of firms with five or more employees in Georgia have a woman top manager, and 22% of firms count women in the ownership, which is significantly lower than the regional averages (Figure 10). It suggests that the country is challenged in reaching the SDG's goal regarding women's share of employment in managerial positions (see Appendix Table 13, Indicator 5.2.2).

Figure 10: Enterprise Survey in Georgia and Europe and Central Asia, Women participation, %, 2019



Source: The World Bank, Georgia Enterprise Survey, 2019.

On a broader view, the Global Gender Gap Index 2022 from the World Economic Forum – gender-based gaps along specific dimensions (health, education, economy, and politics) – ranks the country as 55 out of 146 countries (1 is best). It was primarily supported by relatively high educational

attainment (29) and health and survival (37), and medium ranking in political empowerment (57) and economic participation and opportunities (72). Similarly, the Gender Inequality Index from the United Nations Development Programme – focusing on maternal mortality, adolescent birth, the share of seats in parliament, population with at least some secondary education, and workforce participation – located the country as 66 out of 191 countries (1 is best) in 2021.

Women's relatively lower labour participation and somewhat low entrepreneurship rate suggest misallocating their human resource potential. Estimations suggest these illustrated labour-related gender gaps result in a loss in economic output equivalent to 11% of GDP. Furthermore, gender gaps in earnings are prominent in many employment sectors. Gender wage differences can be partly attributed to industrial and occupational segregation and fewer employment hours among women. An unadjusted gender wage gap was estimated at around 37%.⁸¹

It is interesting to observe that older age groups have more than twice as many women as men. While women over 65 represent 17% of the total women population, men over 65 make up just 11% of the men population. This pattern is linked to higher migration by men and gender differences in life expectancy: women's life expectancy at birth exceeds men's, 78 vs 71 years, respectively.⁸²

Youth

As demonstrated in the Population Pyramid for Georgia in Figure 5, the youth population (15-24 years) shrunk substantially, representing around 11% of the population in 2022. This demographic stance challenges economic growth and the social system's future public financial sustainability unless some labour productivity remedies are found.

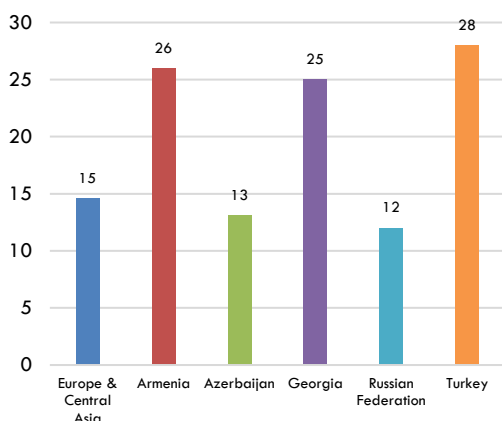
The current National Youth Policy from 2014 proposed a comprehensive regulatory framework for developing youth aged 14-29, managed by the Ministry of Youth and Sports Affairs of Georgia. The policy aims to create social, economic, cultural,

and political opportunities for the youth; to ensure education, employment, and professional growth for the youth of high quality; to have a healthy youth population that has access to adequate medical care; and to shape a safe and secure environment in which youth know their civic rights and responsibilities. This policy implementation has been somewhat side-lined due to several other social-economic problems in the country. It was further criticised for being fragmented by different youth strategies, acts, bodies, and structures without any comprehensive framework to collaborate. Generally, most of the youth lack awareness about this policy and their rights.⁸³

In Georgia, the occupational categories with the largest share of working youth are subsistence agricultural and fishery workers. It signals that most other occupational categories are more challenging to enter for the youth. It was further reflected in the high youth unemployment rate of 52% in 2021 (revisit Figure 8). Youth unemployment was not only restricted to persons with low educational attainment; at least a third of unemployed young people had received higher education. Unemployment among young people is two and a half times higher in urban areas than in rural areas.

The scope of youth's difficult circumstances in the labour market is also manifested by the proportion of youth not in employment, education, or training (NEET rate). This indicator projected Georgian youth at 25% in 2020, significantly higher than Europe and Central Asia's average but more in line with Armenia and Turkey (see more details in Figure 11). The NEET group is neither improving their future employability through investment in skills nor gaining experience through employment. They are, therefore, especially vulnerable to both the labour market and social exclusion. On the positive side, Georgia's NEET rate fell by eight percentage points from 2012 to 2019. It indicates that the country is moving in the right direction to the SDG goal that aims, by 2030, substantially reduce the proportion of NEET (see more in Appendix Table 13, Indicator 8.6.1).

Figure 11: Youth NEET rate in Georgia and neighbouring countries, %, 2020



Note: Data from Russian Federation is from 2016.

Source: ILO, Key Indicators of the Labour Market (KILM).

Young people faced multiple shocks from the Covid-19 pandemic, leading to the emergence of a “lockdown generation”. Studies show that the effect of the Covid-19 pandemic among young Georgian people was among the most serious in the field of education, employment, social connection, and access to information.⁸⁴

Georgia’s ranking on the Global Youth Development Index reached 70 out of 181 countries (1 is the best) in 2020, positioning lower than Armenia (66) but higher than Azerbaijan (90), Russia Federation (82), and Turkey (73). This index ranks countries according to the developments in youth education, employment, health, equality and inclusion, peace and security, and political and civic participation.

EDUCATION

Several reforms were launched in Georgia to transform the post-Soviet education system and create a new competitive system on international platforms. The restructured system has experienced progress during the last decade, reflected in the swift massification of higher-level school enrolment and supported by the demographic structure (revisit Figure 5).

The general education system’s legal and institutional framework is based on laws linked to international conventions, agreements, and policy

reform. By law, the citizens have an opportunity to receive continuous general education. Legal regulation of education experienced a significant shift during the 2010s. For example, early and preschool education law was adopted in 2016. It made it possible to return educational functions to kindergartens after almost seven years of gap, considered necessary for achieving high-quality school readiness. Also, the Rural Development Strategy for 2017-2020 operated with the Action Plan for 2018-2020, covering the activities taken by the state for capacity-building and vocational education of the rural population. Changes in higher education introduced support to the integration of learning and research, the scientific potential of scientific research institutes at all stages of higher education, and the creation of possibilities for implementing joint educational programmes.⁸⁵

The Ministry of Education and Science developed a unified strategy for education and science for 2017-2021 and the Education and Science Strategy Action Plan 2019. The method includes all areas of education and science and focuses on approximation with the relevant EU policies and practices in education. Partners involved in the strategy’s implementation process include representation from the business sector and trade unions.⁸⁶ The action plan for Education and Science Strategy 2022-2032 is underway. Besides, separate sections of the Association Agreement between Georgia and the EU determined cooperation in science and education. It includes collaboration in research, technology development and demonstration, and in the direction of education, training, and youth.

The government raised expenditure in the education sector in the margin: it grew from 2.6% of GDP in the 2000s to 3.0% of GDP on average in the 2010s, representing 11% of total government expenditure. This stance was around one percentage point lower than the Europe & Central Asia (excluding high-income) average, at 4.0% of GDP.

Georgia’s literacy rate for the population aged 15+ has been close to 100% during the last two

decades, similarly to Europe & Central Asia (excluding high-income).

Share of the employment rate by educational attainment is significantly higher among men than women at all levels in Georgia: totally, men of 49% and women of 33% (see more details in Table 9). Generally, very few are working with less than basic education. Primary or lower secondary and secondary dropped by 1.7 and 1.4 percentage points, respectively, from 2020 to 2021 due to the Covid-19 pandemic. Both vocational and higher education increased on the margin by 0.1 percentage points, respectively. According to data on the workforce by education based on ILO's databank, Georgia represented significantly higher employment by education at the advanced level of 35% compared to Armenia (app. 15%), Azerbaijan (27%), and Turkey (25%), but superseded by the Russian Federation (51%).

Table 9: Employment rate by educational attainment level in Georgia, %, 2021

	Primary or Lower Secondary	Upper Secondary	Vocational	Higher
Total	14%	35%	42%	58%
Men	20%	46%	52%	63%
Women	8.2%	22%	36%	54%

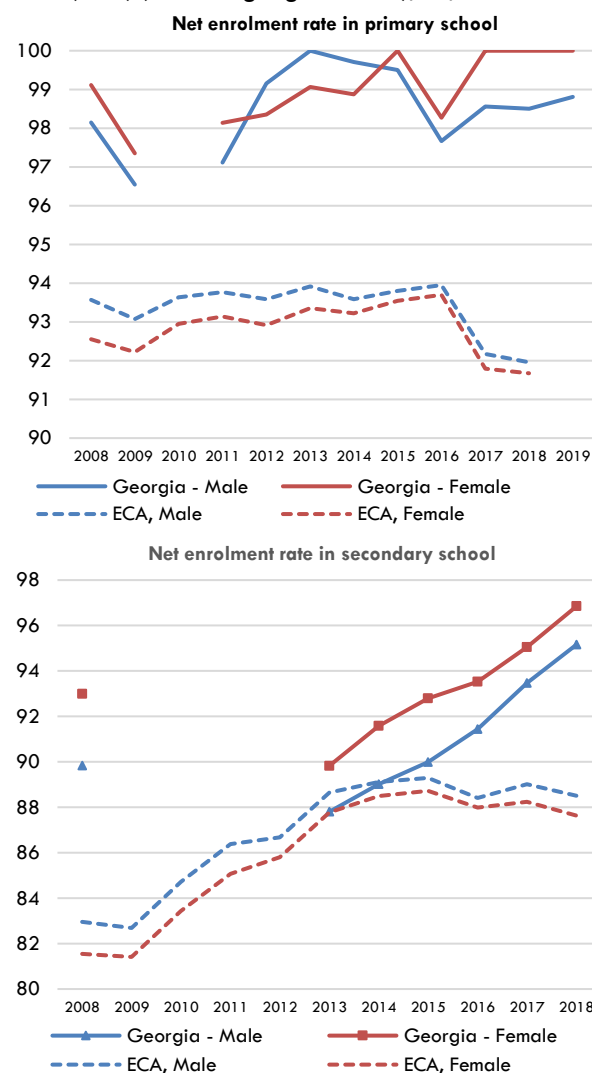
Source: GeoStat.

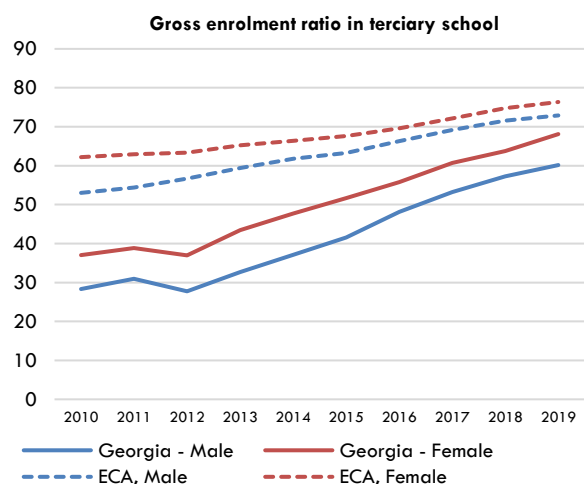
There are 2,086 public and 227 private schools in Georgia. Nine out of ten (89%) pupils are in the public sector, and 11% are in the private sector. Most schools teach students from Grades 1 through 12, and many are small schools with low student-teacher ratios. Compulsory education in Georgia currently lasts nine years, covering primary and lower secondary education (early childhood education is not mandatory). Teachers are oversupplied, and modernising the profession through the Teacher Professional Development Scheme has resulted in mixed success.

Figure 12 below outlines the school enrolment rate trends at all education levels. First, primary education's high net enrolment rate exceeded the regional averages for both boys and girls. Second, the secondary school enrolment rate accelerated

during the 2010s and became significantly above the regional averages. Third, similarly, the tertiary school enrolment rate grew fast and got closer to the regional averages. Georgian females have higher enrolment rates at all education levels. Other data from the National Statistics Office of Georgia registered that enrolment in general education schools grew by 11% from 2016 to 2021, even 2.5% from 2020 to 2021 despite the Covid-19 pandemic, not to mention enrolment in higher education institutions also increased by 14% from 2016 to 2021.⁸⁷

Figure 12: Enrolment in Primary, Secondary and Tertiary Education in Georgia and Europe & Central Asia (ECA) (excluding high income), %, 2008-2019





Note: Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age.

Source: World Bank, Education Statistics.

Despite reforms and improvement in educational participation, there are still many challenges regarding the quality of education, training services and equal access, not to mention the link of education with the labour market. The shrinking population and ongoing urbanisation made education in rural areas increasingly inefficient: rural schools have fewer students, but the government cannot easily remove these schools' teachers for political reasons. Higher education receives more per-student funding, which poses concerns about equity. Vouchers are the schools' primary funding source, but the amount is inadequate to cover costs in most small schools based on variable amounts directly from the ministry. Most funding is spent on teacher salaries.⁸⁸

During the Covid-19 pandemic, Georgia's education system implemented low- and high-tech home-based solutions, such as TV lessons, offering the Microsoft Teams platform and creating an e-resources website. Studies found that the process has missed a focus on quality education and the development of school-based mechanisms to build stronger and more resilient education responses. Although learning modalities, lesson schedules, and legislation were significantly redesigned and adjusted to the unprecedented situation, systematic and well-coordinated responses were lacking. The application of the complex online learning environment challenged many teachers' ceaseless

attention. Generally, the pandemic has also negatively impacted the already critical public image of schools.⁸⁹

Vocational training

Vocational education has been underdeveloped in Georgia, echoed in the mismatch between labour market needs and job seekers' demands. The 2015 Programme for International Student Assessment (PISA) showed alarming data: less than 2% of 15-year-olds were enrolled in vocational programmes in Georgia, compared to 14% in OECD countries on average. The high youth unemployment rate stuck to higher educated graduates, indicating that the education system is poorly prepared for vocational capacities to demand technical jobs. Vocational education and training (VET) in Georgia have struggled by being a type of education with lower quality and prestige than others. It is often considered that VET is chosen by those who were not admitted to university education.

At the beginning of the 2010s, the Ministry of Education, Science, Culture and Sport (MoESCS) aimed to better meet the labour market's needs. It focused on the skills of graduating students by expanding the coverage of VET institutions across the country and promoting communication campaigns to boost the VET's popularity. The Vocational Education Reform Strategy from 2013-2020 aimed at a systematic transformation in vocational education. The government focused on ensuring compatibility between vocational education and labour market demands, elaborating new professional programmes with employers' engagement, and promoting innovative learning by equipping the state professional education institutions with innovative training laboratories. In addition, the relatively new Law on Vocational Education of 2018 raises the need for significant interventions. A new strategy for vocational education covering 2022-2027 is prepared.

Data suggest a relatively low state expenditure on vocational education shrunk from 4% of total education spending in 2007 to 1% in 2012, reaching 3% in 2019.

The National Centre for Education Quality Enhancement (NCEQE) was established to accredit vocational programmes and higher education institutes. Its responsibilities have expanded, and it now oversees school authorisation. The capacity of NCEQE is a concern, though. School authorisation currently applies only to private schools. Its plans to authorise and evaluate public schools are limited by NCEQE's inability to review over 2,000 schools in a limited time.⁹⁰ Additionally, the National Agency for Vocational Skills was established in 2019 to improve skills standards and secure better coordination across the private sector.

Based on survey data, 32% of Georgian firms offered formal training in 2019, which was a significant increase compared to 11% in 2013, as well as three percentage points higher than Europe and Central Asia (excluding high-income) average at 29% in 2020.⁹¹ This improvement is part of the national SME Development Strategy 2016-2020 that supported improved business environment conditions. Other recent reports found that the passive role of business harmed the development of the workforce, and this general picture has a significant impact on the action and planning of the vocational education system.⁹²

Vocational education is carried out by 94 (42 public and 52 private) institutions. The number of vocational institutions peaked at 140 back in 2014/2015. Data demonstrated that enrolment in vocational training dropped steadily during the last decade: it fell by 52% from 2013 to 2020 but rebounded by 19% from 2020 to 2021, reaching at least 11,000 students. The remarkable drop in 2020 was primarily the result of the negative consequences of the Covid-19 pandemic. Since the government promoted an ambitious target to reach 40,000 VET students by 2023, they are, so far, far below the goal. There is basically no gender gap in vocational training. On the other hand, the ratio of pupils in vocational to all pupils in secondary education is remarkably lower than the Europe and Central Asia (excluding high income) average, not to mention a significant gap in the ratio of graduated to admitted students of 67% on

average (see more details in Table 10 and Figure 13).

Table 10: Status of Vocational Training

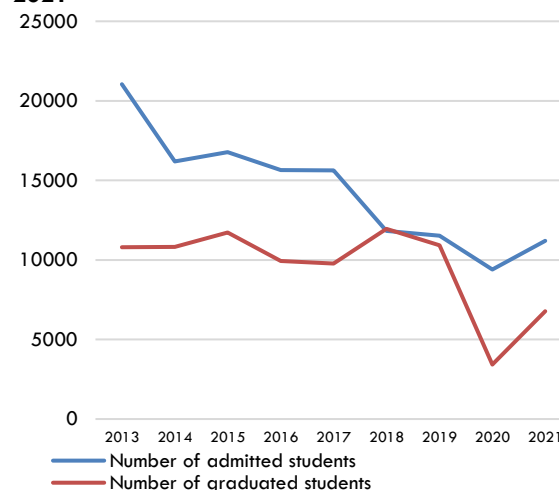
Georgia		Values
Pupils in vocational training (2021)		11,204
Growth in pupils in vocational training, 2013-2021		-47%
Ratio of females in secondary vocational to total secondary vocational (2021)		49%
Ratio of graduated to admitted students (Average, 2013-2021)		67%
Comparative estimations	Country/region	%
Ratio of pupils in vocational to all pupils in secondary education, 2013-2018, average	Georgia	5.1%
	ECA *	25%

* Europe and Central Asia (excluding high income).

Note: Secondary vocational pupils represent the number of secondary students enrolled in technical and vocational education programmes, including teacher training.

Source: GeoStat; World Bank, Education Statistics.

Figure 13: Number of Admitted Students and Graduates in Public and Private Vocational Education Institutions' Education Programmes in Georgia, 2013-2021



Source: GeoStat.

Recent survey data show that three out of five (62%) of Georgia's VET graduates were employed. At the same time, almost one-third of VET graduates were unemployed, and there was a disparity in employment levels for female (54%) and male (70%) graduates. Among unemployed respondents, 22% replied they have been unable to find a job because their profession is not in

demand, indicating that the skills mismatch with the labour market exists for VET programmes.⁹³

The Fourth Industrial Revolution (4IR) introduces disruptions in the labour market: job losses due to digitisation are becoming more urgent, just as upskilling and retooling are putting pressure on the VET system. For example, Georgia's business process outsourcing (BPO) market is growing due to cheap labour. It has allowed firms to offer such services to international IT companies at low prices. Articles argue that Georgia has more than 130 BPO providers, with annual revenues amounting to US\$21 million. Around few thousand were full-time equivalent employees (FTEs) in the BPO sector in 2021.⁹⁴

The ratio of information and communication technology (ICT) admitted students to the total number of vocational students increased from 8.5% in 2019 to 14% in 2021. However, the overall ICT status of Georgia is lagging behind other developed and developing countries in terms of ICT infrastructure and services. Generally, Georgians have experienced a growing application for ICTs aspects during the last two decades. For example, individuals using the internet increased from 27% in 2010 to 73% of the population in 2020, scoring lower than the neighbouring countries. Georgians' demands for mobile cellular subscriptions soared from 28 in 2005 to 128 per 100 people in 2020, relatively high compared to the neighbouring countries, except Russian Federation.

The TVET sector suffered during the Covid-19 pandemic since the education models have relied heavily on face-to-face learning using equipment and other experiential learning strategies. These learning standards do not lend themselves easily to online interventions and, as such, are affected by school closures. Many enterprises also have stopped offering study placements due to market uncertainty, changing work patterns, and health and safety concerns.

SOCIAL PROTECTION

The constitution of Georgia includes several provisions regarding social security. Other laws outlined the social security system, including the Law of Georgian Social Assistance of 2006, which introduced targeted assistance to people by a regulated social aid system and set administrative bodies authorised in the social service field. There is no formal definition of social protection in the country, nor ratified any of the fifteen up-to-date ILO Social Security conventions (see Appendix Table 15).

The social security system is quite developed compared to many countries of similar income levels worldwide. Many elements of the system are inclusive and organised around lifecycle contingencies. But it still side-lines workers from the informal economy that do not pay taxes, limiting the amount of revenue available for tax-financed in-cash assistance, not to mention beyond the reach of employer-based social insurance schemes.

Georgia's social security system is categorised into several components:

- Social insurance (old-age insurance, programmes for the disabled, and health expenditure on insurance and pensions).
- Social assistance (non-contributory health insurance, conditional cash transfers, child protection, and unconditional cash transfers).
- Labour market programmes (public works programmes, loan-based programmes, labour exchanges and other employment services, unemployment benefits, and skills development and training). Microfinance is not considered a form of social protection since it does not involve transfers in cash or kind, and beneficiaries incur loans or debt instead of transfers.

The scope of the population's coverage of social protection is exemplified in Table 11. For example, close to all persons are covered by at least one social protection benefit. Other social assistance schemes fully protect poor people and persons with severe disabilities. However, labour market

programmes have much lower coverages, e.g., just 26% of mothers with new borne receive maternity benefits, and the unemployed do not receive unemployment benefits.

Table 11: Proportion of population covered by social protection in Georgia, %, 2020

Group	Coverage
Persons covered by at least one social protection benefit	97%
Persons above retirement age receiving a pension	91%
Persons with severe disabilities collecting disability social protection benefits	100%
Unemployed receiving unemployment benefits	0%
Mothers with newborns receiving maternity benefits	26%
Employed covered in the event of work injury	49%
Children and households receiving child and family cash benefits	48%
Poor persons covered by social protection systems	100% *
Vulnerable persons covered by social assistance	93%

* Year: 2018.

Source: ILO, SDG labour market indicators.

The Law on State Pensions from 2005 eliminated the contributory pension system, establishing a flat-rate basic pension based on old age, disability, and survivor pension. The universal nature of the old-age pension was based on this non-contributory system. It supported the reduction of Georgia's poverty rate. A new law on accumulative pensions was launched in 2019. This new system is mandatory for legally employed people under 40, meaning they will be enrolled automatically. Enrolment in the programme is voluntary for the self-employed and those above the age of 40. An opt-out possibility was introduced in June 2019, which will return the pension contributions on behalf of the employee to the respective parties.

Georgians will access pensions funds when they hit the official state retirement age – 60 for men and 55 for women. Registered participants in the Funded Pension Scheme increased by 12% from 2020 to 2021, reaching 1,235,900 persons. To some extent, the pension system's new savings

scheme based on personal accounts is fading elements of solidarity.

Around nine out of ten (91%) retired Georgian are receiving the standard state pension, which was between GEL 225-277 (US\$70-86) per month in 2021, significantly higher than the minimum subsistence level at GEL 188 (US\$58) on average in 2021. Generally, the pension coverage was markedly higher than Armenia (65%) and Azerbaijan (73%) but lower than the Russian Federation (100%) and Turkey (100%). In addition, the number of persons receiving a pension (old age) increased by 12% from 2015 to 2021, thus expansive coverage of older people through the old-age pension. By law, retirement-age persons still working in public services have no right to receive an old-age pension. This situation makes a difference between the numbers of the retirement-age population and those who get an allowance.

Currently, eight social assistance programmes operate in Georgia: i) social allowance for families under the poverty line or the subsistence benefit, ii) social allowance for helpless families or family allowance, iii) state compensation and academic scholarship, iv) maternity, childcare and adoption leave, v) internally displaced persons or IDP allowance, vi) cash benefit to IDPs, vii) the state's childcare programme, and viii) sub-programmes of childcare. Overall, social protection and labour programmes coverage were registered at 64% of the population in 2018.⁹⁵

Total health expenditure peaked at 8.0% of GDP in 2016 but dropped to 6.7 in 2019, stood significantly higher than Europe and Central Asia's average. Instead, it remains lower relative to per capita value (see more in Table 12).

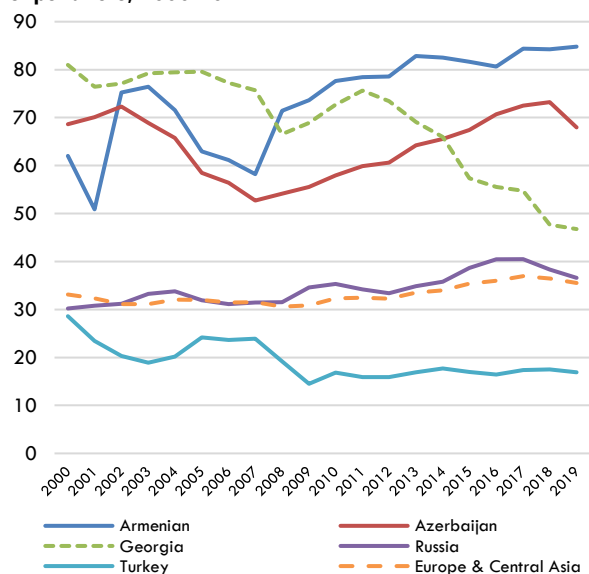
Table 12: Expenditure of health in Georgia and Europe & Central Asia (excluding high income) (ECA), 2010s average

Service	Georgia	ECA
Total health expenditure (% of GDP)	7.7%	5.1%
Current health expenditure per capita (current US\$)	US\$ 304	US\$ 441

Source: The World Bank, World Development Indicators.

In the 1990s, Georgia converted the centralised, state-operated system inherited from the Soviet Union to a decentralised, market-driven system for healthcare delivery. Figure 14 below shows that the very high health out-of-pocket expenditure fell during the 2000s and accelerated during the 2010s, moving in the direction of the European and Central Asia average. Low out-of-pocket spending is usually considered positive, as high numbers of out-of-pocket payments are associated with impoverishing spending.⁹⁶

Figure 14: Out-of-pocket expenditure, % of current health expenditure, 2000-2019



Source: World Bank, World Development indicators.

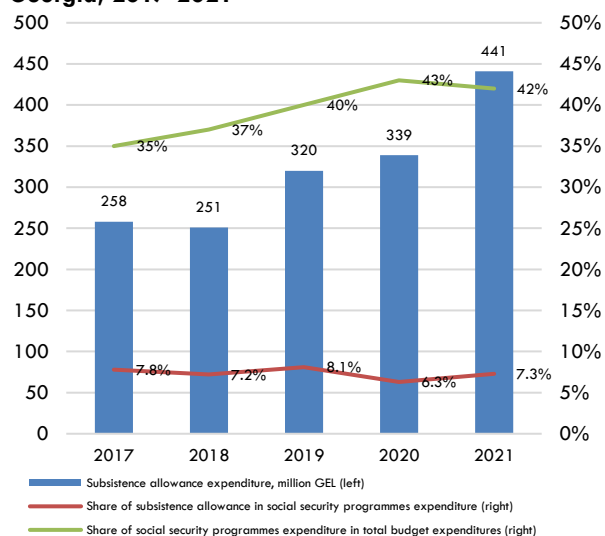
There is no financial unemployment benefit for unemployed persons in Georgia. The unemployed must register on the national website independently or with support from the Social Services Agency (SSA). SSA can support the process of job seeking and provide wage subsidies for specific groups (for up to 4 months) and training assistance. The trade union movement introduced the “unemployment allowance” in 2018, not to mention unemployment benefit is one of the issues to be considered by the Tripartite Social Partnership Commission.

In Georgia, mothers are entitled to 126 days of paid pregnancy and childbirth leave or 143 days in case of complications or the birth of twins. Employees receive 100% of their previous earnings daily wage (up to a total of GEL 1,000 (US\$333)). They further receive 604 days of additional

maternity leave. The funding source for maternity leave cash benefits is based on social security by state public funds. In practice, mothers with newborns receiving maternity benefits are low at around 26% (revisit Table 11). Paternity leave is the same as maternity leave, i.e., 57 days can be taken from an employee’s maternity leave and be put towards childcare leave. It can be used by either the mother or father. Upon the employee’s request, the employer may grant an employee an additional two weeks’ leave per year to care for a child under five years old.

The subsistence allowance programme provides financial aid to the country’s poorest families, determined by the Social Service Agency rating system. The number of registered families and families receiving subsistence allowance decreased by 2.1% between 2017 and 2019 but rebounded from 2019 to 2021 by 33%, reaching 588,000 people. Groups receiving the subsistence allowance rose from 12% to 16% of the population. This notable hike in 2020 and 2021 was due to the Covid-19 pandemic impact, such as loss of income for many families. A new score category was added to the rating system, bringing shifts in statistics from 2021. From 2017 to 2021, the average monthly subsistence allowance per family increased from GEL 163 (US\$65) to GEL 211 (US\$64), and the subsistence minimum for a family increased from GEL 286 (US\$114) to GEL 334 (US\$104). The average monthly subsistence minimum was 62% higher than the average monthly subsistence allowance. Figure 15 shows that subsistence allowance expenditure increased by 71% from 2017 to 2021 and a significant hike in the share of social security programmes expenditure in total budget expenditures. The subsistence allowance share in social security programmes fluctuated from 6.3% to 8.1% during the same period. The increase in the population receiving subsistence allowance and overall social package in 2019 led to a gradual increase in the programme’s expenditures.

Figure 15: Subsistence allowance expenditures in Georgia, 2017-2021



Source: Social Service Agency; Ministry of Finance in Georgia.

The Georgian government plans to reform the subsistence allowance programme haunted by a lack of incentives to escape poverty. The programme's changes move towards instead of providing allowance directly; families will be given job opportunities to improve their financial positions.

The Covid-19 pandemic affected Georgia on many fronts. In March-May 2020, Georgia entered a national state of emergency. It imposed strict containment measures, including social distancing, the lockdown of high-risk districts, closure of border crossing, travel ban for foreign visitors, quarantine for nationals returning to Georgia, closure of shops (other than groceries and gas stations) and schools, among others. Various forms of economic activity, including tourism, came to a standstill. Since May 2020, gradually opened the activities and launched a series of emergency Covid-19 response programmes. For example, public school levels resumed in-house classes on October 1, 2020, from 1 to 6. Due to the rapidly worsening epidemic, the EU removed Georgia from the safe countries list on October 22, 2020.⁹⁷ It was expected that the pace of Georgia's recovery beyond 2021 would be contingent on vaccine rollout. The outlook remains highly uncertain, though; there are delays in vaccination; external financing conditions worsen due to a rise in global interest rates or deterioration in investor sentiment; geopolitical mounting tensions.⁹⁸

APPENDIX: ADDITIONAL DATA

Table 13: Status of key Sustainable Development Goals in labour market related issues in Georgia

Indicators	Value	Year	SDG Targets
1.1.1: Working poverty rate (percentage of employed living below US\$1.9 PPP)	2.5%	2021	By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than US\$1.9 a day.
1.3.1: The population effectively covered by a social protection system, including social protection floors.	97% *	2020	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
5.5.2: Women share of employment in managerial positions	36%	2020	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.
8.2.1: Annual growth rate of output per worker (GDP constant 2017 international \$ at PPP)	-0.8%	2021	Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation through a focus on high value added and labour-intensive sectors.
8.3.1: Proportion of informal employment in non-agriculture employment	25%	2020	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, not to mention encourage the formalisation and growth of micro-, small- and medium-sized enterprises, through access to financial services.
8.3.1: Women	20%	2020	
8.3.1: Men	30%	2020	
8.5.1: Average hourly earnings of women and men employees	-	-	By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.
8.5.2: Unemployment rate (Total, 15+)	12%	2020	
8.5.2: Women, 15+	10%	2020	
8.5.2: Women, 15-24 years	33%	2020	
8.5.2: Men, 15+	13%	2020	
8.5.2: Men, 15-24 years	31%	2020	
8.6.1: Proportion of youth (15-24 years) not in education, employment or training)	25%	2020	By 2020, substantially reduce the proportion of youth not in employment, education, or training.
8.7.1: Proportion and number of children aged 5-17 years engaged in economic activity (Total)	1.8%	2015	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025, end child labour in all its forms.
8.8.1: Non-fatal occupational injuries per 100,000 workers.	20	2020	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
8.8.1: Fatal occupational injuries per 100,000 workers.	3.0	2020	
8.8.2: Level of national compliance with labour rights (freedom of association and collective bargaining)	0.86 **	2020	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
9.2.2: Manufacturing employment as a proportion of total employment	5.9%	2020	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.
10.4.1: Labour income share as a percent of GDP	55%	2019	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

* Population covered by at least one social protection benefit (see more in Table 11). ** Level of national compliance with labour rights (freedom of association and collective bargaining) based on ILO textual sources and national legislation (see more in the Ratified ILO Conventions section).

Source: ILO, Key Indicators of the Labour Market (KILM).

Table 14: List of approved labour related legislations in Georgia, 2014-2021

Type of legislation	Legislation
2014	
General provisions	Law No. 2697 of 17 October 2014 to Amend and Supplement the Law on Elimination of Domestic Violence, Protection and Support of Victims of Domestic Violence.
	Organic Law of Georgia on Georgian Citizenship (No. 2319-Il of 30 April 2014).
	Law of Georgia on Internally Displaced Persons - Persecuted from the Occupied Territories of Georgia (No. 1982-Il of 6 February 2014).
Equality of opportunity and treatment	Law on the Elimination of All Forms of Discrimination (No. 2391-II of 2 May 2014).
Freedom of association, collective bargaining, and industrial relations	Law No. 6538-Is of 22 June 2012 to Amend the Law of Georgia on Trade Unions.
Migrant workers	Law of Georgia on the Legal Status of Aliens and Stateless Persons (No. 2085 of 5 March 2014).
Equality of opportunity and treatment	Ordinance N° 724 of 26 December 2014, On Approval of Georgian Healthcare System State Concept 2014-2020 "Universal Healthcare and Quality Management for Protection of Patient Rights"
2015	
General provisions	Law of Georgia on the Development of High Mountainous Regions No. 4036-RS.
	Juvenile Justice Code of Georgia No. 3708-IIS.
	Law of Georgia on Business Ombudsman of Georgia No. 3612-IIS.
Conditions on employment	Law of Georgia on Special Penitentiary Service No. 3524-IIS.
Elimination of forced labour	Law of Georgia on Volunteering No. 4717-RS.
International agreements	Accord entre l'Agence exécutive "Administration maritime" du Ministère du transport, des technologies de l'information et des communications de la République de Bulgarie et l'Agence pour le transport maritime du Ministère de l'économie et du développement durable de Géorgie sur la reconnaissance mutuelle des brevets des gens de mer, conformément à la Règle I/10 de la Convention internationale sur les normes de formation des gens de mer, de délivrance des brevets et de veille (STCW), telle que modifiée.
Migrant workers	Ordinance of the Government of Georgia on Approval of the List of Countries Whose Citizens May Enter Georgia without a Visa No. 255, issued on 5 June 2015.
	Ordinance of the Government of Georgia on Approval of the List of Countries, Whose Visa and/or Residence Permit Holders May Enter Georgia without a Visa for an Appropriate Period and under Appropriate Conditions No. 256, issued on 5 June 2015.
Occupational safety and health	Law of Georgia on Radioactive Waste No. 4487-IS.
Public and civil servants	Law of Georgia on Public Service No. 4346-IS.
	Law of Georgia on the State Security Service of Georgia No. 3921-RS.
Social security (general standards)	Ordinance of the Government of Georgia on Approval of the Procedures for Issuing, Extending, and Terminating Georgian Visas No. 280, issued on 23 June 2015.
2016	
General provisions	Law of Georgia on Innovation No. 5501-IIS, adopted on 22 June 2016.
Education, vocational guidance, and training	Law of Georgia on Early and Preschool Education No. 5366-IIS.
Migrant workers	Law of Georgia on International Protection No. 42-IS.
Equality of opportunity and treatment	Action plan for the health sector response to HIV in the WHO European Region (2016-2021).
	Georgian National HIV/AIDS Strategic Plan (2016-2018).
2017	
General provisions	Law of Georgia on Electronic Documents and Electronic Trusted Services No. 639-IIS.

Conditions on employment	Law on Remuneration in Public Institutions (N1825).
Elimination of child labour, protection of children and young persons	Law of Georgia on Adoption and Foster Care No. 746-IIS
2018	
Education, vocational guidance, and training	Law of Georgia on Vocational Education (N3442-Ib).
Social security (general standards)	Law of Georgia on Funded Pension (N3303-რბ).
Social security (general standards)	Law of Georgia on Social Work (N2519-Ib).
2019	
Elimination of child labour, protection of children and young persons	The Code on the Rights of the Child (N5004-Ib).
Occupational safety and health	Law of Georgia on Occupational Safety (Law No. 4283).
Equality of opportunity and treatment	Georgian HIV/AIDS National Strategic Plan (2019-2022).
2020	
General provisions	Ordinance of the Government of Georgia on the Approval of Isolation and Quarantine Rules (N322).
Labour administration	Law of Georgia on Labour Inspection (Law No. 7178).
2021	
General provisions	Law of Georgia on Electronic Documents and Electronic Trusted Services No. 639-IIS, adopted on 21 April 2017

Source: ILO, NATLEX, Country Profile Georgia, Basic Laws.

Table 15: Ratified ILO Conventions status in Georgia

Subject and/or right	Conventions	Ratification year
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	1999
	C098 - Right to Organise and Collective Bargaining Convention, 1949	1993
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	1993
	C105 - Abolition of Forced Labour Convention, 1957	1996
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	1996
	C182 - Worst Forms of Child Labour Convention, 1999	2002
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1993
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1993
Occupational safety and health	C155 - Occupational Safety and Health Convention, 1981	-
	C187 - Promotional Framework for Occupational Safety and Health Convention, 2006	-
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	-
	C129 - Labour Inspection (Agriculture) Convention, 1969	-
Employment policy	C122 - Employment Policy Convention, 1964	1993
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	2018
Technical Conventions (Up-to-date and in force)		
Vocational guidance and training	C142 - Human Resources Development Convention, 1975	1993
Free of association, collective bargaining, and industrial relations	C151 - Labour Relations (Public Service) Convention, 1978	2003
Occupational safety and health	C163 - Seafarers' Welfare Convention, 1987	2004
Employment policy and promotion	C181 - Private Employment Agencies Convention, 1997	2002
Seafarers	C185 - Seafarers' Identity Documents Convention (Revised), 2003	2015

Note: Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. There are also 73 Technical Conventions, which ILO considers "up-to-date" and actively promoted.

Source: ILO, NORMLEX, Ratification for Georgia.

Table 16: Number of Sectoral Union Organisations and their collective bargaining agreements (CBAs) coverage, 2021

Nr.	Sectoral Union Organisations in Georgia	CBAs' coverahe	Number of active CBAs	Number of CBAs concluded / extended in 2017-2020
1.	Adjarian Trade Union (regional brunch)	-	-	-
2.	Abkhazian Trade Union Confederation (regional brunch)	-	-	-
3.	Aviation Workers' Trade Union	-	-	-
4.	Georgian Constructors and Foresters Independent Trade Union	-	-	-
5.	Georgian Energy Workers' Trade Union	7,584	4	1
6.	Self-employed Workers' Trade Union	-	-	-
7.	Communication Worker's Trade Union of Georgia	3,129	3	3
8.	Metallurgy, Mining and Chemical Worker's Trade Union	3,175	3	3
9.	Metro Workers' Trade Union	6,800	1	-
10.	Trade Union of Service Sector, Local and Communal Services Workers of Georgia	10,435	5	2
11.	Coal, Oil and Gas distribution Workers Trade Union	4,000	5	1
12.	Education and Science Workers Free Trade Union	42,000	1	-
13.	New Trade Union of Georgian Railway Workers	12,500	2	-
14.	Trade Union of Georgian Automobile Transport and Highways' workers	2,426	3	-
15.	Confederation of Marine Shipping and Fishing Industries Trade Union	-	-	-
16.	Public Servants Trade Union of Georgia	-	-	-
17.	Agriculture Workers Trade Union	1,190	3	-
18.	Footballers' Trade Union	-	-	-
19.	Tskhinvali Regional Trade Union Centre	-	-	-
20.	Health, Pharmaceutical and Social Care Workers Independent Trade Union	10,449	9	-
21.	Georgian Art, Mass media, Cultural and Educational Institution, Sport and Tourism Workers' Trade Union	1,060	19	16
22.	Batumi Naval Port Trade Union Confederation *	350	1	-
Total		105,098	59	26

Source: Georgian Trade Union Confederation, Member Organisations; GTUC's list of collective agreements, October 2021.

Table 17: Average monthly nominal earnings of employees by economic activity in Georgia, GEL and % change, 2014-2020

	2014	2015	2016	2017	2018	2019	2020	Growth from 2014 to 2020	Growth from 2019 to 2020
Total	818.0	900.4	940.0	999.1	1,068.3	1,129.5	1,191.0	46%	5%
Agriculture, forestry, and fishing	501.1	587.7	570.2	642.8	701.0	704.4	819.0	63%	16%
Mining and quarrying	902.8	1,047.4	1,154.1	1,260.4	1,379.2	1,385.2	1,779.4	97%	28%
Manufacturing	720.6	776.5	783.2	868.1	929.6	1,037.3	1,111.4	54%	7%
Electricity, gas, steam, and air conditioning supply	1,147.6	1,257.5	1,348.0	1,414.1	1,506.9	1,560.1	1,499.8	31%	-4%
Water supply, sewerage, waste management and remediation activities	653.6	679.7	711.5	753.4	773.7	816.9	791.3	21%	-3%
Construction	943.7	1,184.6	1,265.9	1,465.7	1,552.0	1,631.1	1,715.0	82%	5%
Wholesale and retail trade; repair of motor vehicles and motorcycles	702.6	783.8	790.4	844.2	950.9	970.8	1,036.5	48%	7%
Transportation and storage	1,048.4	1,152.8	1,155.5	1,238.1	1,295.8	1,381.9	1,433.1	37%	4%
Accommodation and food service activities	477.5	563.0	625.6	671.9	824.6	851.0	819.1	72%	-4%
Information and communication	1,171.4	1,332.3	1,339.0	1,425.7	1,489.1	1,621.0	1,885.7	61%	16%
Financial and insurance activities	1,590.3	1,691.4	1,834.9	2,008.3	2,236.0	2,030.2	2,156.9	36%	6%
Real estate activities	899.2	962.1	1,016.6	1,093.3	1,106.2	1,193.0	1,182.9	32%	-1%
Professional, scientific, and technical activities	1,144.6	1,276.8	1,463.6	1,594.5	1,712.2	1,896.0	1,852.3	62%	-2%
Administrative and support service activities	698.3	675.2	739.6	767.9	802.1	853.5	866.4	24%	2%
Public administration and defence; compulsory social security	1,161.7	1,259.3	1,254.7	1,236.1	1,266.6	1,420.8	1,425.8	23%	0%
Education	455.3	482.2	534.2	577.0	596.4	652.0	743.1	63%	14%
Human health and social work activities	742.0	845.7	914.6	953.3	983.6	1,049.5	1,101.4	48%	5%
Arts, entertainment, and recreation	681.8	750.8	833.7	876.9	993.6	1,130.1	955.1	40%	-15%
Other service activities	632.2	881.4	729.6	685.5	831.4	771.2	1,094.4	73%	42%

Source: GeoStat.

Table 18: Georgia's distribution of employed persons by economic activity and trends

	Workers, 2021, '000	Share of total, %, 2021	Change in number of workers, %, 2017-2021	Change in employment share, percentage point, 2017-2021
Total	1,217.4	100%	-5.4%	-
Agriculture, forestry, and fishing	230.3	19%	-20%	-3.6%
Industry	137.2	11%	-11%	-0.7%
Construction	94.4	7.8%	12%	1.2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	180.7	15%	3.5%	1.3%
Transportation and storage	76.4	6.3%	9.0%	0.8%
Accommodation and food service activities	33.4	2.7%	-12%	-0.2%
Information and communication	18.1	1.5%	-17%	-0.2%
Financial and insurance activities	29.5	2.4%	-5.4%	0.0%
Real estate activities	5.2	0.4%	69%	0.2%
Professional, scientific, and technical activities	21.5	1.8%	-2.5%	0.1%
Administrative and support service activities	19.4	1.6%	4.7%	0.2%
Public administration and defence; compulsory social security	92.4	7.6%	2.8%	0.6%
Education	145.9	12%	-8.4%	-0.4%
Human health and social work activities	66.3	5.4%	-2.5%	0.2%
Arts, entertainment, and recreation	28.7	2.4%	6.7%	0.3%
Other service activities	22.1	1.8%	5.0%	0.2%
Activities of households as employers; undifferentiated goods and services-producing activities of households for own use	12.9	1.1%	-11%	-0.1%
Activities of extra-territorial organisations and bodies	2.7	0.2%	430%	0.2%
Not identified	0.3	0.0%	19%	0.0%

Source: GeoStat.

Table 19: Workforce indicators in Georgia, persons and changes, 2000-2021

	2000	2010	2019	2020	2021	Change, 2000-2021	Change, 2019-2021
Total 15 + population	3,141,600	3,114,800	3,037,100	3,018,500	3,010,300	-4.2%	-0.9%
Workforce	2,049,200	1,603,800	1,572,800	1,523,700	1,533,600	-25%	-2.5%
Employed *	1,837,200	1,167,600	1,295,900	1,241,800	1,217,400	-34%	-6.1%
Hired	683,900	710,000	897,500	845,300	829,400	21%	-7.6%
Self-employed	1,041,200	455,200	397,900	395,900	387,100	-63%	-2.7%
Unemployed	212,000	436,200	276,900	281,900	316,200	49%	14%
Population outside the workforce	1,092,300	1,511,000	1,464,300	1,494,800	1,476,700	35%	0.8%
Unemployment rate, %	10%	27%	18%	19%	21%	10 p.p.	3.0 p.p.
Labour force participation rate, %	65%	52%	52%	51%	51%	-14 p.p.	-0.8 p.p.
Employment rate, %	59%	38%	43%	41%	40%	-18 p.p.	-2.2 p.p.

* Excluded not-identified workers.

Note: Percentage point (p.p.).

Source: GeoStat.

Table 20: Ease of Doing Business in Georgia, 2020

Topics	2020
Overall	7
Starting a Business	2
Dealing with Construction Permits	21
Getting Electricity	42
Registering Property	5
Getting Credit	15
Protecting Minority Investors	7
Paying Taxes	14
Trading Across Borders	45
Enforcing Contracts	12
Resolving Insolvency	64

Note: Doing Business 2020 indicators are ranking from 1 (top) to 190 (bottom) among countries.

Source: World Bank, Ease of Doing Business 2020 in Georgia.

Table 21: List of changes introduced into Georgian's Labour Code in 2020 and amendments that could benefit the law

Types of changes
The law stipulates the obligation of the employer to ensure the principle of equal pay for equal work performed by women and men. There is no universal methodology on which all companies would rely, questioning the norms fulfilment.
Provisions prohibiting discrimination, harassment and sexual harassment have been separated.
The right to a break was determined and its duration was determined: during a working day, when the working time exceeds 6 hours, the employee has the right to a break. If the working time during the working day is no less than 6 hours, the duration of the break should be at least sixty minutes.
The employer will be obliged to provide the employee with rest of not less than 24 hours continuously for a period of seven days. By agreement of the parties, it is possible to use the 24-hour rest period twice in a row within a maximum of 14 days. Also, the employer is obliged to keep the working time registration document for one year. Under the new regulation, the employer is obliged to record the working time of the employees. It is forbidden to work in two shifts in a row.
Periods of maternity leave and childcare leave were separated from each other, thus giving fathers the right to take paternal leave of not more than 57 calendar days.
The new regulation introduces the principle of reasonable adjustments at work if during pregnancy or in the case of a new mother or breastfeeding woman, the employee's condition based on a medical report does not allow her to perform the work specified in the employment contract; she has the right, in the principle of reasonable adjustment at work, to request to perform work appropriate to her health condition with the same employer.
The time required for medical examination of a pregnant women is considered as working time and will be reimbursed.
The right of an employee to return to the same job under the same working conditions after the end of maternity leave, childcare or adoption leave; to enjoy any improved working conditions within the scope what she would have been entitled to if she has not taken the relevant leave.
The concept of intern was defined as a natural person who, for or without pay, performs certain work for an employer to gain qualifications, professional knowledge, skills, or practical experience; an intern does not replace an employee. The employer does not have the right to hire an intern to replace the employee with whom the employment was suspended and/or terminated. The term of unpaid internship should not exceed six months, and the term of paid internship of one year. An internship with the same employer is only possible once. It is obligatory to sign a written contract with the intern.
Amendments to the Labour Code should be introduced
To guarantee that the amount of allowance/compensation for maternity leave because of pregnancy and childbirth, childcare, and adoption of a new-born will substantially approach the standard established by the Public Service Law, and that it will not be substantially reduced compared to the previous wage and not be less than 70% of that wage.
To guarantee the minimum amount of remuneration paid for overtime.
To guarantee that employees do not have the option of waiving their annual leave.
To guarantee that at least two weeks uninterrupted annual holidays must be used during the year the holidays were due; to achieve this goal, the provision of Article 35§1 of the Labour Code allowing the carrying over of paid leave in exceptional conditions shall be amended in such a way that only annual holidays exceeding two weeks may be postponed circumstances defined by the law.
To establish a maximum limit for total overtime work performed by adults.
To establish a legal minimum requirement for granting an additional proportional rest period to an employee to compensate overtime work, especially a legal requirement that the leave has to be longer than the overtime worked.

Source: GTUC's initiatives report; Council of Europe, Report on the Needs Assessment in Respect of Social Rights in Georgia: Conducted within the framework of the Council of Europe Project - "Strengthening Protection of Social and Economic Rights in Georgia", November 10, 2021.

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