International Labour Organization

UN WOMEN

Assessment of the Social Protection System in Georgia

Final Report

Photo: ILO/David Mdzinarishvili

Assessment of the Social Protection System in Georgia

Final Report

MINISTRY OF FOREIGN AFFAIRS OF DENMARK
Danida

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Cooperation Office South Caucasus

With funding from

Austrian Development Cooperation

This assessment has been commissioned by the International Labour Organization (ILO) in cooperation with UN Women, with in-kind contributions from the Ministry of Foreign Affairs of Denmark (DANIDA), Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC). The assessment was coordinated by the ILO project "Inclusive Labour Market for Job Creation in Georgia" and through the UN Women regional project “Women’s Economic Empowerment in the South Caucasus”.

First published 2020

ISBN 9789220330364 (print), 9789220330357 (web pdf)

Contents

Acknowledgements viii
Abbreviations and acronyms ix
Foreword xi
Executive summary 1

1 Introduction 9

2 Understanding Georgia’s social protection system within a lifecycle framework 11
2.1 A lifecycle approach to social protection 11
2.2 The role of social protection “floors” within a national social security system 14
2.3 Overview of Georgia’s social protection system 17
2.3.1 Comprehensiveness of the system in relation to international standards 18
2.3.2 Reliance on poverty targeting to fill gaps left in lifecycle provision 21
2.3.3 Spending on social protection 26
2.4 Governance and administration 28
2.4.1 Institutional arrangements 28
2.4.2 Administration and accountability 30
2.5 Summary 34

3 Social protection for children in Georgia 35
3.1 Context and overview of benefits for children 35
3.1.1 High child poverty, but low spending on child benefits 35
3.1.2 Key social protection schemes aimed at children 38
3.2 Legal coverage of children 39
3.3 Effective coverage of children 41
3.3.1 Horizontal coverage 42
3.3.2 Vertical coverage (adequacy) 49
3.4 Summary 53

4 Social protection for people of working age in Georgia 55
4.1 Context and overview of benefits for working-age people 55
4.1.1 High informality and unemployment, especially among younger people 55
4.1.2 Key social protection schemes aimed at working-age people 57
4.2 Legal coverage of the working-age population 60
4.3 Effective coverage of the working-age population 63
4.3.1 Horizontal coverage 65
4.3.2 Vertical coverage (adequacy) 69
4.4 Summary 74

5 Social protection for older people in Georgia 76
5.1 Context and overview of benefits for older people 76
5.1.1 Low poverty but many still at risk 76
5.1.2 Key social protection schemes aimed at older people 78
5.2 Legal coverage 78
5.3 Effective coverage 81
5.3.1 Horizontal coverage 81
5.3.2 Vertical coverage (adequacy) 84
5.4 Summary 92
6 Access to health care across the lifecycle in Georgia 95
6.1 Legal coverage 95
6.2 Effective coverage 95
6.2.1 Horizontal coverage 95
6.2.2 Vertical coverage (adequacy) 98
6.3 Summary 101
7 Social protection and women and girls in Georgia: A summary of initial findings 102
7.1 Children 102
7.2 Working-age people 102
7.3 Older people 104
8 Towards an inclusive lifecycle social protection system in Georgia 105
8.1 Overall performance of the existing system 105
8.2 Closing the gaps in Georgia's social protection floor 108
8.3 Additional measures to consider for a more equitable system 114
8.4 Summary 115
9 Conclusions 116
Annex 1 Summary of legal and effective coverage of lifecycle schemes in Georgia 117
Annex 2 Additional (non-lifecycle) schemes 119
Annex 3 Notes on new employment injury scheme 120
Annex 4 Description of UHCP services and user charges 122
References 124

BOXES

Box 2.1: Gender sensitivity in individual- versus household-level benefits 13
Box 2.2: Multi-tiered systems for universal coverage 15
Box 2.3: Oscillating models for burden sharing in Georgia 21
Box 2.4: Poverty and income dynamics 23
Box 2.5: Targeted Social Assistance and the Child Benefit Programme in Georgia 25
Box 2.6: Social dialogue in the governance of social protection systems 30
Box 3.1: Protecting children's rights in Georgia 38
Box 3.2: Setting child benefit values according to benefit objectives 49
Box 4.1: The link between disability and poverty 61
Box 4.2: Overview of maternity, paternity and parental leave protections around the world 72
Box 5.1: A primer on choices in pension design 90
Box 5.2: Measures to mitigate gender inequalities in pension systems 91
Box 8.1: The Government's recently announced social protection response to COVID-19 109

FIGURES

Figure 0.1: Key lifecycle risks in Georgia relative to ILO Convention No. 102 1
Figure 0.2: Percentage of children receiving the CBP, by consumption decile, 2018 2
Figure 0.3: Percentage of the registered disabled population receiving a Social Package disability benefit or an old-age pension, 2018 4
Figure 0.4: Percentage of older persons receiving the TSA, by select background characteristics, 2018 5
Figure 0.5: Median monthly household expenditure on health care as a percentage of monthly household consumption expenditure, by consumption decile, 2018 7
Figure 1.1: Percentage of the population living in poverty, by different national measures, 2004–2018 9
Figure 2.1: Key risks across the lifecycle 11
Figure 2.2: Lifecycle benefits specified under ILO Convention No. 102 12
Figure 2.3: Depiction of ideal pension systems with universal (left) or pension-tested (right) tier 1 15
Figure 2.4: Multi-tiered disability benefits system 16
Figure 2.5: Percentage of the population receiving at least one social protection benefit, by age group and sex, 2018 18
Figure 2.6: Comprehensiveness of Georgia's social protection system relative to lifecycle risks under ILO Convention No. 102 19
Figure 2.7: Percentage distribution of social protection recipients, by programme, 2018 20
Figure 2.8: Percentage of the Georgian population with per capita consumption below international poverty lines, 2018 22
Figure 2.9: Distribution of central government expenditures, by function, 2018 26
Figure 2.10: Evolution of central government expenditures, by function, 2002–2018 27
Figure 2.11: Composition of social protection budget, central government outlays, 2018 27
Figure 2.12: Governance and administrative structure of Georgia's social protection system 28
Figure 2.13: Reasons for not applying for assistance from the SSA, by quintile, 2018 33
Figure 3.1: Percentage of the population living in relative poverty (below 40 per cent and 60 per cent of median equivalized household consumption), by age group, 2018 35
Figure 3.2: Child poverty rates and public spending on child/family cash benefits and tax breaks for children, OECD countries, 2015 or latest year available 36

Figure 3.3: Spending on family (cash) benefits in OECD countries (2015) and Georgia (2019) (percentage of GDP) ... 37
Figure 3.4: Spending on child (cash) benefits in select low- and middle-income countries (percentage of GDP) ... 38
Figure 3.5: Percentage of children aged 0–15 receiving the CBP, by consumption decile ... 43
Figure 3.6: Evolution in the numbers of children receiving the CBP versus the number of TSA-recipient households ... 43
Figure 3.7: Percentage of children aged 0–15 receiving the CBP, by age, 2018 ... 44
Figure 3.8: Percentage of children aged 0–15 receiving the CBP, by age, 2018 ... 45
Figure 3.9: Gender make-up of CBP and TSA beneficiaries, 2018 (percentage) ... 45
Figure 3.10: Percentage of the population aged 0–15 receiving a child disability benefit (Social Package), by per capita consumption decile ... 46
Figure 3.11: Percentage of children receiving the survivors' benefit (Social Package), by age, 2018 ... 47
Figure 3.12: Percentage of children receiving survivors' benefits, by region, 2018 ... 48
Figure 3.13: Trend in the number of children receiving survivors' benefits, 2012–2019 ... 48
Table 3.3: Minimum adequate child benefit levels in Georgia according to C102 ... 50
Figure 3.14: Comparison of per-child benefit values around the world, latest year available (percentage of GDP per capita) ... 51
Figure 3.15: Child disability benefit transfer values in select countries, latest year available (percentage of GDP per capita) ... 52
Figure 4.1: Share of informal employment in total non-agricultural employment, 2017 and 2018 ...
Figure 4.2: The disability and poverty cycle ... 61
Figure 4.3: Percentage of people registered as disabled receiving a disability benefit under the Social Package or the old-age pension, by age, 2018 ... 65
Figure 4.4: Percentage of population assessed as disabled receiving a disability pension (Social Package), by disability status, 2018 ... 66
Figure 4.5: Percentage distribution of disability benefit recipients under the Social Package, by sex, 2018 ... 67
Figure 4.6: Total number of private-sector maternity benefits paid by the SSA, 2011–2019 ... 68
Figure 4.7: Comparison of tax-financed disability benefit values around the world, latest year available (percentage of GDP per capita) ... 71
Figure 5.1: Percentage of the population living in relative poverty (below 40 per cent and 60 per cent of median equivalized household consumption), by age and sex, 2018 ... 77
Figure 5.2: Percentage of the population over age 60 (women) or age 65 (men) receiving the universal old-age pension, 2018 ... 81
Figure 5.3: Percentage of the population over age 60 (women) or age 65 (men) receiving the universal old-age pension, by ethnic background, 2018 ... 82
Figure 5.4: Gender distribution of universal old-age pension recipients, 2018 (percentage) ... 83
Figure 5.5: Value of the social pension adjusted for inflation and expressed in 2020 prices, 1999–2020 ... 84
Figure 5.6: Comparison of tax-financed old-age pension values in select middle-income countries, latest year available (percentage of GDP per capita) ... 86
Figure 5.7: Comparison of tax-financed old-age pension values in select high-income countries, latest year available (percentage of GDP per capita) ... 87
Figure 5.8: Percentage of older people (aged 65+) receiving the TSA, by sex, marital status and special status ... 88
Figure 6.1: Percentage of the population covered by health insurance, by type of insurance (broad) and age group, 2018 ... 97

Figure 6.2: Distribution of health insurance, by type of insurance (detailed), 2018 (percentage)...97
Figure 6.3: Percentage of the population with health insurance, by age, 2018 ... 98
Figure 6.4: Out-of-pocket medical spending as a share of final household consumption, 2015 or latest year available ... 99
Figure 6.5: Median monthly household expenditure on health care as a percentage of monthly household consumption expenditure, by consumption decile, 2018 ... 100
Figure 6.6: Median monthly household expenditure on health care as a percentage of monthly household consumption expenditure, by region, 2018 ... 100
Figure 8.1: Average income from social protection transfers as a share of total household income, by age, 2018 ... 106
Figure 8.2: Average income from social protection transfers as a share of total household income, by decile groups of the population, 2018 ... 106
Figure 8.3: Simulated share of the population living below the relative poverty line (60 per cent of median equivalized household consumption) before and after receiving income from social protection transfers, by age, 2018 ... 107

TABLES

Table 2.1: Percentage of population living in a household with at least one member who receives transfers according to type of scheme, by age group, 2018 ... 24
Table 2.2: Summary of parameters of the TSA and the CBP ... 25
Table 3.1: Lifecycle social security schemes for children in Georgia ... 40
Table 3.2: Percentage of children legally covered by three main lifecycle schemes in Georgia ... 42
Table 3.3: Minimum adequate child benefit levels in Georgia according to C102 ...47
Table 3.4: Adequacy of survivors' benefit (Social Package) relative to C102 standards ... 53
Table 3.5: Summary of legal and effective coverage of children in Georgia ... 54
Table 4.1: Lifecycle social security schemes for people of working age in Georgia ...59
Table 4.2: Number of women in the labour force, by employment status, 2018 ... 62
Table 4.3: Number of workers in the labour force, by employment status, 2018 ... 63
Table 4.4: Percentage of working-age people legally covered by lifecycle schemes in Georgia ... 64
Table 4.5: Minimum adequate disability benefit levels in Georgia according to C102 and C128 ...69
Table 4.6: Adequacy of maternity benefits in Georgia relative to ILO standards (based on monthly reference earnings of GEL 822.60) ... 72
Table 4.7: Adequacy of cash sickness benefits in Georgia relative to ILO standards ... 73
Table 4.8: Summary of legal and effective coverage of the working-age population in Georgia ...75
Table 5.1: Lifecycle social security schemes for older people in Georgia ... 79
Table 5.2: Percentage of older people legally covered by lifecycle social security in Georgia ... 80
Table 5.3: Minimum adequate social pension levels in Georgia according to C102 and C128 ... 85
Table 5.4: Summary of legal and effective coverage of older people in Georgia ... 94
Table 6.1: Health-care benefits across the lifecycle in Georgia ... 96
Table 8.1: Estimated annual programme costs, 2020...112

Acknowledgments

This report was prepared for the International Labour Organization as part of the project "Inclusive Labour Market for Job Creation in Georgia" funded by the Government of Denmark (DANIDA) and the UN Women regional project "Women's Economic Empowerment in the South Caucasus" funded by the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC). It was coordinated by Jasmina Papa, Social Protection Specialist, ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia in Moscow, with additional technical support funded by UN Women Georgia. The lead author of the report is Shea McClanahan (Development Pathways); Bjorn Gelders (Development Pathways) conducted the analysis of the Integrated Household Survey and Labour Force Survey; Madeleine Cretney (Development Pathways) provided valuable inputs and research support; and Salome Kajaia (national expert) provided technical backstopping and acted as liaison with national organizations. The authors are grateful to the ILO Decent Work Technical Support Team and Country Office for Eastern Europe and Central Asia in Moscow and the UN Women Country Office in Georgia for providing valuable technical feedback on multiple drafts, as well as to the ILO Project Office in Georgia for providing essential logistical support and overall guidance throughout the project.

The ILO and UN Women would like to extend their appreciation to the Ministry of IDPs, Labour, Health and Social Affairs, Social Services Agency, Pension Fund, National Statistics Office (Geostat), Georgian Trade Unions Confederation (GTUC), Georgian Employers Association (GEA), Public Defender Office (Ombudsman Office) and UNICEF Georgia - their collaboration over years and during the course of this particular assessment was invaluable. We hope that this report's suggestions for strengthening national social protection floor will jointly be taken further and realised through different interventions, policies and legislation.

Abbreviations and acronyms

AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
CBP	Child Benefit Programme
C102	ILO Social Security (Minimum Standards) Convention,1952 (No. 102)
C128	ILO Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)
C130	ILO Medical Care and Sickness Benefits Convention, 1969 (No. 130)
C183	ILO Maternity Protection Convention, 2000 (No. 183)
DB	Defined Benefit
DC	Defined Contribution
GDP	Gross Domestic Product
GEL	Georgian lari
Geostat	National Statistics Office of Georgia
IDA	International Disability Alliance
IDP(s)	Internally Displaced Person(s)
IHS	Integrated Household Survey
ILO	International Labour Organization
IMF	International Monetary Fund
ISSA	International Social Security Association
ISSA/SSA	ISSA and the Social Security Administration of the United States
LFS	Labour Force Survey
Ministry of IDPs	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs
MISSOC	Mutual Information System on Social Protection
NDC	Notional Defined Contribution
NEET	Not in Education, Employment or Training
OECD	Organisation for Economic Co-operation and Development
PMT	Proxy Means Test
PPP	Purchasing Power Parity
R191	ILO Maternity Protection Recommendation, 2000 (No. 191)
R202	ILO Social Protection Floors Recommendation, 2012 (No. 202)
SEDP	Social-Economic Development Plan
SSA	Social Service Agency
TSA	Targeted Social Assistance Programme
UHCP	Universal Health Care Programme

UN	United Nations
UN DESA	United Nations Department of Economic and Social Affairs
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNICEF	United Nations Children’s Fund
WHO	World Health Organization

Foreword

The assessment of a social protection system in the Republic of Georgia carried out at the outset of the COVID-19 global pandemic reiterates the importance of national social protection floors to protect people in case of different risk across the lifecycle and covariate shocks. Social protection floors (SPF) promote four essential guarantees: i) access to essential health care services including maternity benefits; ii) children's income security through family and child benefits; iii) minimum income security for those who are not able to earn sufficient income; and iv) access to pensions for old age and disability. SPF policies should facilitate effective access to essential goods and services and be implemented in close coordination with other policies enhancing employability, reducing informality and precariousness and creating decent jobs.

Georgian social protection system includes some of the essential universal lifecycle programmes (such as health, old-age and disability benefits), but it also lacks key provisions for the working age population (such as unemployment insurance/benefits and survivor's benefits for adults) with weak programmes and low coverage in case of sickness and maternity protection. Social assistance programme with strictly defined coverage are focused on the most disadvantaged but have contributed significantly to poverty reduction.

This fragmentation fully exposed the vulnerability of women, men and children who are not covered by social protection system in the context of the COVID-19 pandemic. Unemployed and those working in the informal economy had no access to income security or protection against unemployment, maternity protection or child benefits. The Government reacted swiftly to provide an emergency six months unemployment support scheme for employees together with a one-off transfer for self-employed persons; and a temporary expansion in eligibility for targeted social assistance. If these programmes would be further considered and designed as a long-term response based on the social protection floors principles and recommendations of this report they would go a long way towards closing identified gaps.

The report also shows that in Georgia, as elsewhere, gender inequalities are most pronounced during working age when women face a double burden of work outside and inside the home. A number of key lifecycle benefits during working age (including maternity protection, paid sick leave and the right to build up savings in the accumulated pension system) are reserved for those in formal employment. This leaves out more than half of working women in Georgia. The social security system that takes account these differences can mitigate labour market inequalities, and significantly contribute to gender equality.

The report suggests that investing in three core social protection programmes: unemployment insurance, maternity protection and extension of child benefit would cost around 2 per cent of GDP, and less ambitious options that would offer basic protections would cost even less. Pooled financing arrangements could alleviate the burden on the State to finance these benefits while also building support among society and social partners for a social security system that is fit for a growing economy like Georgia's. In a longer term, more comprehensive social protection system would contribute to economic growth by raising labour productivity, enhancing social stability and acting as an automatic stabilizer for the economy by alleviating the decline in aggregate demand.

ILO and UN Women sincerely hope that the Government agencies, social partners and the civil society will find the analysis, findings and recommendations of this report valuable for social dialogue about design of national social protection floors.

Erika Kvapilova

UN Women Country Representative in Ukraine
(former UN Women Country
Representative in Georgia)

Olga Koulaeva

Director,
ILO DWT and CO for Eastern Europe
and Central Asia

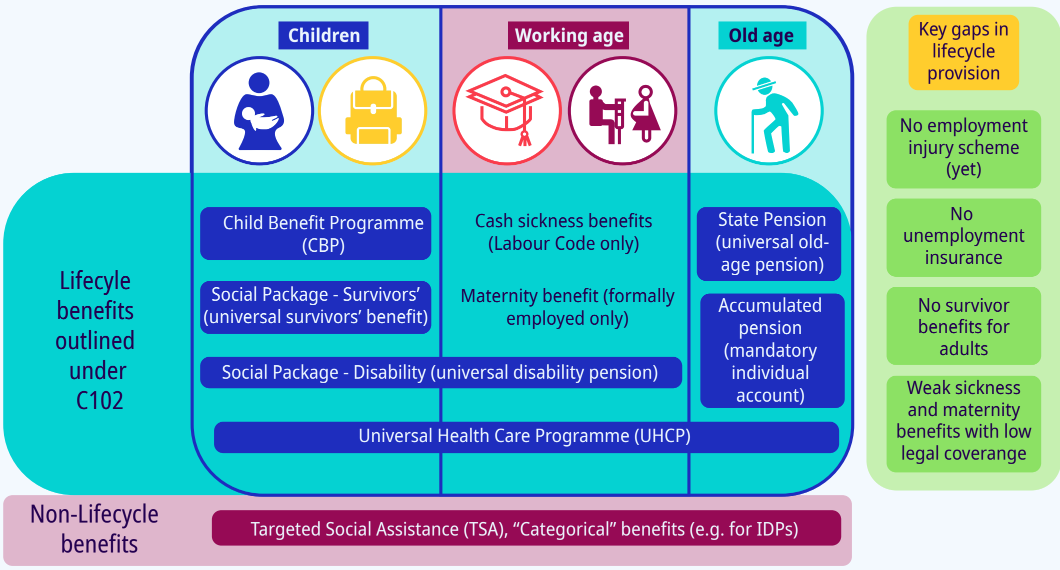
Executive summary

Overall, around 40 per cent of the population in Georgia is covered by at least one social protection benefit. However, there are large discrepancies across age groups. While Georgia has achieved nearly universal coverage of older people – a noteworthy policy and administrative achievement – children and people of working age are much less likely to receive a benefit, at 20.9 per cent and 14.5 per cent, respectively. This low overall coverage rate reflects significant gaps in provision for risks affecting these age groups, especially children.[1]

The Georgian social security system, which is predominantly tax financed, reflects a legacy of historical pendulum swings. Currently, it consists of a mix of lifecycle and non-lifecycle benefits (see Figure 0.1), including the essentially universal provision of key lifecycle benefits (e.g. old-age and disability benefits); a dependence on employers to provide certain others (e.g. sickness benefits and employment injury protection); and a reliance on poverty targeting to attempt to reach those who are considered poor (e.g. through the Targeted Social Assistance Programme (TSA) and the Child Benefit Programme (CBP)). The system also lacks key lifecycle provisions as would be called for under the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102): there is no employment injury scheme (yet), no unemployment insurance, no survivors' benefits for adults, and weak frameworks and low coverage for sickness and maternity benefits.

▶ Figure 0.1:

Key lifecycle risks in Georgia relative to ILO Convention No. 102



Source: Authors' depiction.

1 For people of active age, receipt of benefits is a slightly less meaningful indicator of overall protection, since many of the contingencies covered under lifecycle social security systems are short term in nature (for example, sickness, maternity, unemployment, etc.) or only affect a relatively small proportion of the population (as is the case with disability). Nonetheless, the very low beneficiary ratio of working-age people in Georgia reflects the absence of key programmes, like unemployment, for risks affecting this age group. For children, however, like older people, a lifecycle social security system would consider childhood itself to be a risk, and therefore anything less than 100 per cent coverage of children indicates a gap.

The Government of Georgia already has a solid policy and administrative architecture for delivering key lifecycle benefits on a universal basis. However, a number of administrative blind spots exist, especially relating to disability, sickness and maternity benefits, creating challenges for the overall governance of the system and the fulfilment of the right to social security. Notably, the biggest complaints from citizens centre on the delivery of the poverty-targeted TSA, despite the programme being well administered by most accounts. This is most likely a reflection of the programme's design rather than administrative failings, where even the most accurate proxy means test will have large exclusion errors.

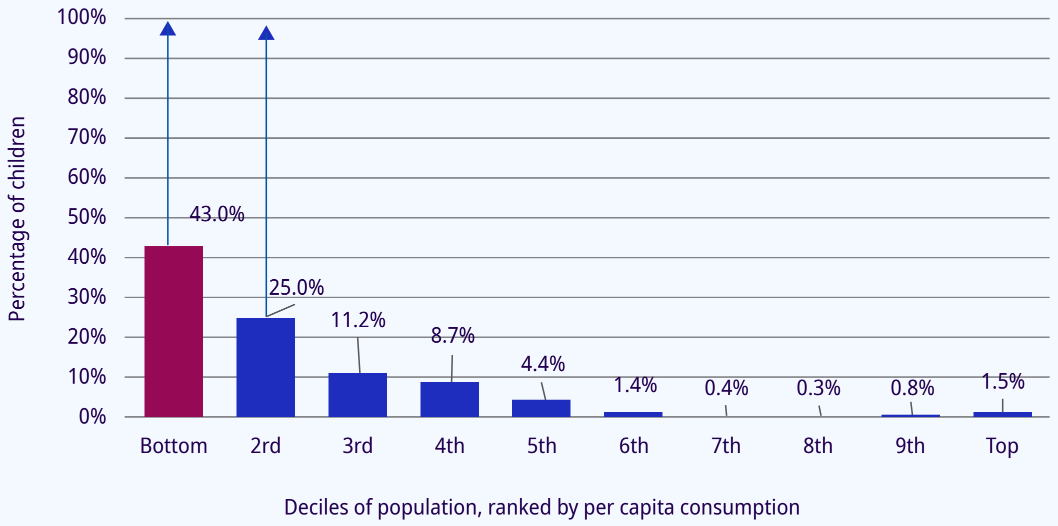
There is potential for the generally effective benefits-delivery infrastructure and know-how, however, to be exploited to extend the universal principles to other lifecycle contingencies – such as child benefits or even maternity benefits – while also considering the potential for pooled arrangements to finance short-term benefits like maternity and unemployment benefits. Importantly, non-lifecycle programmes like the TSA – which aim to offer a "last resort" against poverty – are not a substitute for the provision of lifecycle benefits and will always leave a substantial number of people without coverage when they need it.

Social protection for children: Progress with the CBP, but gaps remain

Children are significantly more likely than other age groups to live in poverty: around 12 per cent of children were living below 40 per cent of median consumption (the relative poverty line), compared with only 8 per cent of people of working age and 5 per cent of people above retirement age. And many more children are at risk of poverty, with nearly 30 per cent living below 60 per cent of median consumption. Therefore, ensuring their welfare through social protection should be of paramount concern.

▶ Figure 0.2:

Percentage of children receiving the CBP, by consumption decile, 2018



Source: Analysis of the 2018 IHS.

Whereas overall, just over one in five children in Georgia receives a social protection benefit of any kind, only around 14 per cent receive a child benefit under the Government's flagship Child Benefit Programme within the framework of the TSA (see Figure 0.2). However, less than half in the poorest income decile are receiving the CBP, suggesting that the CBP is still missing a significant number of children who are otherwise vulnerable, despite the Government's commitment to improving the targeting formula.

At the same time, while lifecycle benefits provided under the Social Package (disability and survivors' benefits) seem to be effectively reaching those who apply (and for disability benefits, those who are assessed as disabled), a lack of knowledge about the true size of the disabled child population or child survivor population prevents us from knowing how many children who might legitimately qualify for these benefits could be excluded, whether due to lack of knowledge of their rights or other barriers to access.

The assessment also suggests that, on the whole, existing benefits for children are adequate, largely due to recent policy changes that increased the CBP by five times its previous value. However, a lack of robust international standards for measuring adequacy prevents a definitive qualification. Rather, adequacy is more effectively assessed within the national context based on close study and evaluations of beneficiary populations and within a framework of nationally relevant benchmarks, of which there is currently a deficit in Georgia.

Social protection for people of working age: Key provisions are lacking, mixed results with existing benefits

Working-age people in Georgia lack access to key social protection provisions that would better enable them to weather common lifecycle shocks, notably unemployment, survivors' benefits and, for now, insurance against work-related accidents or diseases. In addition, legal gaps in coverage prevent many people from being covered even where the system ostensibly provides benefits. However, the headline statistic that only around 14.5 per cent of the adult population was receiving a benefit in 2018 masks more complex coverage dynamics among the working-age population.

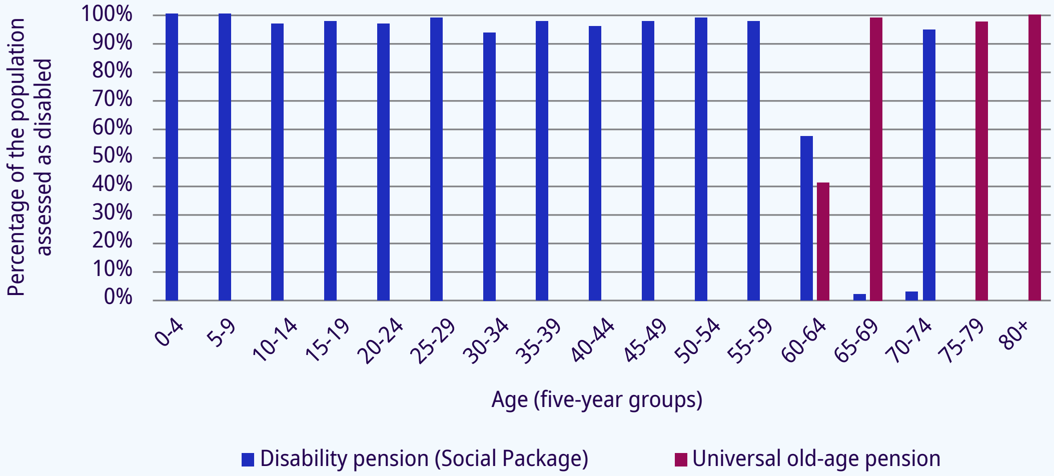
For disability, the overall story is one of relative success. A universal benefit ensures that the vast majority of people who live with a disability are able to access benefits from the State to improve their quality of life. The link between the disability assessment process and the payment of benefits appears to be tight, with bigger gaps for those with less severe disabilities: between three quarters (Group I) and almost all of the registered disabled population (97.6 per cent for Group II and 99.7 per cent for Group III) were receiving a benefit, according to the 2018 Integrated Household Survey (IHS). Approximately 95 per cent of those receiving the Social Package disability benefit are of working age; this is because the disability pension converts to an old-age pension at retirement (see Figure 0.3), a transition that the data would suggest is well administered. A more serious challenge to the system is the lack of accurate estimates of the true size of the disabled population, as there are bound to be people who fail to obtain an assessment for any number of reasons.

In terms of adequacy, disability benefits also appear to be lower than the levels that would be suggested under the relevant ILO Conventions, accepting the caveats associated with using the reference wage for elementary occupations; however, the benefits compare relatively well with international levels, again with caveats.

For sickness and maternity benefits, data limitations make it challenging to precisely determine the size of the legally covered population, but our estimates suggest that around half the labour force lacks protection for either of these risks, which is by far the biggest challenge. Among those who are legally covered, administrative data for maternity benefits suggest that take-up is quite high. There is no comparable data on sickness benefits, making it impossible to assess effective coverage, but there are bound to be a significant number of people who are not receiving sick pay despite having the right, in addition to the large numbers of people working informally who do not have the right.

▶ **Figure 0.3:**

Percentage of the registered disabled population receiving a Social Package disability benefit or an old-age pension, 2018



Source: Analysis of the 2018 IHS.

Regarding the adequacy of these benefits, the state maternity benefit covering formally employed private-sector workers and the majority of public-sector workers is inadequate due to its lump-sum nature and low value relative to women's average wages. Because of the cap on the total amount, the benefit only replaces a fraction of women's lost earnings, far lower than the two thirds required of the ILO Maternity Protection Convention, 2000 (No. 183). In terms of duration, however, in theory the state maternity benefit compares well (at 183 days) to the Convention, but again, as a lump-sum benefit, this duration becomes almost irrelevant for most people who access the benefit. There are also no paid paternity leave provisions. On the other hand, sickness benefits compare relatively well to the minimum standards in the relevant Conventions, but there are concerns related to potential inconsistencies with the Labour Code of Georgia that risk having a chilling effect on legitimate claims.

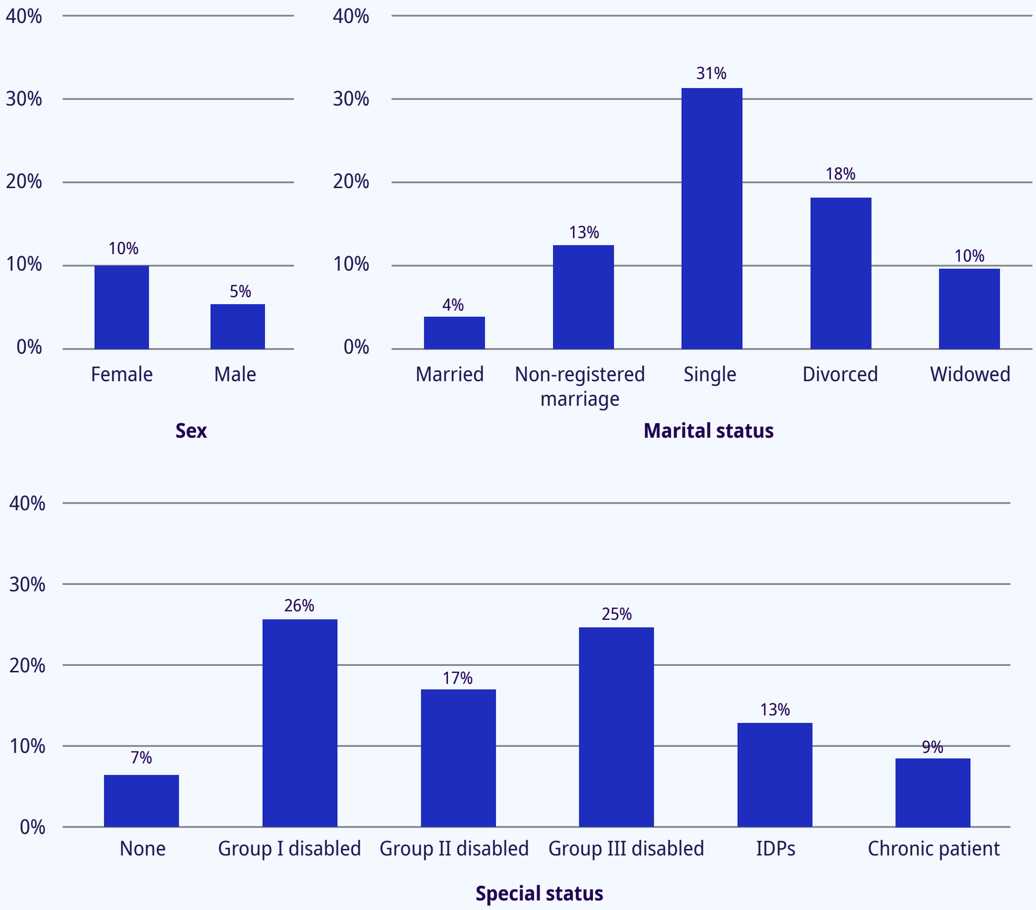
Social protection for older people: Noteworthy achievements, but future challenges

The story of the coverage of Georgia's older population is mostly a positive one. Everyone in Georgia, apart from those few who receive a State Compensation benefit, can count on the universal old-age pension to provide a basic guaranteed income in old age. Georgia stands out globally among countries of similar incomes in this achievement and also compares well with social pensions in high-income countries. However, the pension system does not currently enable the majority of older people in Georgia to smooth their consumption and maintain a standard of living comparable to their pre-retirement levels, and the absence of survivors' pensions for adults leaves many older people, particularly women, vulnerable.

In addition, a significant share of the elderly (around 9 per cent) is also receiving the TSA. As shown in Figure 0.4, older women are around twice as likely as men to qualify for the TSA, while upward of 30 per cent of single older persons qualify compared with just 4 per cent of those who are married. Moreover, a quarter of older persons with severe disabilities receive the TSA. These findings strongly suggest that the old-age pension, on its own, is insufficient for older persons experiencing multiple vulnerabilities, including those facing additional costs related to disability.

▶ **Figure 0.4:**

Percentage of older persons receiving the TSA, by select background characteristics, 2018



Source: Based on the 2018 IHS.

The recent introduction in 2018 of the supplementary accumulated pension scheme aims to improve this situation for future generations of pensioners. Efforts to enrol the workforce appear to have been successful so far, with 100 per cent of the mandatorily covered population enrolling as well as a small share of those eligible for voluntary participation. However, as with other schemes that only cover formally employed workers, this amounts to only around half of the labour force. Nevertheless, this apparent achievement demonstrates good state capacity that can help reintroduce the habit of deducting social contributions among employers even where participants are sceptical of the benefits.

Because benefits will not be paid out for many years, assessing their adequacy is a largely theoretical exercise. However, global experience with pension reforms in the past few decades strongly suggests that the design of the new pension is likely to bode poorly for those with lower earnings and shorter work histories, notably including women. This is because funded pensions, which tie benefit values tightly to contributions with no possibility of cross-subsidization, tend to exacerbate labour market inequalities where they exist.

International experience also suggests that the system in its current form would not be suitable for the introduction of additional benefits to cover the working-age population, should the Government want to do so. This is because accumulation- or savings-based designs depend on workers building up significant funds to cover long-term risks like permanent disability or old age. Introducing the possibility of withdrawal for risks (such as maternity, sickness or unemployment) at younger ages would risk depleting the fund. A social insurance scheme would be more appropriate as an alternative – or complementary, under a multi-tiered framework – financing arrangement for working-age risks.

Health care across the lifecycle: High coverage, but challenges with adequacy

While Georgia has succeeded in extending health insurance coverage to virtually the entire population, the vast majority of whom are insured under the near-ubiquitous Universal Health Care Programme (UHCP, also known as the State Health Insurance Programme), the story of vertical extension (adequacy) is less positive. Compared with high-income countries, Georgians on average spend significantly more than the OECD average on out-of-pocket health expenditures as a share of household consumption, at around 6 per cent. Those in middle-wealth deciles bear a heavier burden due to lower available subsidies (see Figure 0.5). Private spending also accounts for around half of total health spending (54 per cent) in Georgia,[2] suggesting, among other things, that there is a substantial degree of topping up of the basic state-sponsored package, where sometimes essential components of preventive health, such as contraceptives, must be purchased privately.

Therefore, while the support that the Government offers Georgians through the UHCP likely prevents most people from catastrophic health expenditures, many people, especially those who are not eligible for subsidies or who are only eligible for relatively meagre ones, still incur significant health-care costs.

Social protection and women and girls in Georgia

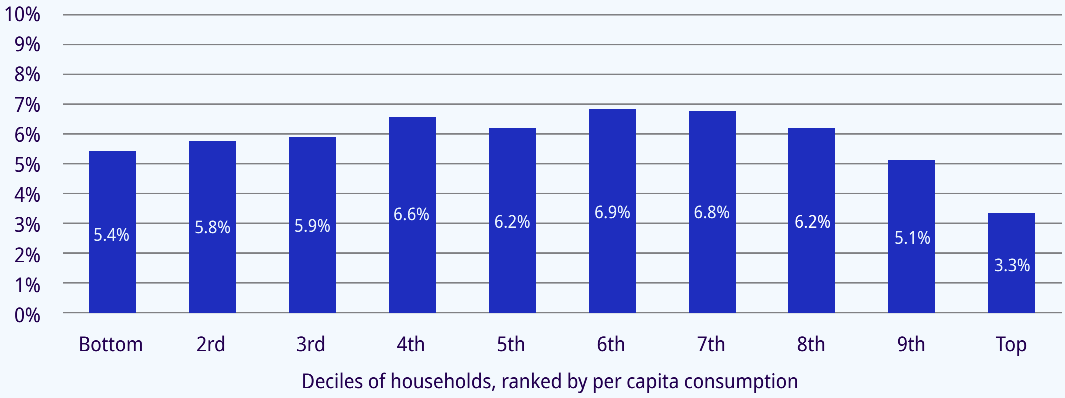
The analysis in this report has emphasized the unique challenges that women face due to the combination of their life course and highly gendered labour markets. These inequalities can be mitigated or exacerbated by the social protection system, depending on how it is designed. The interactions between gender and social protection are complex and mediated by the life course, where risks faced in childhood may be very different from the risks faced in adulthood or old age.

The analysis found that girl children are more likely than boy children to be poor and are slightly more likely to benefit from the social protection system. For example, 15 per cent of girls receive the CBP compared with 13 per cent of boys, but because girls make up a slightly lower proportion of the child population (48 per cent), there is no discernible difference in the gender make-up of CBP beneficiaries.

2 Georgia, Ministry of IDPs (2018).

▶ **Figure 0.5:**

Median monthly household expenditure on health care as a percentage of monthly household consumption expenditure, by consumption decile, 2018



Source: Analysis of the 2018 IHS.

For women of working age, only those who are employed in the formal sector have access to maternity benefits, leaving out around half of working women. Moreover, because all maternity benefits are financed from state revenues, they are subsidized by those in the informal economy who still pay consumption taxes. Existing benefits, when they are paid, are inadequate, and the future benefits of those who are required to contribute to the mandatory accumulated pension scheme are likely to be lower for women.

Older women, because of their longer life expectancy, are more reliant on the social protection system for longer periods in old age; therefore, the adequacy of the universal old-age pension is particularly relevant for them. In addition, women make up 86 per cent of all widow(er)s in Georgia and yet have no access to survivors' benefits if their partner dies.

This analysis has demonstrated that the gendered nature of the life course and labour markets requires the social protection system to be particularly responsive to gender-based inequalities. However, the social protection system, with its focus on income redistribution across wealth groups and generations, is only one component of the broader set of gender-responsive tools available to governments to address structural inequalities, including those that begin in the household.

Towards a more inclusive lifecycle social protection system in Georgia

Georgia's system already performs relatively well, largely driven by the impacts of the old-age pension on poverty and inequality. However, key gaps in social protection provision remain, particularly for children and people of working age. Filling them – through a universal child benefit, an expanded maternity benefit system and an unemployment scheme – would go a long way towards ensuring that no one in Georgia is unintentionally neglected during these common lifecycle contingencies. (Additional measures to strengthen the system over the longer term – including mechanisms to promote equity and gender equality by closing the gaps in the provision of survivors' benefits, providing parental and paternity benefits, recognizing unpaid care in contributory systems and engaging in a full review of the system's monitoring and evaluation processes – should also be considered.)

Moreover, such a system would not be prohibitively costly. Implementing all three of these core benefits would cost around 2 per cent of GDP, and less ambitious options that would offer basic protections would cost even less. Pooled financing arrangements could alleviate the burden on the State to finance these benefits while also building support among society and social partners for a social security system that is fit for a growing economy like Georgia's.

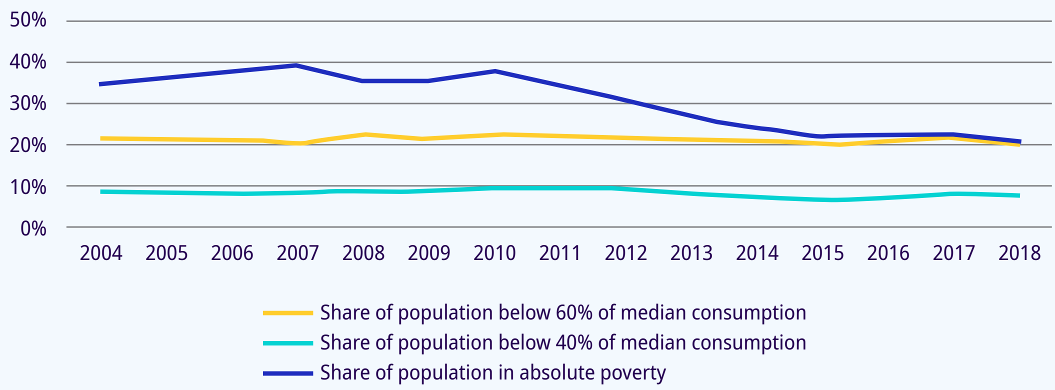
1. Introduction

Since 2003, the Government of Georgia has implemented broad and comprehensive economic reforms that constitute part of its "Vision for Development", as articulated in its Social-Economic Development Plan (SEDP).[3] Inclusive economic growth (universal involvement of the population in economic processes) is a central principle of the reforms.

In recent years, Georgia has experienced rapid growth – averaging 4.5 per cent per year in the past decade, despite a number of shocks[4] – and prior to the onset of the COVID-19 global pandemic, the IMF had expected the growth trajectory to continue.[5] During this period, however, the Government has pursued a package of neoliberal policies that, unless they are accompanied by an equally strong push for comprehensive social security, are unlikely to usher in the inclusive growth it seeks. Reform priorities have included liberalization of the tax system, deregulation, easing the process of starting a business and aggressive privatization. In addition, public-sector reforms have focused on eliminating corruption, decreasing the number of government agencies and downsizing those that remained.[6] These policies are often associated with austerity and "fiscal consolidation", which can hamper investment in social sectors.

▶ Figure 1.1:

Percentage of the population living in poverty, by different national measures, 2004–2018



Source: Geostat.

3 Georgia (2014).

4 World Bank Group (2019). Georgia experienced numerous shocks, including the 2007–2008 global financial crisis, the conflict with the Russian Federation in 2008 and the drop in commodity prices since 2014 that has impacted key trading partners.

5 IMF (2019a). The IMF have revised its growth projections and are predicting a contraction of 4 per cent of GDP in 2020. See https://www.imf.org/en/Countries/GEO.

6 Georgia (2014).

However, the Government, in the SEDP, recognizes the importance of investing in social protection for an inclusive growth agenda, and the general increase in average incomes has also been partly driven by social transfers. The improvement of Georgia's social protection system (a further goal of the SEDP) has been viewed by the Government as a means of both increasing the competitiveness of the country's human resources and improving the socioeconomic conditions of families experiencing financial and material hardship. The prioritization of social protection has been reflected in state budget expenditures in recent years – over the past several years, social protection expenditure has grown to around 25 per cent of central government expenditures.[7]

Thanks to the combination of growth and investment in social protection, Georgia has made impressive progress in tackling poverty.[8] According to the World Bank (2019), poverty (measured at USD 3.20 per day) declined from 32.5 per cent in 2006 to 16.3 per cent in 2017 and, according to the national household survey, was around 12.5 per cent in 2018.[9] After years of decline, poverty reduction stalled between 2015 and 2017, during which the share of Georgia's population living in absolute poverty actually increased very slightly from 21.6 per cent to 21.9 per cent, though it began to decrease once more in 2017, as shown in Figure 1.1. The full impacts of the current crisis are as yet unknown but are likely to be significant in Georgia, as they are elsewhere.

The overall decline in poverty over the past decade can largely be attributed to a general increase in real incomes across rural and urban areas. However, the gains have not been equally shared. Overall, inequality remains high by regional standards, although it has been declining in recent years, reflecting strong improvements in the welfare of households in the bottom 40 per cent of income distribution.[10] And while the average Georgian received GEL 1,068.30 (USD 374) per month in 2018, up from GEL 900 (USD 313) in 2015, on average, women's earnings amounted to only 64 per cent of men's in 2018, and in general, men benefited more from increased salaries than women.[11]

As an upper-middle-income country with ambitions to align more closely with Europe and eventually join the European Union,[12] the time is ripe for Georgia to deepen its commitment to inclusive social protection. A progressive and ambitious nation should aim not only to tackle poverty but also to offer the majority of its citizens the opportunity to realize their aspirations to lead more productive and secure lives.

This report aims to offer a general assessment of the social protection system in Georgia from a lifecycle perspective and in reference to international experiences, as well as to social security standards and conventions. The report is structured as follows: Chapter 2 presents an overview of Georgia's social protection system from a lifecycle perspective and with reference to international norms and definitions; Chapters 3, 4 and 5 assess the social protection coverage of children, women and men of working age and older people, respectively, in terms of legal and effective coverage (including adequacy), with attention paid to gender differences in outcomes; Chapter 6 briefly assesses health-care provisions in terms of legal and effective coverage; Chapter 7 summarizes the main findings on social protection for women and girls in Georgia; Chapter 8 explores scenarios for expanding the existing system and their potential costs; and Chapter 9 offers concluding observations.

7 Geostat.

8 World Bank (2019).

9 Ibid. The 12.5 per cent figure is based on analysis of the 2018 IHS using the USD 3.20 per day PPP measure.

10 The Gini coefficient was 0.39 in 2018, down from 0.43 in 2006 (see Geostat: https://www.geostat.ge/en/modules/categories/192/living-conditions).

11 See Geostat: https://www.geostat.ge/en/modules/categories/39/wages; and UN Women (2020a).

12 Gegeshidze (2018).

▶ 2. Understanding Georgia's social protection system within a lifecycle framework

In recent years, the objective of improving Georgia's Targeted Social Assistance Programme (TSA) has dominated the social protection policymaking space. In effect, the attention to the TSA has largely obscured other relevant programmes and diverted attention away from efforts to understand the social protection system more broadly.[13] This study seeks to address this imbalance and offer a broad assessment of the social protection system as a whole in Georgia using a lifecycle framework. The report focuses primarily on income transfers but also calls attention to health benefits as the principle vehicles for delivering lifecycle social protection, in line with the ILO Social Security (Minimum Standards) Convention,1952 (No. 102), and the Social Protection Floors Recommendation, 2012 (No. 202).

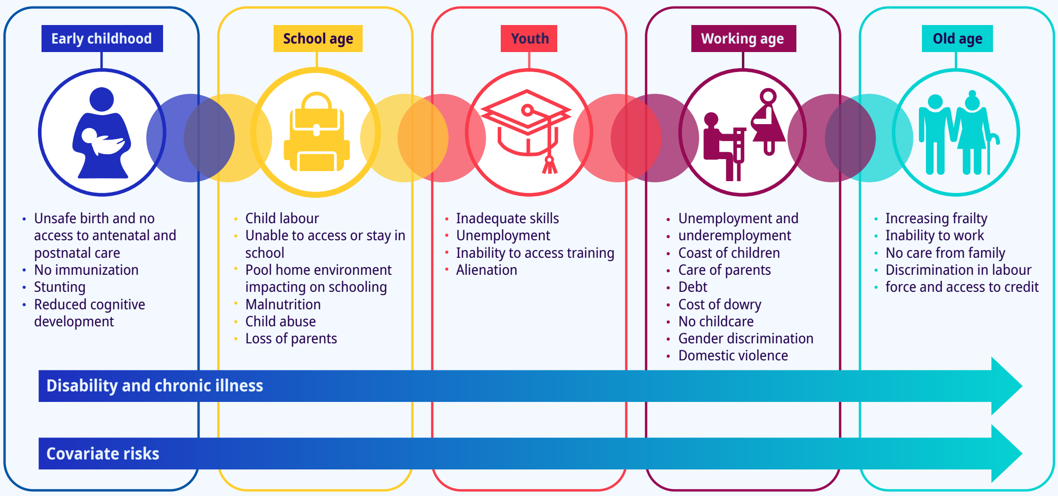
2.1 A lifecycle approach to social protection

Social protection entails the provision of regular, predictable income transfers (in cash or in kind) and can also include the provision of social care, social services and active labour market programmes.[14]

Social protection is among the most powerful tools to address poverty and inequality and, if well designed, can be "transformative" – supporting broad-based economic growth by encouraging recipients to invest in small businesses and their communities and to enable them to work more and in more decent jobs.[15] One of its core functions, however, is to build resilience to shocks, most of which are linked to the human lifecycle. Figure 2.1 depicts the risks that tend to occur at different stages of the lifecycle, as well as other risks, such as disability or certain "covariate" risks (such as natural disasters), that can occur at any point along the lifecycle and/or may be chronic.

▶ **Figure 2.1:**

Key risks across the lifecycle



Source: Development Pathways' depiction.

13 Baum et al. (2016).

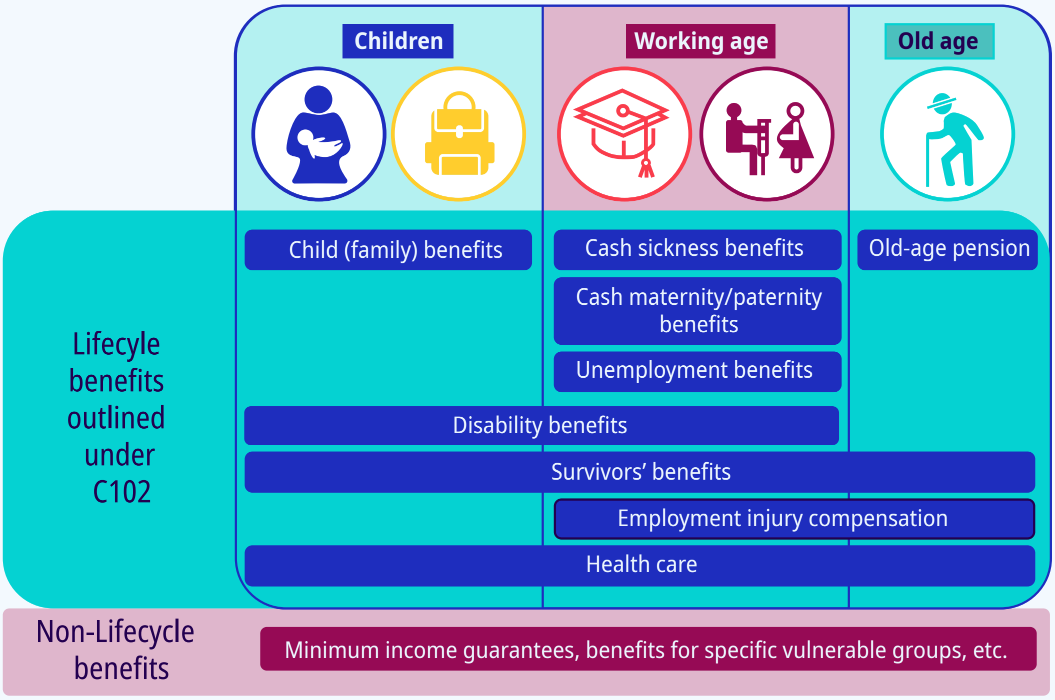
14 Social protection and social security are frequently used interchangeably, though there are some notable distinctions. For a discussion of the usage of the two terms, see "Glossary" in Kidd and Tran (2017).

15 See, for example, Mathers and Slater (2014); and Kidd and Tran (2017).

The most common of these risks have been enshrined in various international declarations and conventions going back more than 75 years, the most prominent and comprehensive of which is the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102).[16] The Convention sets minimum standards for social security to address nine lifecycle contingencies through the establishment of old-age pensions, disability benefits, survivors' benefits, cash sickness and maternity benefits, unemployment benefits, employment injury benefits and family benefits, as depicted in Figure 2.2.

▶ **Figure 2.2:**

Lifecycle benefits specified under ILO Convention No. 102



Source: Authors' depiction based on Convention No. 102.

Most mature social security systems provide comprehensive protection through schemes aimed at tackling these common risks and, by doing so, are well positioned to provide broad-based income security that not only prevents poverty but maintains living standards during a shock. But alongside core lifecycle benefits, a national social security system may also include non-lifecycle benefits – for example, for certain specified categories or vulnerable groups – or minimum income guarantees to address the risk of poverty, as Figure 2.2 also shows.

Importantly, in a lifecycle approach, individuals – not households – are entitled to receive benefits. This is in keeping with a rights-based approach, which recognizes the inherent human right of all individuals to social security.[17] While individuals may, and typically do, benefit indirectly from household transfers,

16 ILO (1952).

17 Social security is a human right, as outlined in Article 22 of the Universal Declaration of Human Rights, which states, "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

the mechanism is not guaranteed, particularly in situations where intrahousehold dynamics are imbalanced, resulting in an unequal sharing of resources. For example, in certain situations, women may be particularly disadvantaged where transfers are paid to the head of household (typically male), and efforts to correct this within a household transfer framework are not straightforward, as explained in Box 2.1.

▶ Box 2.1: Gender sensitivity in individual- versus household-level benefits

Well-designed social protection can boost women's economic independence and status in the household. This is especially true when women are entitled to benefits as individuals in their own right.

With household benefits, however, which tend to be paid directly to the head of household, the impacts of benefits on different members of the household may vary due to unequal sharing of resources between household members. Policymakers in some countries have recognized this risk, and indeed, a dominant thesis in the early years of cash transfers promoted paying transfers to women (the female head of household) based on the view that women were more likely to spend it wisely. Indeed, Mexico's PROGRESA programme (later "Oportunidades" and then "PROSPERA") was explicitly designed with this in mind. It has been posited, and sometimes observed, that paying transfers to women can improve their status in the household and give them greater financial independence, as well as providing "soft" assurance that the resources, which in many cases are intended to support children, will actually be spent on children's need (see e.g. Adato et al., 2000; Skoufias and McClafferty, 2003; Skoufias, 2005; Natali et al., 2016).

However, there may be risks in utilizing these policy tools intended to correct gender power imbalances. For example, paying household transfers to women can reinforce traditional, gendered stereotypes about women's roles and behaviour and play into notions that men are not responsible for children's welfare. Conditional cash transfers in particular – when they are paid to women – have been criticized for offloading responsibilities (such as enforcing compliance with programme conditions) that should legitimately be the remit of the State and placing them entirely on women, potentially disadvantaging them in favour of other members of the household (often children) (ISSA, 2017; Molyneux, 2007).

In general, individual benefits, paid for common lifecycle risks, avoid these pitfalls and are a much simpler way of designing a gender-sensitive social security system.

In Georgia, the social protection system predominantly consists of individual lifecycle transfers. Indeed, all major transfers apart from the TSA are directed to individuals based on defined risks. With respect to the TSA benefit, any adult representative of the family can apply for the household, and households can designate an adult to receive the transfer into his or her account. (The same is true of the Child Benefit Programme (CBP), which is administered together with the TSA; however, specific amounts in the CBP correspond to individual children and therefore would be considered individual benefits under a lifecycle approach.) Data from the SSA suggest that women are more likely to be designated to receive the benefit on behalf of the household: by June 2020, 77.2 per cent of designated recipients were women, compared with 22.8 per cent of men. However, future research would be needed to fully understand the gender dynamics of applying for the TSA benefit as well as the distribution of control over resources within households.

Moreover, while individual lifecycle benefits can be provided on a means-tested basis, household benefits are nearly always designed this way and carry a high risk of excluding those who may not meet the income test but are nonetheless vulnerable either by another measure or, inevitably, at some point in their lives.

2.2 The role of social protection "floors" within a national social security system

All social security systems should provide adequate, regular and predictable income security. In doing so, they fulfil two core functions of a social security system: (1) to provide a minimum guaranteed income to ensure that individuals do not fall below a given nationally defined threshold – a social protection "floor"; and (2) to smooth consumption (or incomes) over individuals' lifetimes if they experience defined contingencies, thereby ensuring that they can maintain a comparable standard of living. Whereas the first core function (a minimum guarantee) is generally achieved through schemes financed from general revenues, the second core function (consumption smoothing) is typically only possible through contributory arrangements – generally social insurance – that pool resources across groups of different income levels.[18]

Lifecycle benefits are most inclusive when they are designed to offer universal coverage. This can be achieved either through a single tax-financed design or through a combination of tax-financed and contributory (social insurance) mechanisms that ensure universal coverage by design. Most social security systems exhibit this "multi-tiered" design. Indeed, multi-tiered designs are the norm rather than the exception globally: more than 100 countries around the world have multi-tiered pension systems, including nearly all high-income countries.[19] That said, some social security systems – including those in Georgia as well as New Zealand and South Africa, among others – finance their main schemes through general revenues, while a few European countries consist of social insurance only.[20] Box 2.2 explains how multi-tiered systems generally work.

18 Therefore, the reference level for determining the adequacy of social security benefits may be lower in tax-financed schemes than in contributory schemes, which are based on prior earnings, even if both types of schemes contribute to the system-wide aim of providing income security. In addition, while most social security benefits are intended to replace lost income or wages due to interrupted earnings related to common contingencies, some benefits, such as child benefits or medical benefits, are designed to provide additional support or compensation for extra expenditures related to bringing up children or experiencing ill health.

19 Authors' estimates based on analysis of ISSA/SSA (multiple years). See also McClanahan et al. (forthcoming).

20 Many European countries achieved near-universal coverage of their social insurance systems, which also contain non-contributory or semi-contributory components within them.

▶ Box 2.2: Multi-tiered systems for universal coverage

Although all benefits across different "branches" of social security can be multi-tiered, pension systems are most commonly associated with multi-tiered designs, as has long been promoted by the ILO (see e.g. Duran, 2017). For example, an ideal pension system, depicted in Figure 2.3, might consist of the following:

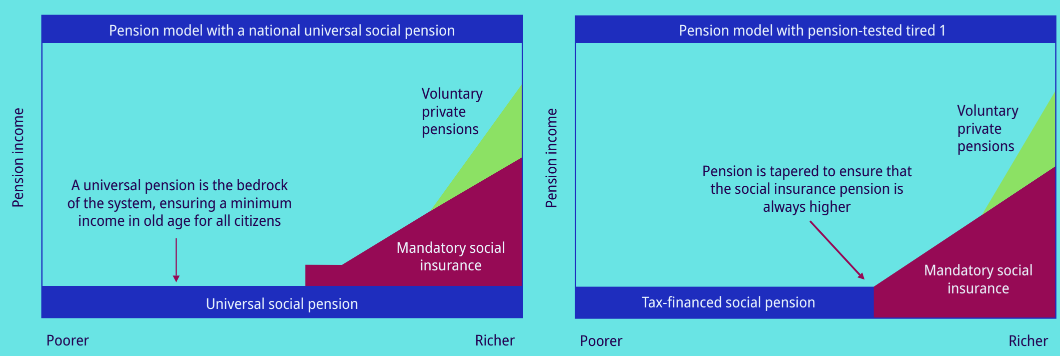
- Tier 1: an adequate, guaranteed pension (social pension) financed from general taxation and which can be either universal or "pension-tested"
- Tier 2: mandatory social insurance paying higher-rate pensions for those who pay into social insurance
- Tier 3: voluntary private (supplemental) pensions for those who wish to make additional contributions[21]

The guaranteed tier 1 benefit can be designed universally, as Georgia's social pension effectively is, or it may be "pension-tested", meaning the social pension is only paid to those who are not enrolled in a mandatory social insurance system (usually because they cannot afford contributions).

This pension-tested design provides an alternative to poverty targeting that is both fairer and administratively simpler: all that is required is to maintain data on who is registered in the social insurance system; everyone else receives the social pension. A further feature of pension-tested systems is that, as social insurance membership grows, the size of the population receiving tax-financed benefits – and the budget required to finance the system – should decline over time.

▶ Figure 2.3:

Depiction of ideal pension systems with universal (left) or pension-tested (right) tier 1

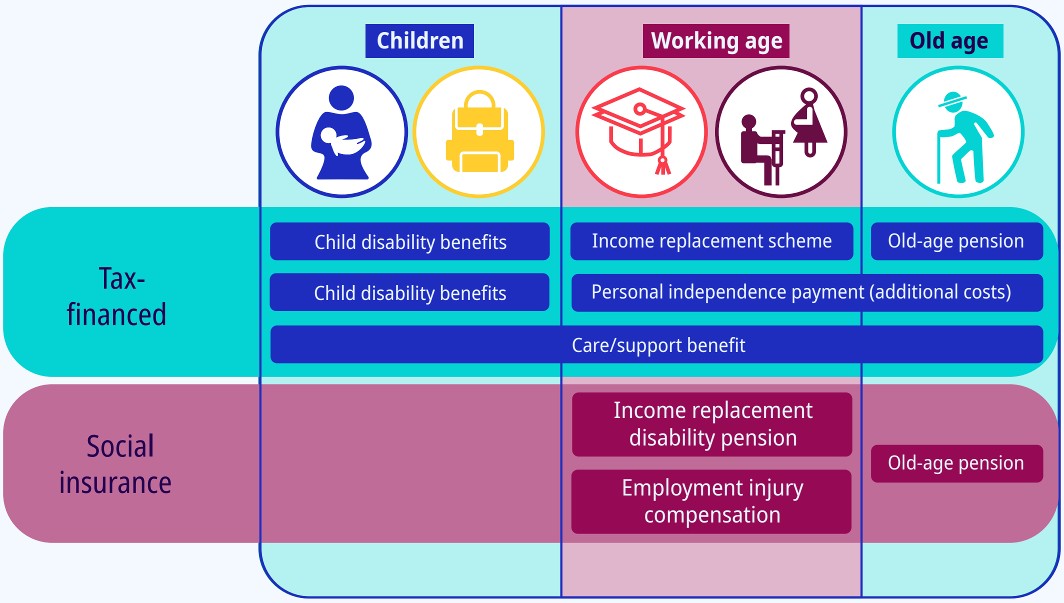


Equally, other lifecycle benefits may be organized in a multi-tiered way. For example, Figure 2.4 outlines an ideal disability benefits system consisting of a combination of tax-financed and contributory benefits that could be accessed at different phases in the lifecycle. See also McClanahan and Gelders (2019) for a discussion of multi-tiered child benefits.

21 See Kidd (2015).

▶ Figure 2.4:

Multi-tiered disability benefits system



Source: Development Pathways.

In many ways, the momentum behind the UN-wide Social Protection Floor initiative arose from a perceived inflexibility or “ill-suitedness” of traditional employment-based social protection systems to adapt to the persistent challenges of poverty, social exclusion and labour market informality.[22] In recent decades, attention has turned to tax-financed or “non-contributory” social protection schemes[23] as many perceive them to be better suited to ensuring guaranteed coverage for groups traditionally left outside the formal contributory system, and Georgia has been a global leader in this respect.

In addition to echoing the nine risks already underlined in Convention No. 102, the ILO’s Social Protection Floors Recommendation, 2012 (No. 202), calls for basic social protection guarantees (including health care) in childhood, during working age and in old age while allowing for a variety of policy approaches to achieve universal coverage (consistent with multi-tiered systems).[24] Importantly, a social protection floor can be achieved through a combination of schemes, and indeed Recommendation No. 202 calls on countries to implement “the most effective and efficient combination of benefits and schemes in the national context” (Paragraph 9) but also requires that these be designed in a coherent way so as not to leave gaps.[25]

However, there may be limits – at least in the immediate to medium term – to the extent to which governments can ensure and improve the level (or adequacy) of benefits when they are completely reliant on the state budget, particularly in contexts like Georgia’s where constitutional limits on spending and

22 See, for example, World Bank (2019).

23 The term “non-contributory” risks discounting the contributions made by all people throughout their lives, through their work, the payment of indirect taxes, social reproduction and care, etc. See McClanahan (2019).

24 ILO (2012).

25 For example, among the core principles specified in Paragraph 3 is “coherence across institutions responsible for delivery of social protection”.

new taxes constrain the fiscal space.[26] A social insurance system that sits atop a guaranteed minimum within a multi-tiered framework can offer a budget-neutral, fair and equitable way to ensure universal coverage by design while improving benefit adequacy for those who are able to contribute.

2.3 Overview of Georgia's social protection system

Georgia's social protection system diverged from the experience of most post-Soviet countries in wholly dismantling the social insurance and earnings-related social security system in favour of a tax-financed model combining both universal and means-tested benefits. The radical departure triggered a profound transformation of the Georgian economy and society.

Today, Georgia's social protection system is known for the relative adequacy and near-universal coverage of its tax-financed old-age pension, which makes it one of the most effective social pensions in the world.[27] Though it has received less attention, Georgia also provides universal disability benefits. And it invests relatively heavily in a flagship poverty-targeted programme known as the TSA, which aims to combat extreme poverty.

In the national policy domain and discourse, the main components of the current system include the following:

- A universal old-age pension for everyone over the age of 60 (women) or 65 (men)
- So-called "categorical" (universal) benefits for persons assessed as disabled or orphaned (one or both parents)
- Other "categorical" (means-tested) benefits for, e.g., persons living in high mountainous regions, internally displaced persons and those with three or more biological children in regions with low birth rates
- A poverty-targeted scheme (TSA) aimed at households assessed as poor
- A poverty-targeted benefit (CBP) for children living in households assessed as poor
- A lump-sum maternity benefit for mothers formally employed in the public and private sectors[28]
- Affluence-tested free or subsidized health care for those with incomes up to GEL 40,000 per year (around three times the average wage) under the Universal Health Care Programme (UHCP)
- A new supplementary pension system based on mandatory savings

All of the main benefits are paid to individuals except for the TSA, which is paid to households.

In addition, the State provides a number of so-called "employer liability" programmes through the Labour Code of Georgia, including paid sick leave provided by the employer and, in the near future, mandatory employment injury insurance.

Overall, around 40 per cent of the population in Georgia is covered by at least one social protection benefit. However, there are large discrepancies across age groups, as can be seen in Figure 2.5. While Georgia has achieved nearly universal coverage of older people – a noteworthy policy and administrative achievement – children and people of working age are much less likely to receive a benefit, at 20.9 per cent and 14.5 per cent, respectively. This low overall coverage rate reflects significant gaps in provision for risks affecting these age groups, especially children.[29]

26 Godar et al. (2018).

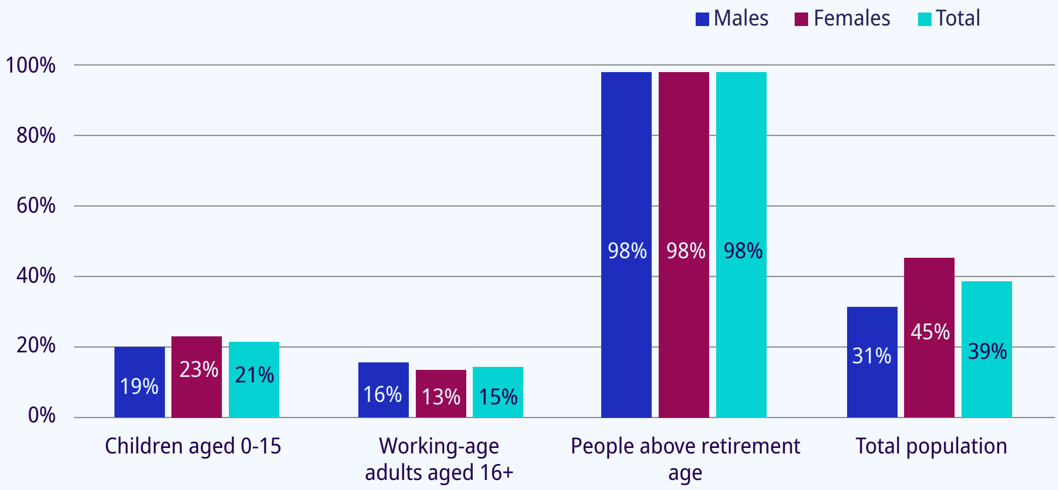
27 See Kidd and Tran (2017).

28 In addition, the Law on Public Service regulates a separate maternity benefits regime for civil servants.

29 For people of active age, receipt of benefits is a slightly less meaningful indicator of overall protection, since many of the contingencies covered under lifecycle social security systems are short term in nature (for example, sickness, maternity, unemployment, etc.) or only affect a relatively small proportion of the population (as is the case with disability). Nonetheless, the very low beneficiary ratio of working-age people in Georgia reflects the absence of key programmes, like unemployment, for risks affecting this age group. For children, however, like older people, a lifecycle social security system would consider childhood itself to be a risk, and therefore anything less than 100 per cent coverage of children indicates a gap.

▶ **Figure 2.5:**

Percentage of the population receiving at least one social protection benefit, by age group and sex, 2018



Source: Analysis of the 2018 IHS.

Figure 2.5 also shows coverage disaggregated by sex. Overall, some 45 per cent of women receive at least one social protection benefit, compared with 31 per cent of the male population. This difference in coverage between men and women is largely a result of the age–sex structure of the population – the average age of women is 47.6 compared with 41.4 for men – and the fact that the retirement age for women is 60 compared with 65 for men.[30]

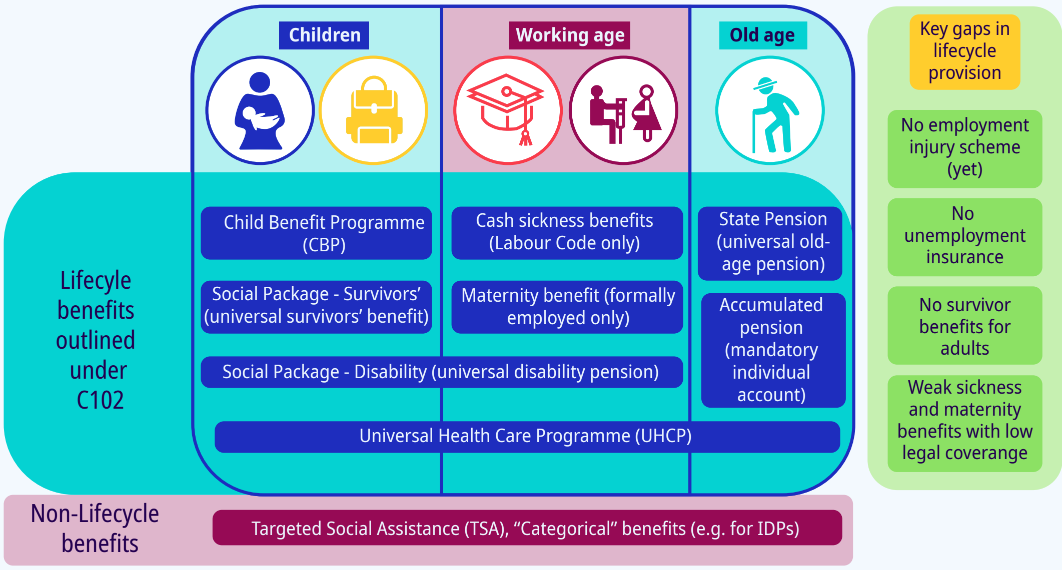
2.3.1 Comprehensiveness of the system in relation to international standards

Often, national definitions and usages of terminology around social protection diverge somewhat from international frameworks. Applying an international lens can help expose gaps in the national policy framework that may have been overlooked or underemphasized due to differing national political priorities over time. Figure 2.6 summarizes the overall comprehensiveness of social protection provision in Georgia relative to the nine lifecycle contingencies outlined in ILO Convention No. 102.

30 See also Sections 4.3.1 and 5.3.1.

▶ Figure 2.6:

Comprehensiveness of Georgia's social protection system relative to lifecycle risks under ILO Convention No. 102



Source: Authors' depiction.

This overall configuration of social protection provision is reflected in the structure of beneficiaries. While some programmes are specifically targeted at key age groups (such as the CBP or old-age pensions), other programmes, such as the TSA or Social Package disability benefits, are not tied to age. Figure 2.7 shows the percentage distribution of social protection beneficiaries in Georgia across the main lifecycle and non-lifecycle programmes, according to the 2018 Integrated Household Survey (IHS).

The universal old-age pension is a well-known achievement of Georgia's social protection system, and the near-universal health provision has garnered attention in recent years. The universal provision of disability benefits is also a positive design feature that has received less attention but offers a solid legal basis for achieving universal coverage through improved administration and delivery (see Section 4.3.1).

However, a cursory look at the scope of coverage of key Convention No. 102 lifecycle contingencies in Georgia reveals a number of clear legal gaps, which are also highlighted in Figure 2.6.

1) There is **no social security provision for employment injury** (worker's compensation), although the new Law of Georgia on Occupational Safety includes a requirement for certain employers in hazardous professions to privately insure their employees against the risk of work-related injury or disease.[31]

2) There are **no unemployment benefits (contributory or otherwise)** in Georgia, leaving more than 200,000 unemployed people to fend for themselves as they search for new work.[32]

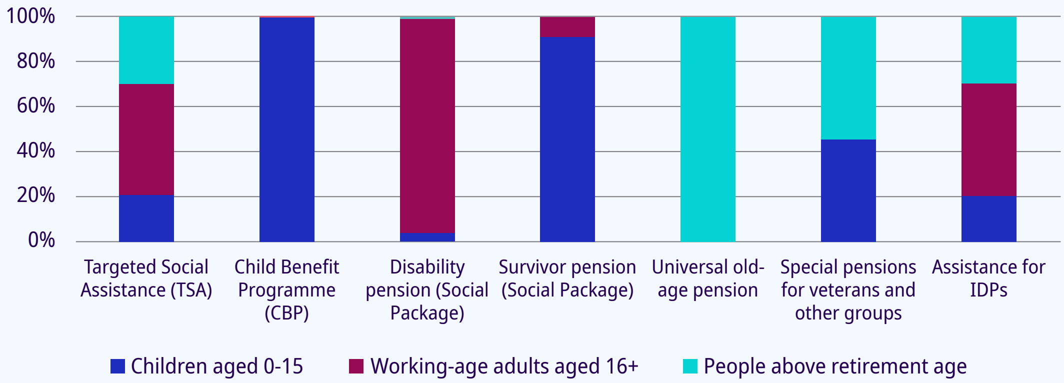
3) While there is a survivors' benefit for children, **adults have no social protection in case of the death of a spouse or partner** and the associated loss of the spouse's or partner's income.

31 The draft Law of Georgia on Occupational Safety was unavailable at the time this assessment was being conducted, and key provisions of the Law were still being decided.

32 Based on official statistics from Geostat. The unemployed population is calculated as persons aged 15 or older "who were not employed (even for one hour) 7 days prior to the interview process, was looking for a job for the last 4 weeks time and was ready to start working within the next 2 weeks time." Geostat do not publish official data on underemployment.

▶ **Figure 2.7:**

Percentage distribution of social protection recipients, by programme, 2018



Source: Analysis of the 2018 IHS.

4) **Hundreds of thousands of workers who are self-employed, employed informally or not in the labour force are excluded from certain benefits** that are tied to employment status, including maternity and sickness benefits and the new employment injury scheme.

5) Although they are related to employment, neither cash sickness nor cash maternity benefits are financed through social contributions, creating **uneven burden sharing and benefit coverage** (where individual employers bear the whole burden for sickness benefits, and maternity benefits for employees are financed from general taxes even though not all women receive them).

These features partly reflect the distinct historical development of Georgia's social security system. The consolidation of the State Pension as the single national pension followed decades of oscillation between different models of pension financing, as explained in Box 2.3. As a result of these fluctuations, and in the face of high and rising levels of informality, it is no surprise that stakeholders have expressed some scepticism about the potential for introducing a social insurance system in Georgia.[33]

33 Interviews with representatives of the Georgia Employers' Association, the Georgian Trade Union Confederation and the Solidarity Center (aligned with the AFL-CIO).

▶ **Box 2.3: Oscillating models for burden sharing in Georgia**

The post-Soviet social security system in Georgia has been characterized by extreme fluctuations between different models for burden sharing under both social insurance and, since 2006, tax-financed models.

For example, in the mid-1990s, employers were obliged to pay 37 per cent of payroll, while employees only paid 1 per cent of earnings, with the Government covering deficits. The employer contribution was subsequently reduced to 27 per cent by the turn of the decade and then to 20 per cent. Then in the mid-2000s, employer contributions dropped to zero, shifting the burden to employees, who were required to pay 25 per cent. And finally, contributions dropped to zero with the complete elimination of social insurance in 2006 (ISSA/SSA, multiple years).

Today, all employees pay a 20 per cent "income tax" that is deducted at source from their salaries. The flat income tax is not only regressive but also invites doubt about the locus of responsibility since employers are responsible for filing the tax (according to an interview with the Georgia Employers' Association). Employers also pay a 20 per cent tax on all profits that are not reinvested (Godar et al., 2018).

Given these extreme fluctuations and confusion about who bears the responsibility for financing, it is not surprising that many stakeholders are apprehensive about the possibility of reintroducing social contributions.

While the Rose Revolution in 2003 and subsequent neoliberal reforms reflected a rejection of state-led development, paradoxically, the absence of social insurance mechanisms places the onus on the State to provide adequate benefits for common lifecycle risks. In addition, apparently strict constitutional limits on raising new revenues means the Government operates within a relatively narrow margin of fiscal space.[34] Furthermore, the current financing arrangement, which relies heavily on a flat 20 per cent income (payroll) tax paid by all employees, with no exemptions for lower-income workers, is highly regressive and could create a strong disincentive to formal employment.[35] High levels of informality disadvantage large numbers of workers while also further limiting the State's ability to raise revenues through the income tax system, potentially creating a vicious cycle.

In addition, there have been questions raised about the adequacy of the pension (see Section 5.3.2) for key segments of the growing Georgian middle class. To address these concerns, the Government recently introduced a supplementary pension system based on an accumulation model (mandatory individual account), adding a new contributory dimension to the system. The new system will offer some additional income to those who are able to put aside sufficient savings, but because benefit amounts are tightly linked to contributions under a defined contribution arrangement, the system will favour higher earners and could have negative implications for gender equality (see Section 5.3.2 and Chapter 7).

2.3.2 Reliance on poverty targeting to fill gaps left in lifecycle provision

In its tax-financed welfare provision model, the Government has simultaneously embraced – with seemingly equal enthusiasm – both universal and poverty-targeted approaches, mixed with certain employment-based benefits. The overall design leaves out many people in the middle who are not eligible for targeted social assistance but who also do not receive employment-based guarantees. It also leaves out a number of risks that are most likely to occur during working life.

Most people receive some support from the State for health insurance. And while older people, people with disabilities and certain other groups perceived as "vulnerable" can get relatively robust protection through universal tax-financed schemes, those who are perceived to be able-bodied are expected to

34 Georgia (2011). The Liberty Act placed limits on the Government's ability to introduce new taxes. Taxes can only be introduced by referendum, which can only be called by the Government.

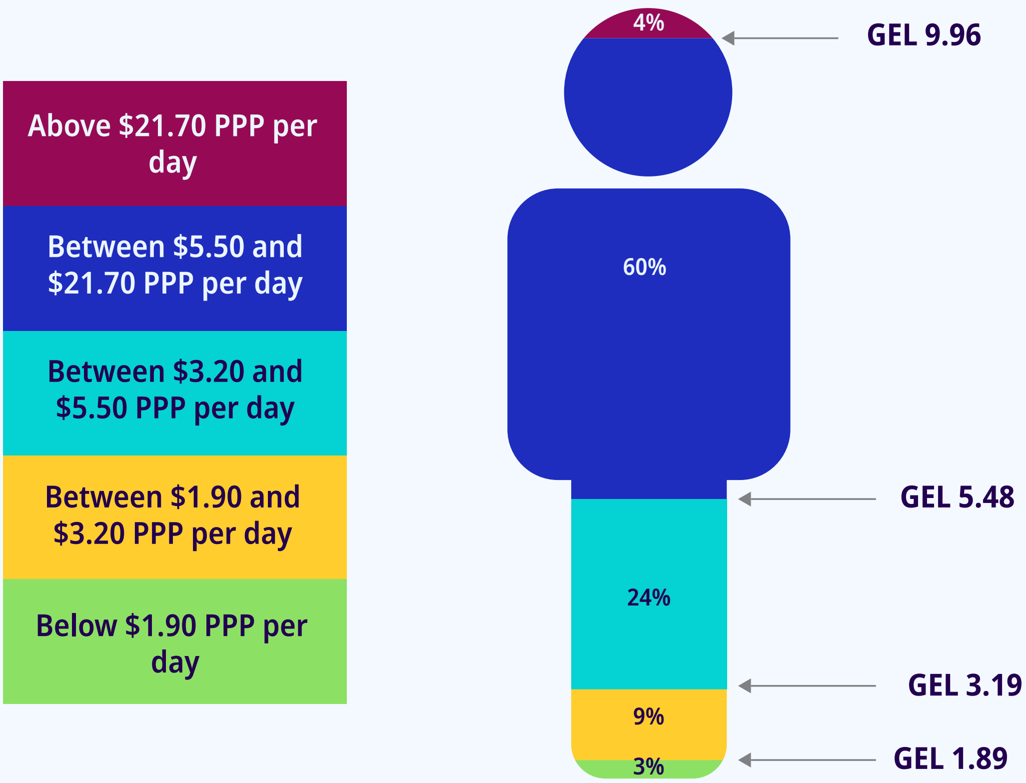
35 UNICEF (2018b).

find security in the market or, if they are lucky enough to be formally employed, from their employer. Only if they are "poor" (usually determined by a proxy means test) can they hope to receive additional assistance from the State. For these people, starting a family or becoming unemployed can easily throw them into poverty, but only 10.4 per cent of the population will be fortunate enough to qualify for the TSA (or the associated CBP).[36]

In fact, many more people are vulnerable in Georgia than national poverty statistics suggest. Figure 2.8 shows the percentage of the population in Georgia living below various international poverty lines (including extreme poverty) and the median poverty lines for lower-middle-income countries, upper-middle-income countries and high-income countries. According to national figures, around 20 per cent of Georgians were living in poverty in 2018, and when using the median poverty line for upper-middle-income countries, some 36 per cent of people would be considered poor (including 35.6 per cent of women and 36.6 per cent of men). Using the poverty line for high-income countries, nearly everyone (96 per cent) in Georgia would be considered poor. In general, by all measures, poverty rates are slightly lower for women, most likely reflecting the slightly higher coverage of social protection among women than men.

▶ Figure 2.8:

Percentage of the Georgian population with per capita consumption below international poverty lines, 2018



Source: Source: Based on analysis of the 2018 IHS and World Bank Open Data.

Note: The values provided to the right of the diagram are nominal values in GEL.

36 Analysis of the 2018 IHS. A recent report by UNICEF estimates that 11.2 per cent of the population receives the TSA, based on analysis of the Welfare Monitoring Survey. See Gugushvili and Le Nestour (2019).

In reality, people's incomes are volatile and highly insecure and tend to move up and down the income distribution within very short periods. For example, Kidd and Gelders (2015) found that more than two thirds of households spent at least some time living in poverty (using either the general poverty line of USD 2.50 per day (PPP) or the relative poverty line). These poverty and income dynamics are further explained in Box 2.4.[37] These results suggest that, rather than thinking of "the poor" as a static, reachable group, it is more accurate to view poverty as a constant risk faced by everyone throughout their lives as their circumstances change.[38] It also suggests that even perfect poverty-targeting formulas and a perfect census and assessment process cannot keep pace with rapidly changing realities.

▶ Box 2.4: Poverty and income dynamics

While it is common to refer to "the poor" and "non-poor", in reality most people in low- and middle-income countries are living in poverty, with per capita consumption below USD 5 or USD 10 (in PPP terms). Furthermore, incomes are highly volatile as the result of households experiencing risks and challenges or responding to opportunities. The implications of high levels of poverty and dynamic incomes are twofold: the vast majority of people living in low- and middle-income countries would benefit from access to social protection; and accurately targeting a fixed group called "the poor" is extremely difficult since those at the bottom of the wealth distribution constantly change.

The Government's flagship Targeted Social Assistance Programme (TSA), first implemented in 2006, is the primary vehicle for delivering cash assistance to households assessed as poor – a so-called "last resort social assistance policy."[39] Georgia invests around 1 per cent of GDP in the TSA, which is much more than most countries in their poverty-targeted programmes.[40] Despite the fact that the programme is considered among the most effective at reaching its target population,[41] studies have found that it still has exclusion errors of around 58 per cent.[42] Indeed, evaluations of the programme confirmed that it was not reaching enough of the households in the poorest deciles, in particular households with children,[43] which prompted systematic reviews of the targeting mechanisms that led to reforms.

Like many poverty-targeted programmes around the world, the TSA selects beneficiary households based on a proxy means test (PMT). Popularized by the World Bank in the mid-1990s, a proxy means test is a targeting mechanism in which "information on household or individual characteristics correlated with welfare levels is used in a formal algorithm to proxy household income, welfare or need".[44] The tool was introduced to compensate for the absence of high-quality administrative data needed to perform sophisticated means tests.

In Georgia, the PMT formula assessed household welfare as a function of consumption and needs,[45] each of which is defined as an index constructed based on a complex set of indicators and predictors. For example, the consumption index takes into account sociodemographic and location variables, income and household consumption, while the needs index takes into account specific needs of vulnerable

37 Kidd and Gelders (2015).

38 Knox-Vydmanov (2014).

39 Baum et al. (2016).

40 Kidd and Gelders (2015).

41 Baum et al. (2016).

42 Kidd and Athias (2019).

43 Baum et al. (2016).

44 Grosh and Baker (1995).

45 Ibid. The inclusion of the needs index to account for variable needs across different type of households with different compositions is a unique feature of Georgia's PMT that is not typically found in similar programmes in other countries.

groups, age, gender and various subsistence minimum estimations.[46] Once assessed, a household is assigned a score, and programme eligibility thresholds are set against these scores based on policy decisions around the intended size of the covered population. For example, the Government previously enrolled all households with a maximum PMT score of 57,000 in the TSA, reaching approximately 12.6 per cent of households; later, it increased the eligibility threshold to 65,000 in part to ensure that coverage remained relatively constant (at around 13.4 per cent of households) in the face of changing national welfare dynamics.[47] Households are currently eligible for the TSA if they have a PMT score of up to 65,000, meaning (roughly) that it is aimed at households who are meeting approximately 65 per cent of their estimated needs.[48] Households are then reassessed at least every four years. However, as noted, because household income and welfare are constantly in flux, many households are not eligible for the programme despite their apparent need.

In fact, there is strong evidence internationally and in Georgia that universally designed lifecycle benefits reach many more people deemed vulnerable than so-called "poor relief" schemes, with indirect benefits accruing to members of their households. In Georgia, the share of children living in a household with an old-age pensioner (35 per cent) is more than double the share of those living in a household with at least one member receiving the TSA or CBP, as shown in Table 2.1. Likewise, only 7 per cent of working-age adults live in households that receive the TSA, while almost a third live with an old-age pensioner. And because the transfer values in universal programmes tend to be higher and the benefits reach many more people, the aggregate impacts of universal programmes on poverty and inequality are often greater than for poverty-targeted benefits.[49] For example, in assessing the impacts of social transfers on poverty reduction in Georgia, Kidd and Gelders (2015) found that pensions accounted for nearly 70 per cent of the overall 29 per cent reduction in child poverty due to social transfers, while the TSA accounted for only 20 per cent of the reduction.

▶ **Table 2.1:**

Percentage of population living in a household with at least one member who receives transfers according to type of scheme, by age group, 2018

	Targeted Social Assistance Programme (TSA)	Child Benefit Programme (CBP)	Disability pension (Social Package)	Survivors' pension (Social Package)	Universal old-age pension	Assistance for IDPs
Children aged 0–15	12.2%	14.2%	8.0%	2.1%	35.7%	5.8%
Working-age adults aged 16+	7.6%	4.4%	10.6%	0.6%	32.0%	4.7%
People above retirement age	8.8%	1.4%	4.2%	0.4%	98.2%	4.5%
Total	8.6%	5.0%	8.4%	0.8%	51.2%	4.8%

Source: Analysis of the 2018 IHS.

46 For a full discussion of the PMT formula and the recent revisions, see Baum et al. (2016).

47 Baum et al. (2016).

48 Ibid., p. 35. The authors note that "the fact that the household rating score is a ratio of observed consumption to the expected needs level for a household of a given composition – albeit a rescaled one – allows us to interpret it as a fraction of the needs met by predicted household consumption. For instance, a household with Q = 65,000 can be interpreted to have an estimated consumption (I) level equivalent to 65 percent of its needs (N)."

49 Kidd and Athias (2019).

Indeed, following this reasoning, several studies showed that the impacts on poverty could be even greater by paying child benefits (or expanding their coverage) while reducing the TSA.[50] Subsequently, a full review of the PMT formula sought to improve the targeting efficiency and included the introduction of a means-tested child benefit through the CBP, implemented alongside the TSA. Whereas the TSA only includes households with PMT scores up to 65,000, the CBP has a higher eligibility threshold, where all children in households with PMT scores up to 100,000 can receive a child benefit. The parameters and basic features of the two programmes are summarized in Box 2.5.

▶ Box 2.5: Targeted Social Assistance and the Child Benefit Programme in Georgia

In practice, the TSA and the CBP operate in tandem, but it is useful to distinguish them conceptually as the two benefits in theory serve different purposes. Whereas the TSA is designed to ensure that no household falls below a defined (but variable) level of consumption, the CBP shares characteristics of lifecycle benefits as it is specifically designed to provide additional support to those who are bringing up children.

Even though the TSA is not a child-specific benefit, TSA households with children will receive a TSA benefit for each household member, including children, and will also receive a CBP benefit of GEL 50 per month for each child. For example, a family of two adults and two children with a PMT score of 25,000 would receive GEL 340 per month (GEL 60 × 4 for the TSA and GEL 50 × 2 for the CBP). The parameters of each programme are summarized in Table 2.2.

Table 2.2:

Summary of parameters of the TSA and the CBP

PMT score	Targeted Social Assistance Programme (monthly benefit)	Child Benefit Programme (monthly benefit)
0–30,000 points	GEL 60 per household member (including children aged 0–15)	GEL 50 per child aged 0–15
30,001–57,000 points	GEL 50 per household member (including children aged 0–15)	GEL 50 per child aged 0–15
57,001–60,000 points	GEL 40 per household member (including children aged 0–15)	GEL 50 per child aged 0–15
60,001–65,000 points	GEL 30 per household member (including children aged 0–15)	GEL 50 per child aged 0–15
65,001–100,000 points	None	GEL 50 per child aged 0–15
>100,001 points	None	None

Source: SSA.

Thanks to the growing commitment of the Government to the CBP, the transfer value has increased by five times – from GEL 10 per child per month when it was first introduced in 2015 to GEL 50 per child per month today. However, the CBP is still poverty targeted, leaving many children unprotected who, although they are not officially classed as poor according to the PMT score, are nonetheless vulnerable.

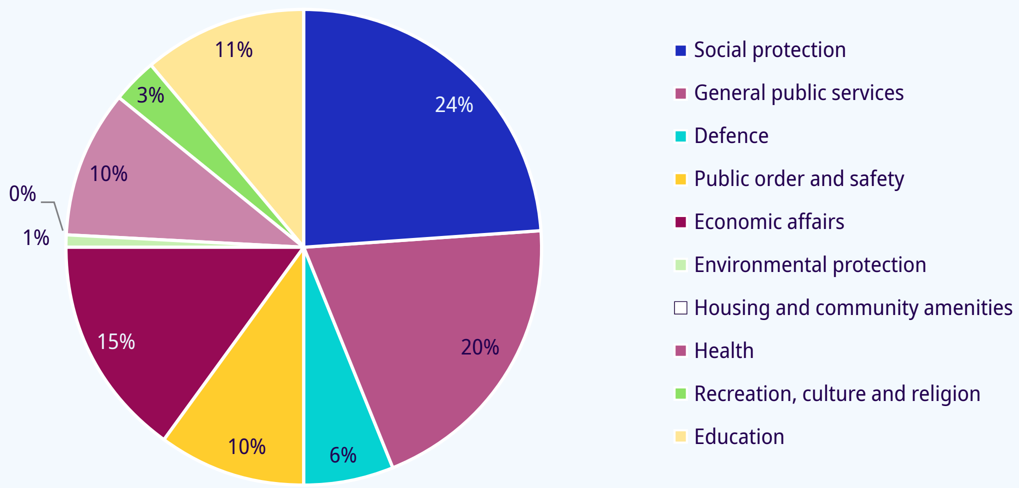
50 Baum et al. (2015); Kidd and Gelders (2015); and Gugushvili and Le Nestour (2019).

2.3.3 Spending on social protection

The Government of Georgia's commitment to social protection is evident in the growing share of social protection expenditures. As shown in Figure 2.9, social protection spending (not including health) comprises around a quarter of Georgia's budget – four times what it spends on defence – and is the largest category of central government spending. When health is included, the share rises by an additional 10 per cent to more than a third (34 per cent) of the State's total budget.

▶ **Figure 2.9:**

Distribution of central government expenditures, by function, 2018



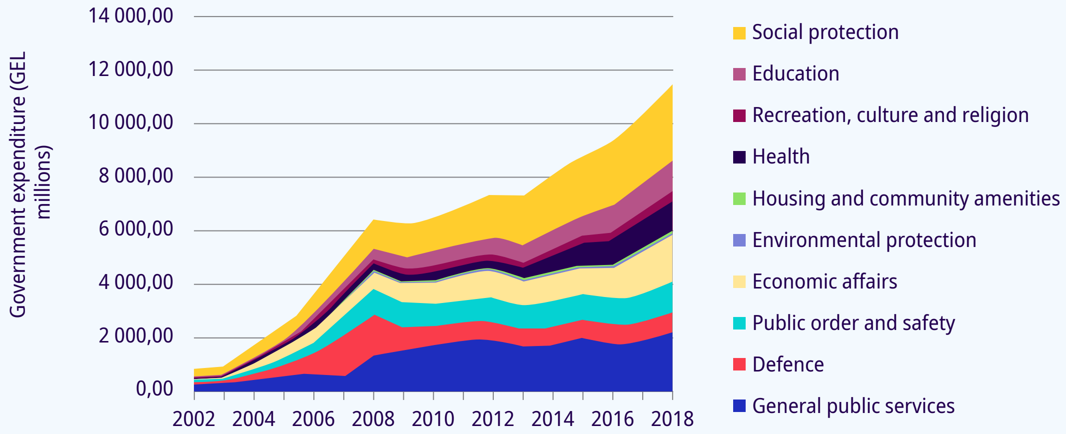
Source: Ministry of Finance statistics.

Social protection spending has also been rising relative to other functions, with a significant increase occurring after the Georgian Dream party came to power in 2012, as shown in Figure 2.10. Central government spending on health care also increased significantly over the time period corresponding to the introduction of the UHCP in 2013.

By far, the largest share of this spending goes towards financing universal old-age pensions, one of Georgia's most substantial and well-known social protection achievements, as shown in Figure 2.11. In 2018, the Government spent more than 70 per cent of its total social protection budget on pensions, including both the universal old-age pension and so-called "State Compensation" to specific groups, such as civil servants and war veterans and their survivors. The next largest share (26 per cent) goes to a collection of schemes under the label "social assistance to target population groups", which groups together the TSA, the Social Package (disability and survivors' benefits), childcare and other smaller programmes.

▶ **Figure 2.10:**

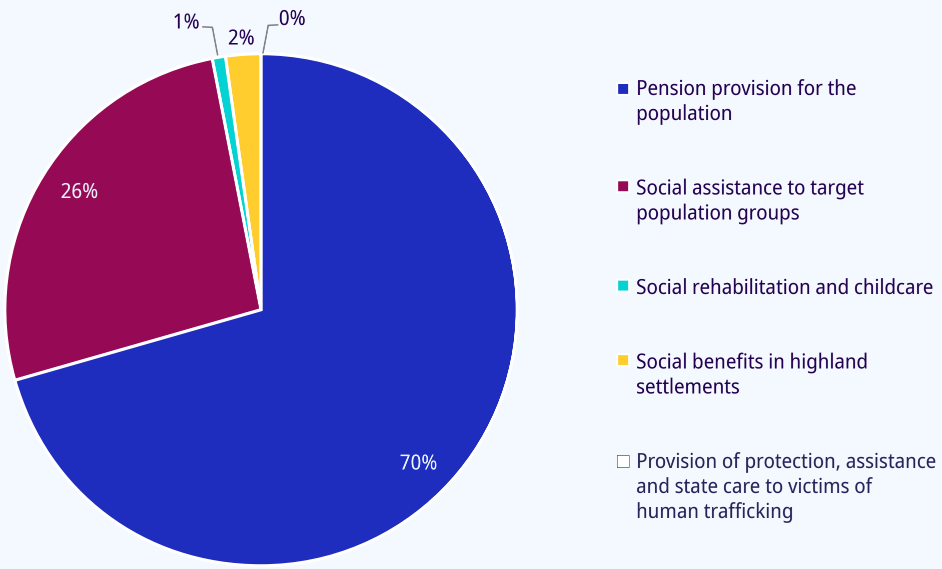
Evolution of central government expenditures, by function, 2002–2018



Source: Geostat.

▶ **Figure 2.11:**

Composition of social protection budget, central government outlays, 2018



Source: Ministry of Finance statistics.

Note: "Pension provision for the population" includes the universal old-age pension (State Pension) and State Compensation for special groups. "Social assistance to target population groups" includes the following benefits, among others: the TSA (subsistence allowance); paid state maternity benefit for the private sector; childcare and adoption of newborns; Social Package (including disability and survivors' benefits); household subsidy; and benefits for biological first-, second- and third-born children living in high mountainous settlements.

2.4 Governance and administration

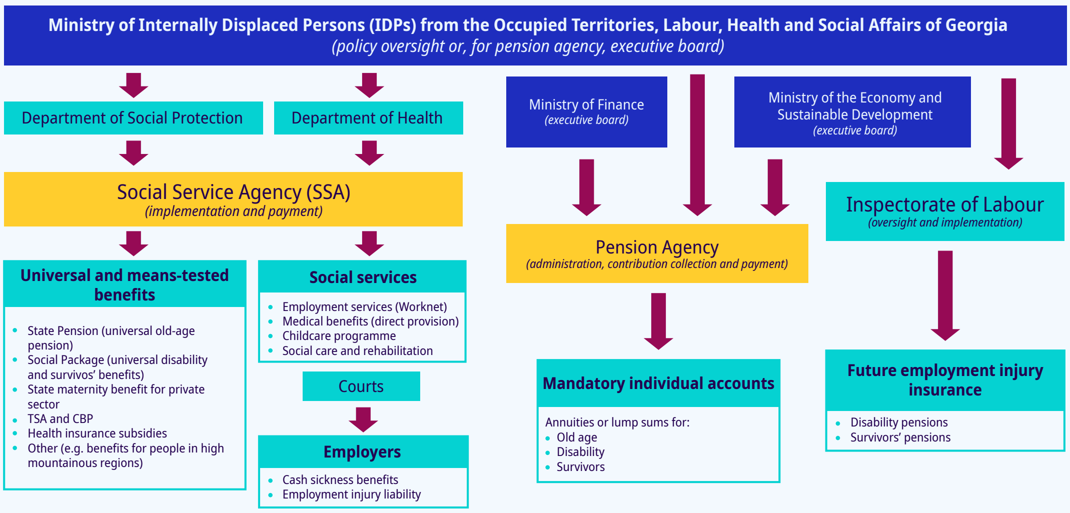
Despite having entirely dismantled the Soviet-era social insurance infrastructure it initially inherited, Georgia has invested heavily in recent decades in building up a solid policy and administrative framework for delivering large-scale tax-financed social protection transfers, including relatively adequate universal old-age and disability pensions[51] – key elements of a lifecycle social protection floor. While the move to close social insurance left a number of key gaps in provision, particularly for people of working age, the legacy of relatively strong Soviet-era institutions is still visible in the current model: centralized policymaking under the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs (hereinafter Ministry of IDPs), as well as relatively streamlined delivery of most income transfers and key social services under the Social Service Agency (SSA).

2.4.1 Institutional arrangements

Policymaking on social protection in Georgia is concentrated within the Departments of Health and Social Protection of the Ministry of IDPs. The basic governance and administrative structure of Georgia's social protection system, including the key institutions responsible for the delivery of benefits and services, is depicted in Figure 2.12.

▶ Figure 2.12:

Governance and administrative structure of Georgia's social protection system



Source: Authors' depiction based on ISSA/SSA (multiple years) and various government sources.

51 See Sections 4.3.2 and 5.3.2.

Georgia has invested in building a relatively strong state administrative apparatus. Over the past 10 years, nearly all social protection income transfers[52] and state health insurance subsidies[53] have come to be administered by the SSA through its 72 branches (including 5 in Tbilisi and 67 around the country). The SSA also administers a number of social services, including social care and rehabilitation programmes, employment services,[54] certain medical benefits[55] and limited childcare services. The agency has made use of improvements in data and information management in recent years, including better linkages across programme databases and between national and local offices.[56] According to agency officials, this has led to an overall decline in complaints related to purely administrative issues, such as delayed payment, which were typical under the previous paper-based system.[57] Largely as a result, the SSA has acquired a reputation as an effective state institution, although confidence remains relatively low among at least some segments of civil society.[58]

In addition, interviews suggested that awareness of social security benefits is generally high among the population, but there was no way to validate this. However, efforts are made centrally to make information available to the general public about the benefits and entitlements available from the Ministry of IDPs. For example, the websites for the Ministry and the SSA provide links and detailed information on benefit levels, qualifying conditions and administrative procedures for accessing benefits, including adapting the information for blind, visually impaired and hearing impaired persons.[59] Despite these efforts, awareness may be lower where access to the Internet is limited, such as in remote or mountainous regions.

The newly established State Pension Agency, a semi-autonomous body, administers the new accumulated pension system through its 60 local branches.[60] The agency is managed by a board made up of representatives from three ministries: the Ministry of Finance, the Ministry of the Economy and Sustainable Development and the Ministry of IDPs.[61] Despite the scheme being the first mandatory contributory scheme to be implemented since the Soviet-era social insurance system was dismantled (with contributions to be paid in equal shares by employers and employees complemented by matching amounts provided by the Government), the board does not include any representatives from trade unions or employers' associations. This imbalance not only goes against international standards (see Box 2.6) but could also prove problematic and may explain some of the scepticism the scheme has met in the general public, reflected in the recent challenge to the new law in constitutional court,[62] as well as in the distrust expressed by social partners.[63]

52 Exceptions include future benefits to be paid under the supplementary pension system (administered by the State Pension Agency); cash sickness benefits (paid directly by the employer according to the Labour Code); and employment injury payouts, which are currently adjudicated in the courts system but which will pass to the Labour Inspectorate (Labour Conditions Inspecting Department).

53 The SSA issues insurance vouchers to eligible individuals to purchase insurance and acts as a single purchaser of health care. See also Section 6.1.

54 See, for example, the official Worknet web portal at http://worknet.gov.ge/.

55 For example, while most providers in Georgia are now private, rural primary care doctors can be directly contracted by the Ministry. See WHO (2018).

56 The Public Service Development Agency within the Ministry of Justice is working towards developing a single registry that would integrate key national databases. Source: Interview with SSA officials.

57 Interview with SSA officials.

58 Interview with Caritas Georgia.

59 Written response from the Ministry of IDPs to questions about awareness-raising.

60 The State Pension Agency is an LEPL (legal entity of public law).

61 Georgia (2018).

62 The new Law on Funded Pensions has been challenged in the Constitutional Court of Georgia on the grounds that it breaches Article II (right to equality) and Article 19 (right to property). See Krzyzak (2019).

63 Interviews with representatives from the Georgian Trade Union Confederation and the Georgia Employers' Association.

▶ **Box 2.6: Social dialogue in the governance of social protection systems**

According to the ILO, social dialogue "include[s] all types of negotiation, consultation, or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy." Institutionalized tripartite dialogue is a particularly effective way of mediating different interests and ensuring that solutions are supported by key social partners.

Around the world, the presence of workers' and employers' representatives in the governance structures of social security systems has been fundamental in shaping the parameters of core schemes, in defining administrative regulations and in ensuring sound financial management. Moreover, tripartite representation is included as a key component of social security fund management, as demonstrated in ILO Convention No. 102 (Article 6).

When official channels for including diverse stakeholders in social protection are available, solutions are not only more forthcoming but also more sustainable. Furthermore, the tripartite governance of social security systems can build the trust of social partners in the Government's policies and administrative structures, which can have positive spillover effects into other sectors.

Source: ILO (1952, 2020).

Employer-liability benefits are implemented in an uncoordinated way, with little apparent oversight by the Ministry. Cash sickness benefits are paid directly to employees by employers, and employment injury claims, which are decided in an ad hoc way without specific national guidance, are also paid directly by employers to claimants. Indeed, it is fair to say that these benefits have been barely present in the national discussions around social protection and social security; rather, they tend to be treated as labour policy, although there are some signs of change with the recent agreements around the creation of mandatory employment injury insurance.

It is worth noting that municipalities also administer a number of benefits, such as top-ups to national-level benefits, but there is no centralized repository of information to track or assess them. The lack of coordination between national and local levels was identified as a critical weakness in the overall governance of the social protection system.[64] Therefore, there is some risk of overlap and inequalities between better- and worse-off regions and localities, and importantly, there is also a risk of some people losing access to certain benefits at the national level.[65]

2.4.2 Administration and accountability

Even if general administration structures within the SSA are relatively robust, there are some notable gaps and institutional "blind spots", particularly with regard to the administration of certain benefits, that hinder the Government's accountability for upholding and ensuring the social security rights of the population. The SSA, as the central administrating body, is the State's principal front-line interface with citizens and residents for the social protection system. Residents' satisfaction with and trust in the social protection system continues to hinge on the SSA's ability to efficiently and transparently channel their feedback into concrete improvements to the administrative procedures However, even beyond the SSA, for benefits that are outside its remit, it is vital that adequate channels exist between administrators and policymakers so that issues that relate to the policy design can be addressed by the appropriate vested authority. This is true for both lifecycle and non-lifecycle benefits, such as the TSA. However, because poverty targeting places a higher administrative burden on the State and excludes otherwise deserving people by design, the TSA is particularly susceptible to complaints.

64 Interviews with Ombudsman's Office and the Solidarity Center (aligned with the AFL-CIO).

65 Anecdotally, the Ombudsman's Office cited concerns that receipt of benefits from local governments can be linked to TSA eligibility. Source: Interview with Ombudsman's Office.

Despite anecdotal claims that there has been general improvement in benefit and service delivery,[66] particularly over the past decade, some key gaps remain. First, while citizens can complain directly to the SSA branches, it is unclear whether there is a formalized mechanism for systematically reviewing and addressing the complaints either within individual programmes or across the agency as a whole. There is an internal Audit Service within the Ministry of IDPs that, together with the Control Department within the SSA, monitors the achievement of certain officially defined programme performance indicators, but it is unclear to what extent the performance reviews include complaints resolution. Applicants and beneficiaries can refer to the regional SSA office with written complaints, or they can make a formal complaint to the Public Defender (Ombudsman) of Georgia, which can then litigate on their behalf and indeed has done so successfully on a number of occasions.[67]

Lifecycle benefits

Lifecycle benefits appear to be generally well administered once potential beneficiaries apply for benefits. The emphasis at the SSA has been on ensuring the timely payment of benefits for applicants who meet the criteria. Less attention has been paid, however, to identifying those who may be entitled to a benefit but have not applied, or to providing clear pathways to address complaints from rights holders. Many of these challenges can be traced to a reliance on self-selection and on-demand processes and an associated failure to invest in awareness-raising or appropriate monitoring tools to strengthen accountability.

For example, the administration of the state maternity benefit is carried out in a passive way. While there may be limited data collection on the number of benefits paid and to whom, and claims appear to be honoured, benefits are paid on a purely "on-demand" basis. There is no system in place for estimating the latent beneficiary population, making it difficult to assess whether or to what extent the intended population is being reached, nor are there any outreach programmes in place informing pregnant women of their rights, though awareness does appear to be relatively high. The overall lack of targets, reporting requirements and outreach around payment of maternity benefits results in an unknown number of people not availing themselves of their right to paid maternity leave. Despite this, our estimates suggest that the gap is likely small (see Section 4.3.1).[69] Data on maternity benefits for civil servants are equally scarce, as employers (separate ministries, departments and agencies) are responsible for managing and paying their own benefits but do not appear to be required to report to any central oversight body.

With regard to disability benefits, potential beneficiaries are assessed by an approved medical professional according to guidelines issued by the Ministry of IDPs.[70] Once a potential beneficiary has been assessed, the SSA must automatically approve the benefit application within 10 days. The Ministry has engaged in outreach campaigns on an ad hoc basis. For example, information campaigns were conducted for ethnic non-Georgians in 2018 and 2019 through the Social Care Policy Division. In addition, communications materials about resources for people with disabilities were prepared and distributed through SSA local offices and other institutions in multiple languages.[71] There does not appear to be systematic outreach to the disabled population by the Ministry to make people aware of their rights; rather, the assessing medical professional is typically the key source of information on potential benefits. Therefore, those who may not ask for an assessment (e.g. due to lack of knowledge, lack of resources or stigma) may not be aware of their right.

66 This overall impression was confirmed by all sources in interviews.

67 For example, anti-discrimination cases have been filed and won on behalf of permanent residents, unmarried claimants (e.g. where some municipalities asked for marriage certificates for benefits in families with children, despite this not being required), and surrogate mothers who were denied maternity leave, among others. Source: Interview with Ombudsman's Office. See also http://www.ombudsman.ge/.

68 Eligibility criteria are summarized in Annex 1.

69 Job-protected leave appears to be widely respected by employers, and take-up rates of the state maternity benefit appear to be relatively high, with caveats. See Section 4.3.

70 The Regulation Agency for Medical and Pharmaceutical Activities, within the Ministry of IDPs, certifies medical institutions and professionals authorized to provide assessments. The agency also has the authority to conduct annual or intermittent audits of the medical providers.

71 Written response from the Ministry of IDPs to questions about awareness-raising.

Similarly to the challenge with maternity benefits, while disability benefits appear to be smoothly delivered once a person is assessed with a disability, the SSA is in fact unaware of the actual size of the latent population of disabled persons who may not have received an assessment but who nonetheless live with a disability. The lack of a system to monitor the effectiveness of the disability assessment process creates a knowledge gap through which, inevitably, some otherwise eligible persons will fall.[72] There is no disability-specific national survey against which to estimate the true size of the disabled population, and the IHS only records information on those who have already been given an assessment. As with maternity benefits, a lack of data collection for monitoring the size of the potentially affected population, together with a self-selecting application process, increases the risk of exclusion of otherwise eligible persons.

In employer-liability schemes (for cash sickness and employment injury), enforcement and dispute resolution (e.g. over non-payment of benefits or fraudulent illness claims) rest with the court system rather than a specific labour enforcement tribunal linked to the Ministry of IDPs, as is common in many countries. There is no attempt within the Ministry to enforce compliance among employers or to monitor claims in any way, although this will certainly change when the new legislation and regulations are implemented and when labour inspectors are activated.[73]

With regard to sickness benefits, there is apparently no attempt to collect data on claims, nor are there any clear lines of responsibility in terms of enforcing sick pay within the Ministry. This leaves the Government effectively blind as to whether or not benefits are being paid, for how long, for what kinds of conditions and for which types of beneficiaries.

Finally, the framework for regulating and enforcing employment injury compensation is particularly weak, although the situation is set to improve with the imminent introduction of mandatory employment injury insurance. Currently, however, courts determine both the responsibility of employers in causing work-related accidents and diseases as well as the amount of compensation, as there are no guidelines for the adequacy of benefits outside of whatever legal precedents have been laid down in the courts.

Non-lifecycle benefits

Without doubt, administration of the TSA, which requires complex data collection and information management, has become a central focus of the SSA's social protection delivery apparatus. By law, households must be assessed and scored at least every four years, but they may be reassessed if social services determine there is a need, and in practice, families are assessed more frequently.[74] Potential beneficiaries can self-refer or be referred by social workers. Knowledge of the programme appears to be high among the general population, but it was not possible to validate this, and inevitably there will be people in remote areas or otherwise marginalized individuals who are not aware of their right to apply and may not be assessed.[75]

Some challenges that may, at first glance, appear to be administrative are actually linked to higher-level policy design. As noted, even the most well-administered proxy means test will have a high potential for exclusion errors. This fact, together with the reliance on highly automated systems for determining eligibility in poverty-targeted programmes like the TSA, can reinforce feelings of disconnect with the State. Therefore, it is not surprising that most of the complaints the SSA receives are related to the administration of the TSA. Complicated rules around eligibility can discourage people from even applying for assistance in the first place. Indeed, interviews with the SSA and the Ombudsman's Office revealed that the primary complaints they receive are related to people not understanding why they were rejected for assistance.[76] The Ombudsman's Office specifically referenced the inability of recipients to validate their assessment by social workers and a lack of understanding about the automated process, which is computerized and based on the assignment of a coefficient to each household.[77]

72 See Sections 3.3 and 4.3.

73 See Section 4.1.2 and Annex 3.

74 Social services may terminate eligibility if there is no one living at the residence after three visits or if there are no fixed utility payments. Source: Interviews with Ombudsman's Office and SSA officials.

75 Indeed, the Ombudsman's Office noted that homeless people, for example, are not assessed.

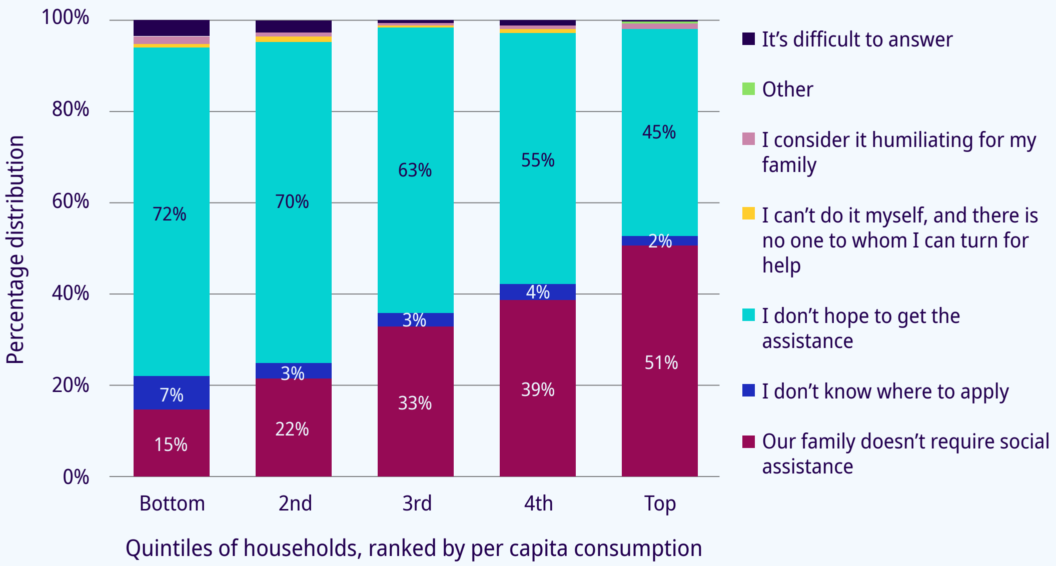
76 Interview with SSA officials and Ombudsman's Office.

77 Interview with Ombudsman's Office.

While application rates for assistance are relatively high in Georgia (around half the population), there are still a large number of people who do not apply but are nevertheless vulnerable.[78] Figure 2.13 shows the reasons people give for not applying for assistance from the SSA. In the bottom two quintiles, more than 70 per cent of respondents stated that they "did not hope to receive assistance" – that is, they did not expect to qualify – despite their clear perceived need.

▶ Figure 2.13:

Reasons for not applying for assistance from the SSA, by quintile, 2018



Source: Based on analysis of the 2018 IHS.

There is some evidence that the feedback mechanisms have led to improvements in programme administration and, in some cases, to policy changes. For example, the Ombudsman's Office noted that a key complaint associated with the TSA was the fact that many people of working age were losing access to benefits when they became employed, often in seasonal work. These complaints made their way to policymakers, and the regulations were changed to allow continued receipt of the TSA for up to one year after becoming employed.[79] Overall, the Government appears to be responsive to calls for improving the TSA. For example, the PMT formula has been revised a number of times, and the Government has had a keen interest in transparency and accuracy around programme administration,[80] but it is not clear what role citizen feedback played, as opposed to programme evaluations and pressure from donors and development partners, in sparking these changes.

78 Baum et al. (2016).

79 Interview with Ombudsman's Office and the Deputy Minister of the Ministry of IDPs.

80 MISSOC (latest years).

2.5 Summary

The Georgian social security system, which is predominantly tax financed, reflects a legacy of historical pendulum swings. Currently, it consists of a mix of lifecycle and non-lifecycle benefits (see Figure 2.6), including the essentially universal provision of key lifecycle benefits (e.g. old-age and disability benefits); a dependence on employers to provide certain others (e.g. sickness benefits and employment injury protection); and a reliance on poverty targeting to attempt to reach those who are considered poor (e.g. through the TSA and the CBP). The system also lacks key lifecycle provisions as would be called for under ILO Convention No. 102: there is no employment injury scheme (yet), no unemployment insurance, no survivors' benefits for adults, and weak frameworks and low coverage for sickness and maternity benefits.

The Government of Georgia already has a solid policy and administrative architecture for delivering key lifecycle benefits on a universal basis. However, a number of administrative blind spots exist, especially relating to disability, sickness and maternity benefits, creating challenges for the overall governance of the system and the fulfilment of the right to social security. Notably, the biggest complaints from citizens centre on the delivery of the poverty-targeted TSA, despite the programme being well administered by most accounts. This is most likely a reflection of the programme's design rather than administrative failings, where even the most accurate proxy means test will have large exclusion errors.

There is potential for the generally effective benefits-delivery infrastructure and know-how, however, to be exploited to extend the universal principles to other lifecycle contingencies – such as child benefits or even maternity benefits – while also considering the potential for pooled arrangements to finance short-term benefits like maternity and unemployment benefits. Importantly, non-lifecycle programmes[81] like the TSA – which aim to offer a "last resort" against poverty – are not a substitute for the provision of lifecycle benefits and will always leave a substantial number of people without coverage when they need it.

The following chapters offer a brief assessment of the current system's coverage (both horizontal and vertical) for children, people of working age and older people, as well as the health benefits available across the lifecycle.

81 See Annex 2 for a summary of the statutory features of non-lifecycle schemes.

▶ 3. Social protection for children in Georgia

Evidence strongly suggests that, besides being a fundamental component of international recommendations for the development of national social protection floors, investing in children and families is good for society and the economy at large.[82] Children not only have a fundamental right to social security (see Box 3.1) but also represent the future workforce, the future tax base and the future caregivers for an ageing society like Georgia's. Child benefits can be a key collective tool for alleviating the costs parents bare in bringing up children, thereby freeing up resources within households for other investments.

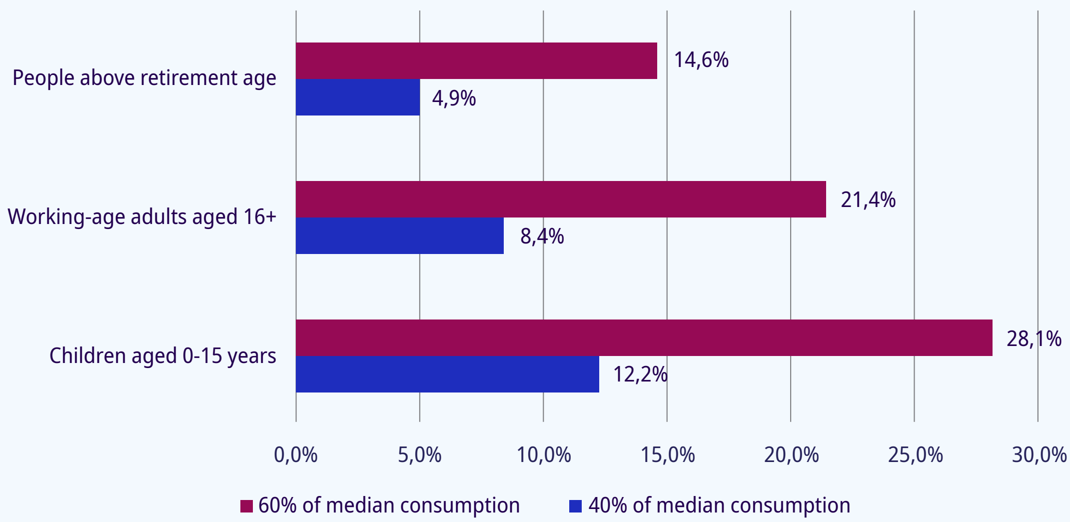
3.1 Context and overview of benefits for children

3.1.1 High child poverty, but low spending on child benefits

Worryingly, Georgia's children are more likely than other age groups to be considered poor, as shown in Figure 3.1. Children bore the brunt of the decline in welfare that occurred between 2016 and 2017. Over that period, the share of the population with an income under the relative poverty line grew by 1.7 percentage points, and the proportion of children living in poor households grew from 26.8 per cent to 31.6 per cent.[83] The extreme poverty rate among children increased significantly – by 5.4 percentage points in urban areas and by 3.2 percentage points in rural areas. Moreover, the general poverty rate for all children increased from 21.7 per cent to 27.6 per cent.[84]

▶ Figure 3.1:

Percentage of the population living in relative poverty (below 40 per cent and 60 per cent of median equivalized household consumption), by age group, 2018



Source: Based on the 2018 IHS.

82 ILO and UNICEF (2019).

83 UNICEF (2018b).

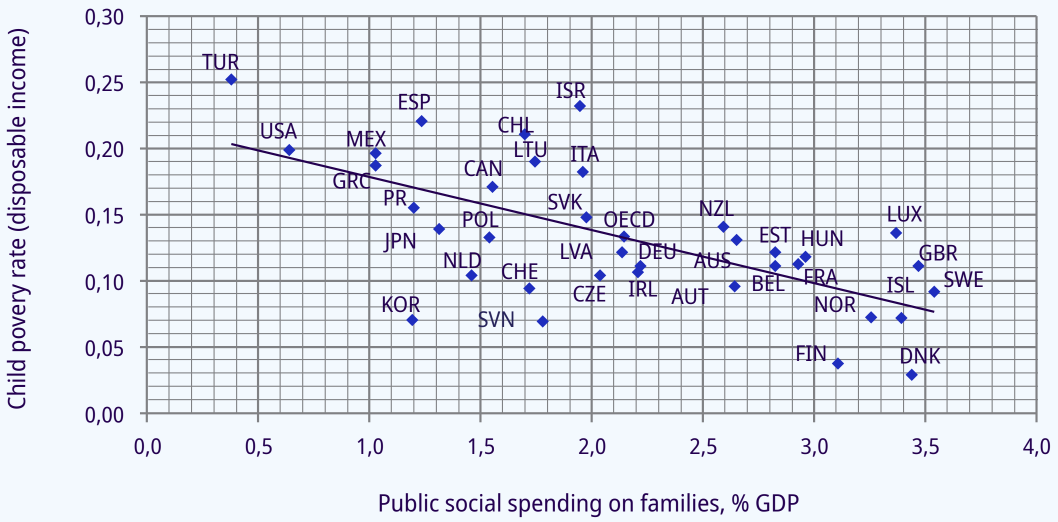
84 Ibid.

According to analysis of the 2018 IHS, around 12 per cent of children (13.3 per cent of girls and 11.4 per cent of boys) were living below 40 per cent of median consumption (the relative poverty line), compared with only 8 per cent of people of working age (7.9 per cent of women and 8.9 per cent of men) and 5 per cent of people above retirement age (4.9 per cent of older women and 4.7 per cent of older men). Similarly, close to 30 per cent of Georgia's children (29.9 per cent of girls and 26.5 per cent of boys) are living below 60 per cent of median consumption and are significantly worse off than other age groups.[85] Therefore, ensuring their welfare through social protection should be of paramount concern.

Global evidence shows that public spending on families lifts children and families out of poverty. Countries with the most generous and family-friendly social security systems, such as Finland, Iceland, the Netherlands, Norway and Sweden, rank highest on UNICEF's multidimensional child well-being index.[86] Similarly, OECD countries that spend more on family benefits tend to have lower child poverty rates, as shown in Figure 3.2.

▶ **Figure 3.2:**

Child poverty rates and public spending on child/family cash benefits and tax breaks for children, OECD countries, 2015 or latest year available



Source: Reproduced from OECD (2019, fig. 3.B).

However, Georgia currently spends far less on child-specific cash benefits than high-income countries, which likely explains the high rates of child poverty. For example, on average, countries in the OECD spend around 1.1 per cent of GDP on "family allowances" or cash benefits to families with children, including both tax-financed and contributory benefits.[87] As shown in Figure 3.3, in 2019 Georgia's spending on the CBP alone amounted to around 0.17 per cent of GDP, and although the figure rises to

85 See also Figure 5.1, which shows poverty rates by five-year age groups and sex.

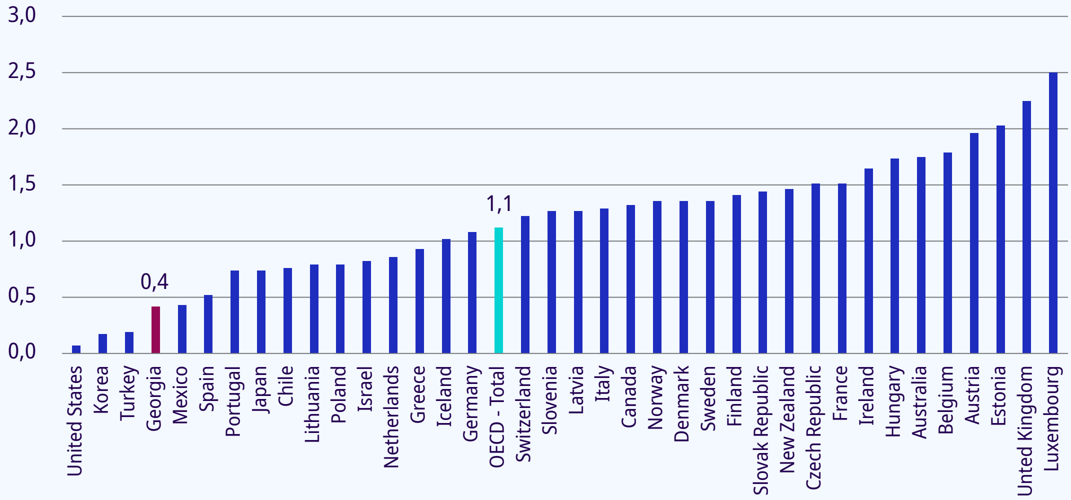
86 See International Child Development Centre (2013).

87 OECD (2019), based on OECD Social Expenditures database: https://www.oecd.org/social/expenditure.htm.

0.38 per cent of GDP when including spending on other per-child transfers[88] – and to 0.41 per cent when including private-sector maternity benefits – the amount still falls well below the average amount spent on child or family cash benefits in OECD countries.[89]

▶ **Figure 3.3:**

Spending on family (cash) benefits in OECD countries (2015) and Georgia (2019) (percentage of GDP)



Source: OECD Social Expenditures (SOCX) Database.

Notes: Data for Poland are from 2014. Cash benefits for families in the OECD database include maternity and paternity benefits and include spending on both tax-financed and social insurance programmes.

Georgia also invests relatively less in children through child benefits than other countries at similar levels of development, as shown in Figure 3.4. Despite the recent increases to the CBP, Georgia's spending on child benefits is low compared with the levels in Argentina and Mongolia, for example, which both pay around 0.6 per cent of GDP, and South Africa, which invests much more (1.2 per cent of GDP) in its Child Support Grant, which reaches around 70 per cent of children and has been very effective at reducing child poverty and improving outcomes for children.[90]

As the experience of OECD countries shows, addressing child poverty and meeting children's multidimensional needs for a stronger future will require concerted investment in expanding child benefits.

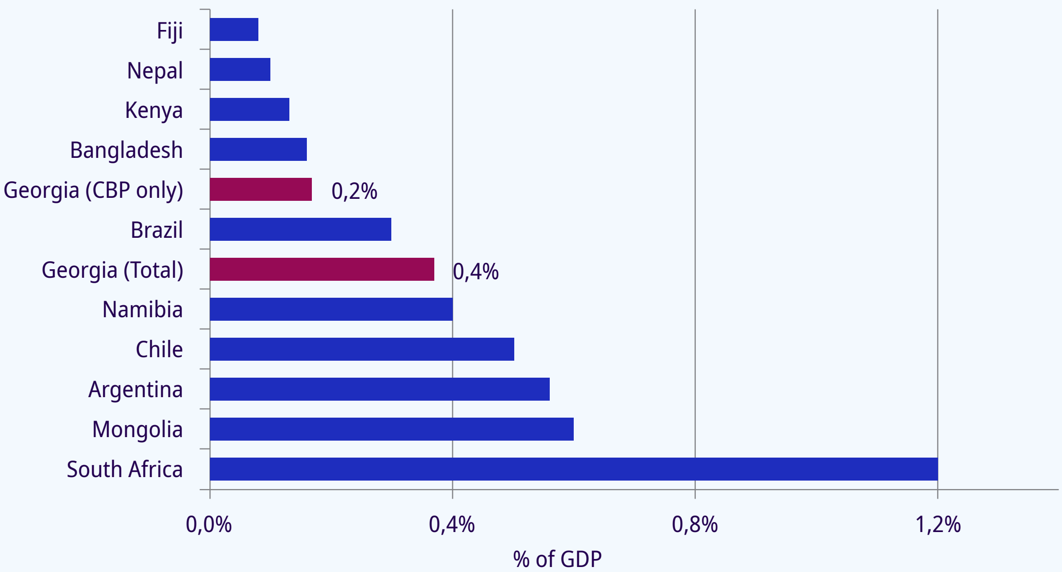
88 This more generous account of spending on per-child benefits in Georgia includes the TSA per-individual transfers paid for children in the household (0.14 per cent of GDP), the Social Package survivors' benefit (0.06 per cent of GDP), benefits for first-, second- and third-born children in high mountainous settlements (0.02 per cent of GDP) and the Reintegration Allowance (which is negligible). Data are from the SSA.

89 International comparisons of spending on child and family benefits are difficult to assess as programme designs vary considerably from country to country. While aggregate OECD SOCX figures for cash benefits for families include spending on maternity, paternity and parental benefits, the share of total family spending going to these versus child-specific cash benefits varies greatly. For example, in Switzerland, cash maternity/paternity benefits amounted to around 11 per cent of total family cash benefits, while in Portugal, it is more than a third. See https://data.oecd.org/socialexp/family-benefits-public-spending.htm.

90 Kidd and Athias (2019).

▶ **Figure 3.4:**

Spending on child (cash) benefits in select low- and middle-income countries (percentage of GDP)



Source: Various. Georgia's value is based on SSA data.

3.1.2 Key social protection schemes aimed at children

The Government of Georgia has expressed a strong commitment to protecting the rights of children, including their right to social protection, as demonstrated by the adoption of the Code on the Rights of the Child in 2019 (see Box 3.1).[91] Similarly, the Government has embraced the need for child-sensitive social protection through the introduction of a child-specific benefit – the CBP, within the framework of the TSA in 2015 – as well as the recent decision to increase the benefit amount fivefold, from GEL 10 per child to GEL 50 per child up to 15 years of age in qualifying families.

▶ **Box 3.1: Protecting children's rights in Georgia**

The Code on the Rights of the Child, adopted by the Georgian Parliament in September 2019, is a comprehensive legal document to safeguard and guarantee the realization of rights and freedoms for children and to protect them against poverty and violence. The Code covers all rights and freedoms as outlined in the 1989 UN Convention on the Rights of the Child, including a special focus on social protection. As a state policy document, the Code will provide a framework under which children's right to social protection can be exercised. It contains specific mechanisms that consider the needs and individual circumstances of the child and his or her family, to ensure that the State will take the responsibility for the welfare of a child if a family cannot do so.

91 UNICEF (2019).

At present, however, policies aimed at children in Georgia are predominantly based on a poverty-targeting logic, leaving many vulnerable children without coverage. Before the introduction of the CBP in 2015, evaluations of the TSA showed that poor households with children were less likely to qualify for the TSA than were poor households without children; although reforms to the formula aimed to improve this issue, large gaps still remain.[92]

However, Georgia stands out among low- and middle-income countries in offering universal disability benefits to children, in recognition of the extra costs they and their families face as a result of the disability. Furthermore, the child disability benefit contained in the Social Package is paid at the highest rate (GEL 220 per month), regardless of the child's degree of disability or group classification, suggesting it could be intended to go beyond simply compensating for the extra cost of raising a child with a disability.

Another distinctive feature of the benefits system in Georgia is that survivors' benefits are only paid for children. The Social Package contains a "death of a breadwinner" benefit paid to all children under the age of 18 with one or two deceased parents. Most countries around the world provide a benefit for adult survivors who not only have suffered the loss of a partner or spouse but – importantly – have also lost income from work, a pension or other benefit that the partner was bringing into the household. This constitutes a significant gap in social security provision, which affects women disproportionately as they are less likely to generate their own income and have lower earnings on average, in addition to making up the vast majority (86 per cent) of widow(er)s. Nevertheless, in this section we consider the legal and effective coverage of children in terms of survivorship.

The main social protection income transfers paid on a per-child basis in Georgia include the following:

- Means-tested child benefits paid through the CBP within the framework of the TSA
- Universal child disability benefits paid as part of the Social Package
- Orphan benefits, known as survivors' benefits, paid as part of the Social Package

The main statutory features of Georgia's lifecycle benefits aimed at children are summarized in Table 3.1.

The following sections assess the extent to which children are legally covered, how effective existing programmes are at reaching children and how adequate they are relative to various national and international benchmarks.

3.2 Legal coverage of children

There is no universal child benefit in Georgia. Therefore, children can receive social transfers if their families' incomes fall below a certain threshold or if they become orphaned or disabled. Legal coverage generally refers to the size and nature of the population legally or "technically" covered under each programme according to law or statute. However, when regulations are excessively rigid, a broader, more intuitive approach may be warranted.

Child benefit (CBP)

The CBP is by far the largest programme benefiting children in Georgia. Because child benefits in the CBP are provided, by law, to children living in households with PMT scores of up to 100,000, technically speaking, the size of the child population legally covered under the CBP is equivalent to the number of children reported to be receiving the benefit. In other words, the legally covered population is indistinguishable from the population that is covered in practice. According to administrative data from the SSA, 137,505 children received the benefit in 2019. Analysis of the 2018 IHS suggests that around 14 per cent of all children report receiving the benefit.

Using a broader interpretation of the population of children intended to be covered by the CBP, we might assume that, as the purpose of the benefit is to ensure that no child falls below the poverty line, the size of the intended population is the size of the child population currently classified as poor. As we saw in Figure 3.1, around 12.2 per cent of children in Georgia were living under 40 per cent of median income, and around 28.1 per cent were living under 60 per cent of median income; therefore, it would be

92 Baum et al. (2016).

▶ Table 3.1:

Lifecycle social security schemes for children in Georgia

Statutory features of main schemes for children							
Scheme	Type of scheme	Regulatory Framework	Legally covered population	Financing arrangement	Qualifying conditions	Description of benefits	Administrative responsibility
Child Benefit Programme[93]	Means-tested, non-contributory	Law of Georgia on Social Assistance (2006)	Lawful residents of Georgia	State budget	Children aged 0–15 living in a household with a PMT score of up to 100,000	GEL 50 per child per month	SSA
Child disability benefit (Social Package)[94]	Universal (non-means-tested, non-contributory)	Law of Georgia on Social Assistance (2006)	Lawful residents of Georgia	State budget	Children aged 0–17 assessed with a Group I, II or III disability	GEL 220 per child per month	SSA
Survivors' benefit (Social Package)	Universal (non-means-tested, non-contributory)	Law of Georgia on Social Assistance (2006)	Lawful residents of Georgia	State budget	Children aged 0–17 with one or both parents deceased	GEL 100 per child per month in most cases; up to GEL 144 per child per month for children of certain veterans	SSA

93 A component of the TSA.

94 A component of the Social Package for People with Disabilities.

reasonable to assume that the CBP is intended to reach at least the bottom 12–28 per cent of children, depending on the poverty line used.[95]

Disability and survivors' benefits (Social Package)

Other benefits are provided on a universal basis to children who fall into certain categories, including orphans (one or both parents), those who are assessed as disabled before the age of 18 and those who are members of an internally displaced family. Therefore, legal coverage of these groups depends on their size relative to the child population.

In theory, all children with disabilities in Georgia are entitled to receive Social Package transfers. Regulations require that children be officially assessed as disabled before they are eligible to apply for a benefit. The disability assessment process in Georgia has historically been based purely on a medical assessment, though the Government is working with partners, including UNICEF, to shift towards a "social model of disability", which considers each child's individual functional needs and abilities to enable their full participation in society and the economy.[96] However, according to UNICEF, "a significant number of children with disabilities remain 'invisible' in Georgia, without social benefits or access to services, and facing exclusion or discrimination."[97] Indeed, UNICEF cites the lack of reliable statistics on the number of children with disabilities as a key challenge for the development of effective policies and programmes.[98] According to the Global Burden of Disease, an estimated 5 per cent of children aged 0–14 worldwide are reported to have some degree of disability, of which an estimated 0.7 per cent have "severe" disabilities.[99]

Likewise, from a legal coverage perspective, all children whose parent or parents are deceased have the right to receive a so-called "death of a breadwinner" benefit as part of the Social Package. However, the IHS does not collect information on the parental status of children, and there is no special status of "orphan" assigned to children who have lost their parent(s). Therefore, we are unable to provide an estimate for the size of the intended population in relation to the actual number of beneficiaries paid as reported by the SSA.[100]

Table 3.2 summarizes the legal coverage of children under the three main lifecycle social protection schemes in operation in Georgia.

3.3 Effective coverage of children

Due to challenges related to implementation and administration, the size and nature of the child population actually reached by benefits may be significantly smaller than the legally covered population. Overall, just over one in five children (21 per cent) in Georgia were receiving some social protection benefit in 2018 (see Figure 2.5).[101] This section examines the "effective coverage" of children under the three main lifecycle benefits identified in more detail.

95 However, the pre-transfer poverty rates (and therefore intended coverage) would have been even higher.

96 UNICEF (2018a).

97 Ibid.

98 Ibid.

99 WHO and World Bank (2018).

100 There is an apparent attempt to begin registering single mothers as a special category, but there do not appear to be plans to link this designation to the receipt of the Social Package benefit or any specific cash benefit (source: interview with Caritas). Equally, the 2018 IHS has a special-status category for single parents of a child under the age of 16, but there were no respondents who reported having this characteristic.

101 Based on analysis of the 2018 IHS.

▶ Table 3.2:

Percentage of children legally covered by three main lifecycle schemes in Georgia

Coverage	Child Benefit Programme (CBP)	Child disability benefit (Social Package)	Survivors' benefit
Target group	All children up to age 16 living in households with PMT scores up to 100,000	Children with disabilities (assessed with Group I, II or III disability)	Children with one or both parents deceased
Share of all children	14% of children	Actual share of children with disabilities in child population unknown; global estimates are around 5%	Actual share of orphans in wider population unknown

3.3.1 Horizontal coverage

Child benefit (CBP)

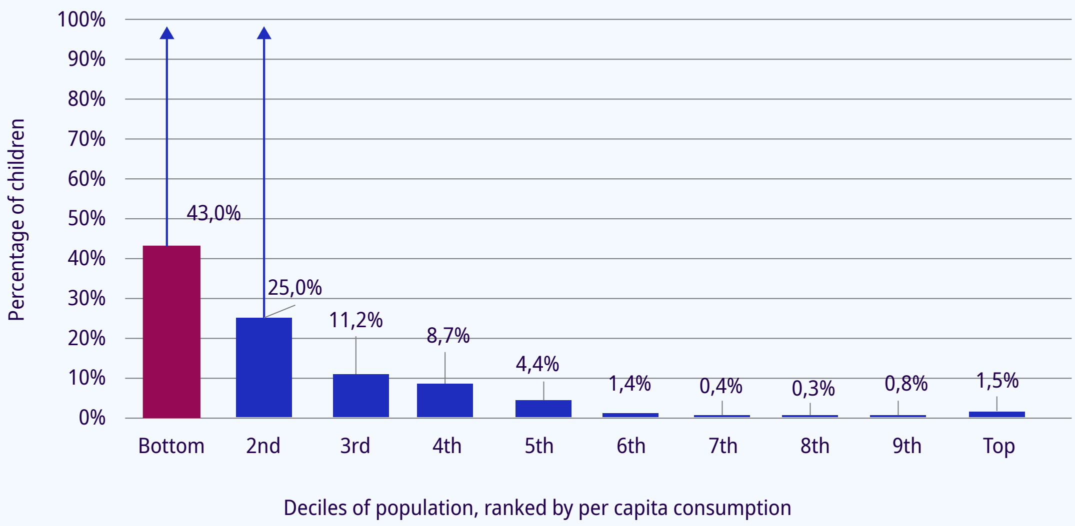
According to the 2018 IHS, around 14 per cent of children in Georgia reported receiving the CBP, of whom around 2.4 per cent were not living in households that qualified for the TSA (that is, their PMT scores were between 65,000 and 100,000), and 11.6 per cent were living in TSA households and therefore receiving both the TSA and the CBP.

Recent improvements to the PMT formula do appear to have achieved certain desired "efficiency" gains in the delivery of the CBP, as shown in Figure 3.5, where the benefits are largely concentrated among the lower-wealth deciles, with very few people in upper-income deciles receiving the benefits. (However, children in the top decile are still more than three times more likely to receive a child benefit than those living in the seventh, eighth and ninth deciles.) Even with these gains, the child benefit only reaches 43 per cent of children in the lowest consumption decile and only 25 per cent and 11.2 per cent of children in the second and third deciles, respectively. Effectively, more than half of those in the poorest decile are excluded from the programme, and many more children living in vulnerable circumstances cannot count on income security from the CBP, despite the fact that it is designed precisely with them in mind.

Analysis of administrative data also confirms that, in absolute terms, the number of children receiving benefits has risen since 2015 when the CBP was introduced, in line with the Government's policy goals of making the TSA more child-sensitive. The number of children under the age of 16 reported to have received the TSA or child benefit went from around 97,000 children in 2015 (when the CBP was first introduced) to around 140,000 registered to receive benefits in 2020. Moreover, this apparent increase in coverage of children appears to have come partly at the expense of TSA households, as is evident in Figure 3.6, where the number of households receiving the TSA declined from 163,000 in 2012 to 120,000 in 2020.

▶ **Figure 3.5:**

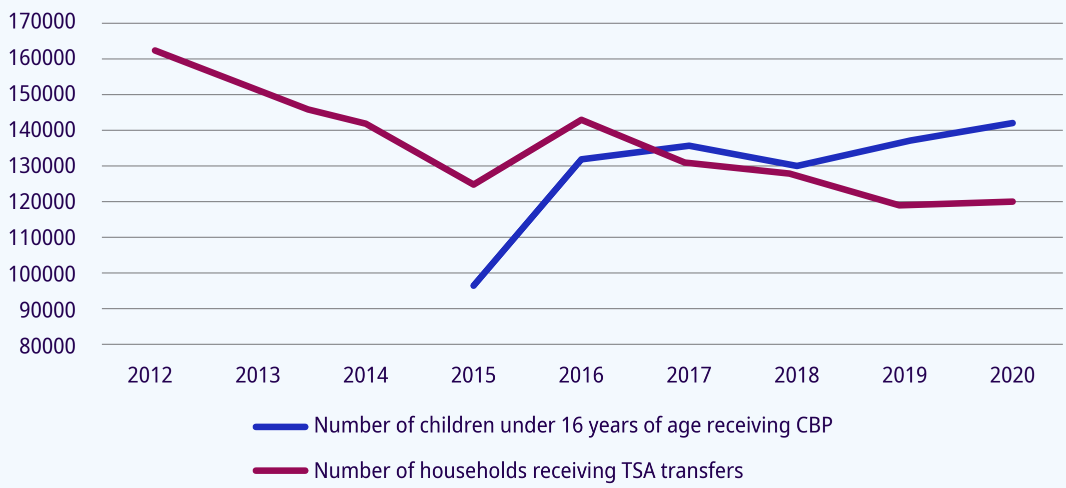
Percentage of children aged 0–15 receiving the CBP, by consumption decile



Source: Analysis of the 2018 IHS.

▶ **Figure 3.6:**

Evolution in the numbers of children receiving the CBP versus the number of TSA-recipient households

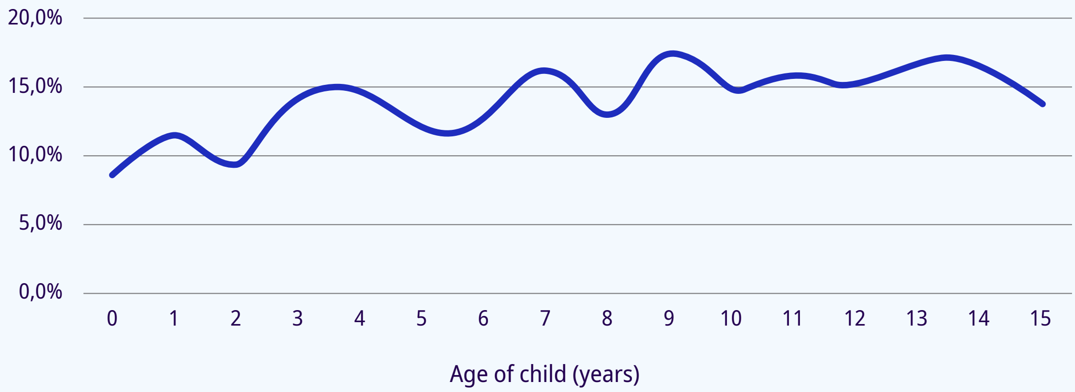


Source: SSA administrative data.

On average, the likelihood of receiving a child benefit increases with age, as shown in Figure 3.7, with only 8 per cent of parents of newborns claiming the benefit but nearly double that – around 16 per cent – for children aged 9 or older. This variation could reflect administrative challenges that result in delays in registering children or could indicate a lack of knowledge of the programme among first-time parents.

▶ **Figure 3.7:**

Percentage of children aged 0–15 receiving the CBP, by age, 2018



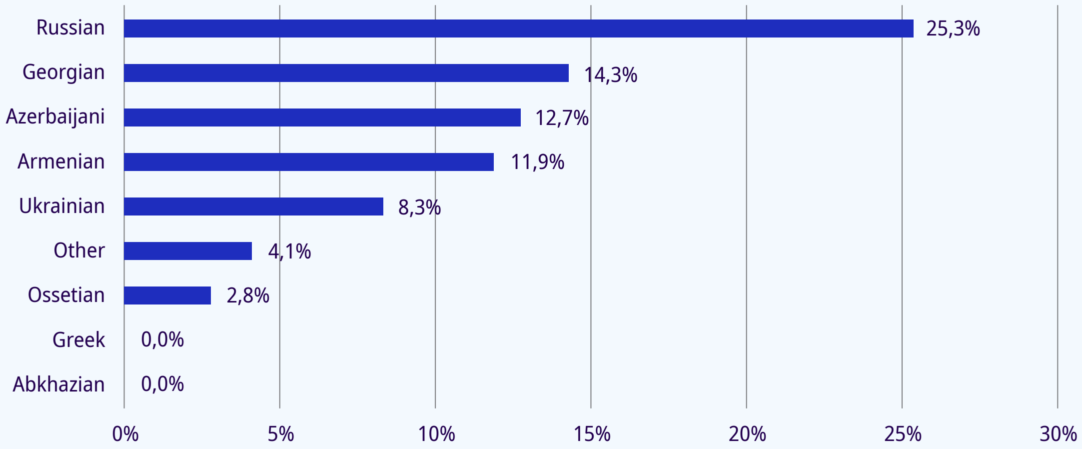
Source: Analysis of the 2018 IHS.

The 2018 IHS also reveals large variation in the percentage of children from different ethnic backgrounds who receive the CBP (see Figure 3.8). More than a quarter of ethnic Russian children live in households with PMT scores that qualify them for benefits, despite the fact that ethnic Russians make up only 0.7 per cent of the total population. In contrast, around 14 per cent of ethnic Georgians qualify, while Abkhazian, Greek and Ossetian children are least likely to qualify for the CBP. These differences in part reflect higher degrees of vulnerability among certain ethnicities but also potentially point to gaps in administrative capacity to reach certain marginalized populations.

The analysis revealed only a very slight gender gap among those receiving the CBP, where around 15 per cent of girl children receive the benefit, compared with 13 per cent of boys. Equally, there is no observable difference in the gender make-up of CBP beneficiaries, which is not surprising as there is unlikely to be a gender imbalance among children in CBP households. In contrast, women make up a larger share of TSA recipients, as shown in Figure 3.9, reflecting the larger share of older women who claim the TSA (due to their longer life expectancy). Indeed, only 13 per cent of male TSA recipients are above retirement age, compared with 42 per cent of female TSA recipients.

▶ **Figure 3.8:**

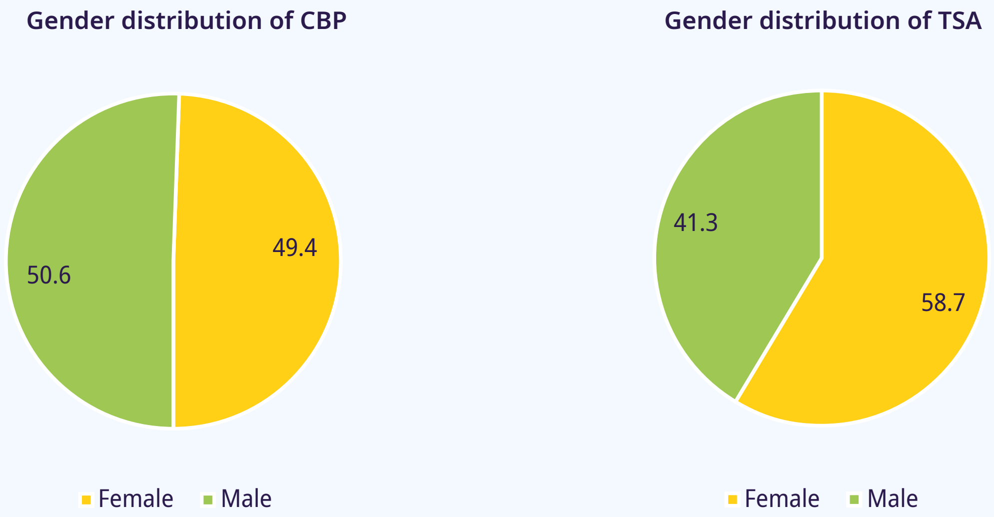
Percentage of children aged 0–15 receiving the CBP, by age, 2018



Source: Analysis of the 2018 IHS.

▶ **Figure 3.9:**

Gender make-up of CBP and TSA beneficiaries, 2018 (percentage)



Source: Analysis of the 2018 IHS.

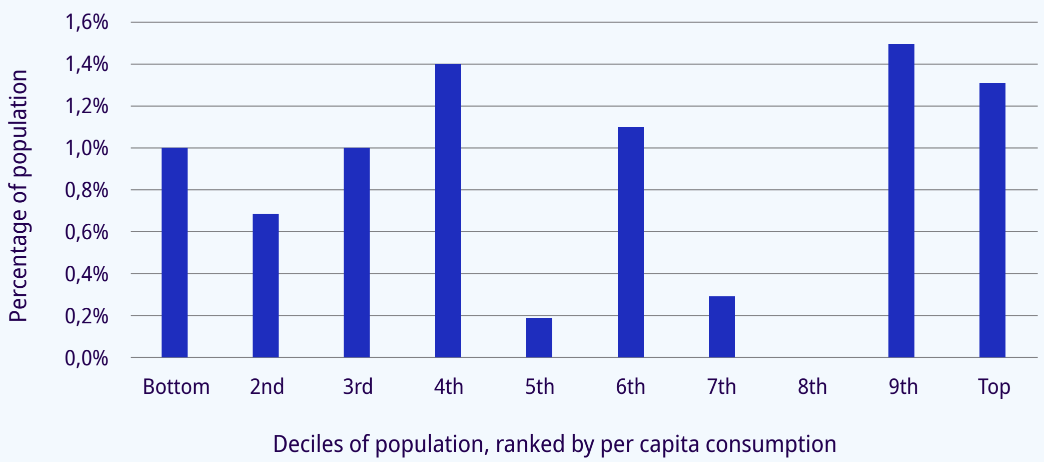
Disability benefit (Social Package)

According to analysis of the 2018 IHS, less than 1 per cent (0.9 per cent) of Georgia's children are receiving a child disability transfer. While this represents almost all (around 99 per cent according to the 2018 IHS) of the children who have been officially assessed as disabled, global estimates suggest that a potentially large number of children with disabilities are being missed.[102]

Claims for the child disability benefit are somewhat dispersed across the distribution, partly reflecting the benefit's universal nature, as shown in Figure 3.10. However, global evidence suggests that disability prevalence is typically higher among the lower-income and wealth quintiles.[103] In Georgia, the share of children claiming the child disability benefit is larger in the higher ends of the wealth distribution than in the lower deciles. This discrepancy could reflect a resource and knowledge imbalance, where poorer households might be less likely to seek assistance for their child with disabilities, to be aware of the benefits or to have the resources to travel in order to claim the assistance. However, this difference could also reflect negative attitudes towards disability, where parents of children with disabilities do not apply for benefits for fear of being stigmatized.

▶ **Figure 3.10:**

Percentage of the population aged 0–15 receiving a child disability benefit (Social Package), by per capita consumption decile



Source: Analysis of the 2018 IHS.

In addition to the likely underreach of the child disability benefit, certain inequalities in the benefit distribution can be observed. For example, girl children are more than two and a half times more likely to receive the disability benefit than are boys, where 1.3 per cent of girls claim the benefit compared with only 0.5 per cent of boys. On the other hand, children in rural and urban areas appear to be equally represented among beneficiaries.

102 WHO and World Bank (2018).

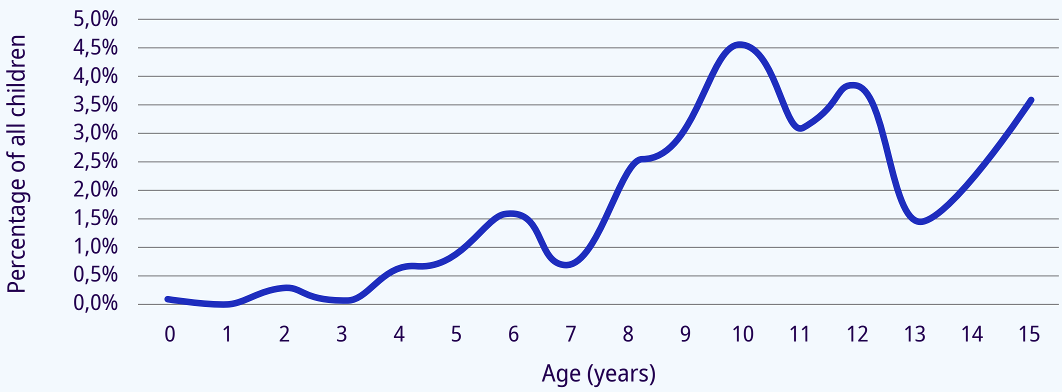
103 Ibid.

Survivors' benefit (Social Package)

Analysis of the IHS shows that around 1.8 per cent of children in Georgia are receiving the benefit for children who have lost either one or both of their parents. Based on household and administrative data, we can observe a number of patterns in the distribution of survivors' benefit recipients. For example, the likelihood of a child receiving the survivors' benefit increases significantly with the child's age, as shown in Figure 3.11. The variation could reflect a higher mortality rate among parents of older children, who themselves tend to be older and have been more exposed to risks.

▶ Figure 3.11:

Percentage of children receiving the survivors' benefit (Social Package), by age, 2018



Source: Analysis of the 2018 IHS.

The likelihood of receiving a survivors' benefit also varies depending on where the child lives, his or her ethnicity and other characteristics. For example:

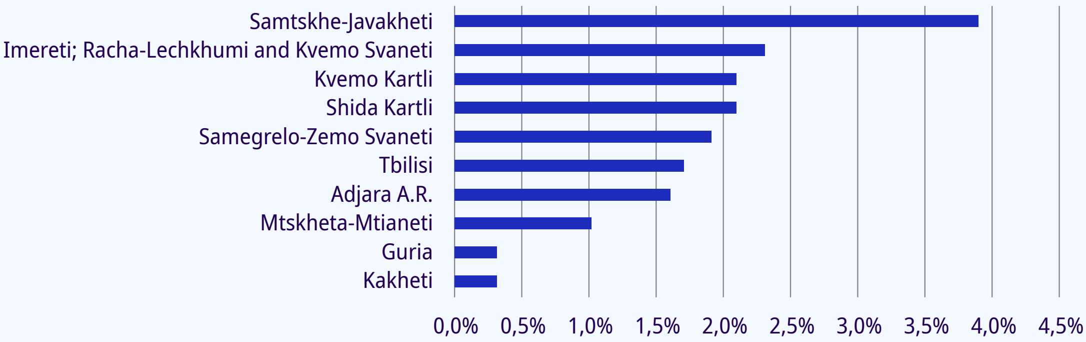
- 3.1 per cent of ethnically Armenian children claim the survivors' benefit, followed by 1.9 per cent of ethnically Georgian children and 0.8 per cent of Azerbaijani children, while no survivors' benefits were claimed by children of Abkhazian, Greek, Ossetian, Russian or Ukrainian ethnicity.
- Children in rural areas are more likely to receive the benefit (2.1 per cent) than those living in urban areas (1.6 per cent).
- The share of internally displaced children (5.7 per cent) and "chronic patients" (5.5 per cent) receiving the survivors' benefit are more than three times higher than average.

Finally, Figure 3.12 shows some sizeable differences in the distribution of survivors' benefit recipients according to the where they live, with children living in Samtskhe-Javakheti much more likely to receive the benefit than children living in Guria or Kakheti, for example.

Interestingly, according to administrative data, the number of children receiving the Social Package survivors' benefit appears to have been steadily declining over at least the past decade, as shown in Figure 3.13. This could potentially be explained by the fact that children who lost a parent in armed conflict, the most recent of which occurred in 2008, are gradually ageing out of the programme.

▶ **Figure 3.12:**

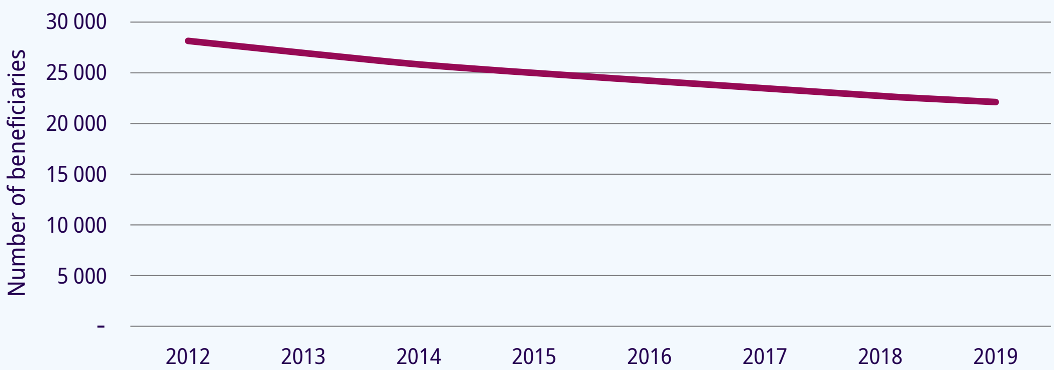
Percentage of children receiving survivors' benefits, by region, 2018



Source: Analysis of the 2018 IHS.

▶ **Figure 3.13:**

Trend in the number of children receiving survivors' benefits, 2012–2019



Source: Based on SSA administrative data

3.3.2 Vertical coverage (adequacy)

Child benefit

> **▶ Box 3.2: Setting child benefit values according to benefit objectives**
>
> Traditionally, direct cash benefits paid to parents in respect of child benefits have had the primary purpose of compensating caregivers for the direct costs of children through some form of horizontal redistribution (from childless persons to parents or caregivers). In this sense, child benefits use a similar logic to disability benefits; they are designed to compensate (but only in part) for the "extra" cost of having a child and therefore allow households to maintain a reasonable standard of welfare. However, it is important to emphasize that the "cost" of a child is a function of the relative mix of public and private services available to families raising children, and there is no "correct" or international best practice for estimating such costs.[104]

Setting adequate benefit levels is inherently subjective, but it is particularly challenging when examining benefits for children, since international guidelines for setting adequate child and family benefits are either lacking in specifics or arguably based on outdated notions of a family model with one male breadwinner. ILO Convention No. 102, for example, suggests a benchmark of 3 per cent of an ordinary adult male labourer. [105]

However, the rationale for child benefits is typically linked to the notion of sharing the cost of raising children or taking into account the needs of the child, as explained in Box 3.2.[106] Furthermore, the benchmark suggested in Convention No. 102 appears to be low relative to what countries around the world actually spend (see Figure 3.14). Moreover, Recommendation No. 202, in calling for basic income security for children, leaves the determination of minimum levels to individual countries to define according to national standards, provided they ensure that the child can access "nutrition, education, care and any other necessary goods and services."[107] Despite these drawbacks, to our knowledge, the Convention No. 102 standard is the only international standard for calculating child benefits, so we will examine the Convention's levels in the Georgian context.

Part VII of Convention No. 102 establishes minimum standards for family benefits to be paid in respect of children. Article 44 offers two means of calculating the total value of benefits: "(a) 3 per cent of the wage of an ordinary adult male labourer... multiplied by the total number of children of persons protected; or (b) 1.5 per cent of the said wage, multiplied by the total number of children of all residents."[108]

We can understand the two rates as reflecting options for contributory and non-contributory systems: whereas the former, higher-rate value would have been intended to apply to workers covered under social insurance arrangements, the latter, lower-rate value would apply for tax-financed child benefits paid in respect of all resident children.[109] Table 3.3 presents the values that would be derived using the average wage for elementary occupations (for both women and men) as the reference wage.

104 See James and McClanahan (2019) for a fuller discussion of the rationale for setting child benefits according to the benefit's objectives.

105 ILO (1952).

106 A systematic review of evidence from Europe found that the relative cost of a child represents 20–30 per cent, or around a quarter, of the budget of a couple without children. See Letablier et al. (2009).

107 ILO (2012).

108 ILO (1952).

109 Ibid. According to Article 43, "The benefit specified in Article 42 shall be secured at least to a person protected who, within a prescribed period, has completed a qualifying period which may be three months of contribution or employment, or one year of residence, as may be prescribed."

▶ Table 3.3:

Minimum adequate child benefit levels in Georgia according to C102

Scheme	Monthly value of existing benefit	Average monthly nominal wage of elementary occupations (2017)[110]	C102 minimum standard of 1.5% (per month)	C102 minimum standard of 3% (per month)
CBP	GEL 50 per child	GEL 581.20	GEL 8.72 per child	GEL 17.44 per child

Unsurprisingly, the value of the CBP in Georgia far surpasses these minimal benchmarks, as do most child benefits provided around the world. Given the lack of robust international guidelines on the appropriate value of child benefits, it is more useful to compare Georgia's experience with that of other countries, as shown in Figure 3.14.

Disability benefit (Social Package)

Children with disabilities, and their families who care for them, face additional costs in enabling them to fully participate in society.[111] To our knowledge, there are no international standards to assess the value of child-specific disability benefits, as the standards in the relevant ILO Conventions – Convention No. 102 and the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)[112] – were defined with adults in mind, in relation to the lost or foregone wages due to disability (primarily) plus the additional cost of being disabled. (Section 4.3.2 offers a discussion of the adequacy of adult disability benefits.) However, it is probably safe to assume that, since the disability benefit for children is set at the highest level applicable for adults (GEL 220 per month), such benefits would likely be considered adequate by most measures.

In Europe, most systems provide some financial support to the parents of children with disabilities.[113] However, there is enormous variability in the design of benefits, with some replacing lost income for carers and others offering extra support for the cost of disability, while still others are a combination thereof. Benefits may also be tax-financed or provided through the social insurance systems (which enjoy wide coverage). Often, the upper age limit for eligibility for child benefits or survivors' benefits is lifted for children with disabilities so that families with disabled dependants can continue to receive said benefits,[114] or in some cases, the child benefit amount is increased (as in Latvia, Malta and the Netherlands).[115] Like Georgia, a few countries (e.g. Ireland, Luxembourg and the United Kingdom[116]) provide a flat-rate benefit regardless of the level of disability, while others only provide specific allowances for severe disabilities (e.g. Latvia[117]). Often, however, the level of support varies according to the child's assessed degree of disability, as, for example, in Belgium, Bulgaria, Estonia, Finland, France, Lithuania, Poland, Portugal, Slovenia and Spain.[118] Some countries, such as Croatia, Denmark, Norway and Slovenia, also provide paid leave to parents who are unable to work due to care responsibilities, while still others, such as Italy, Latvia and Poland, may provide other forms of subsidies to cover specific extra costs, such as those for schooling and home-care assistance.

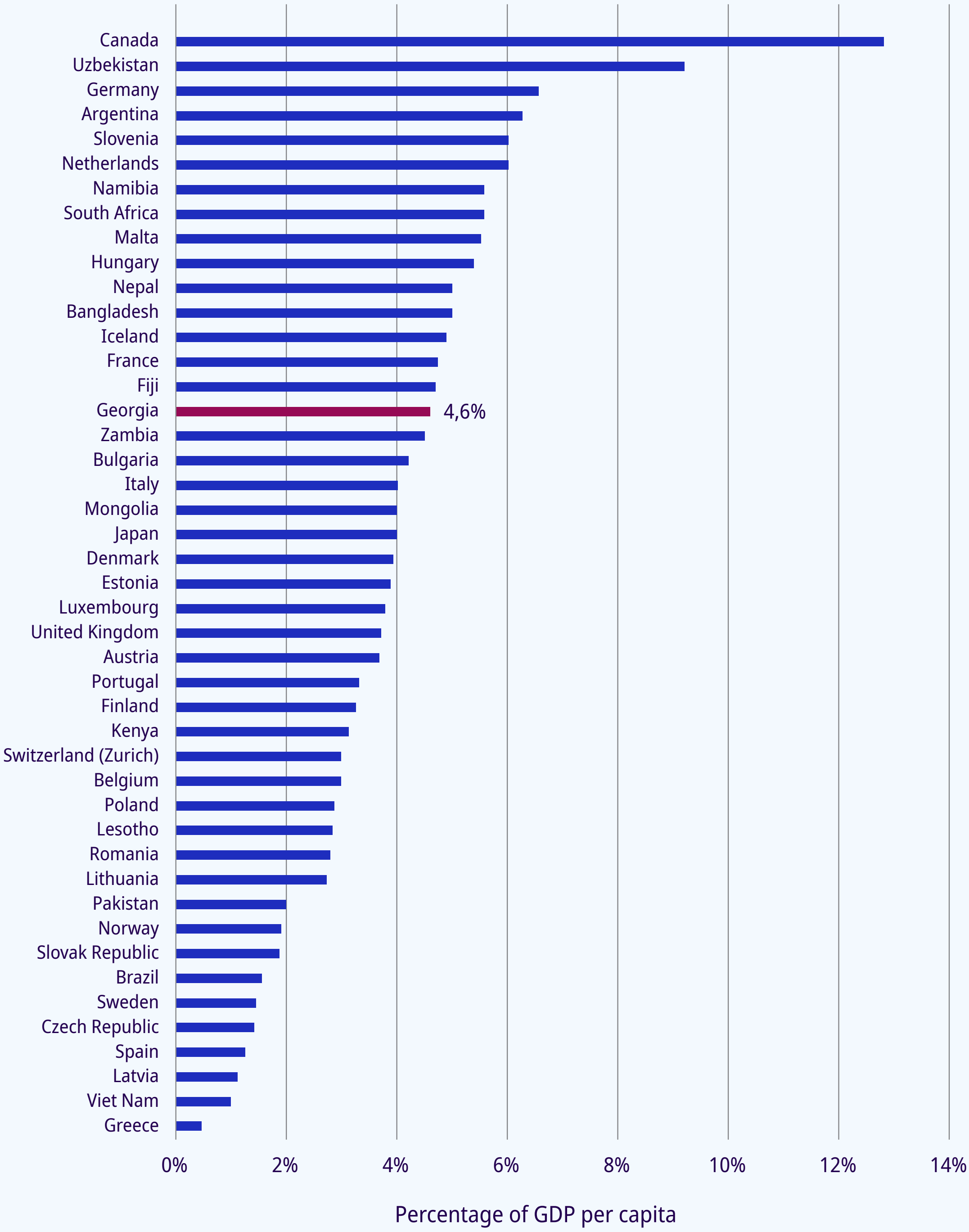
110 2017 is the latest year of data available on average monthly nominal wages in elementary occupations. This means that the recommended minimally adequate values are underestimated. See Geostat: https://www.geostat.ge/en/modules/categories/39/wages.

111 James and McClanahan (2019).

112 ILO (1967).

▶ **Figure 3.14:**

Comparison of per-child benefit values around the world, latest year available (percentage of GDP per capita)

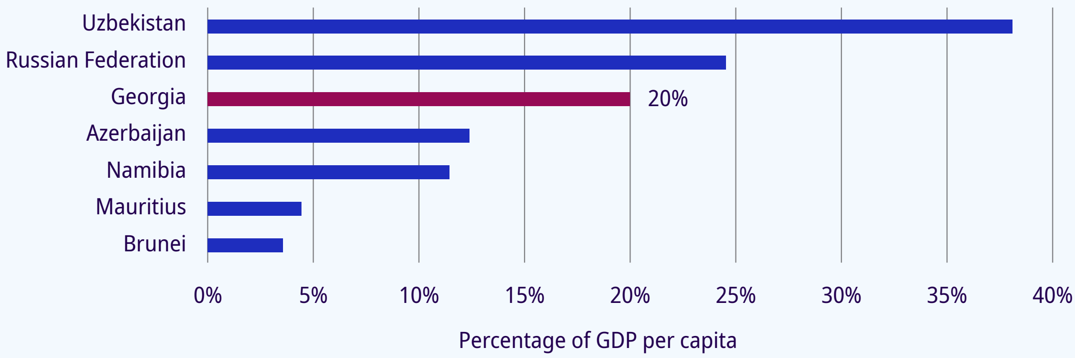


Source: OECD Family Database (http://www.oecd.org/els/soc/oecdfamilydatabasethefamilysupportcalculator.htm) and various national sources.

Equally, very few low- and middle-income countries provide specific allowances for children with disabilities, which, together with the complexity across European systems, offers limited opportunity for drawing conclusions from international comparisons. However, Figure 3.15 shows a selection of tax-financed disability transfer values as a percentage of GDP per capita based on available data.

▶ **Figure 3.15:**

Child disability benefit transfer values in select countries, latest year available (percentage of GDP per capita)



Source: Development Pathways (2019) based on national administrative data and various secondary sources.

Georgia's level compares quite well with these limited examples. However, the fact that Georgia's child disability benefit is not only paid at the highest level for Social Package disability benefits but is also on par with other benefits designed to replace lost wages (such as the old-age pension) makes it difficult to determine the intended function of the benefit. If it is intended to replace the lost wages of a parent or caregiver who must care for the child, one measure of adequacy might be appropriate; however, if it is intended to cover the extra costs of a disability, another benchmark may be relevant.[119]

113 Notable exceptions in Europe include Germany, Greece, Hungary and Lichtenstein, and only two cantons in Switzerland provide supplemental allowances. See MISSOC (latest years).

114 Based on analysis of ISSA/SSA (multiple years).

115 Based on analysis of MISSOC (latest years).

116 In Ireland, €309.50 per month is paid for children up to the age of 16, which amounts to 5.36 per cent of GDP per capita; in Luxembourg, the supplementary allowance is €200 per month, which amounts to 2.39 per cent of GDP per capita.

117 Latvia provides €313 per month for children with severe physical and functional disturbance, which amounts to 23.21 per cent of GDP per capita. The country also provides a transport allowance and an increased child benefit for all children with disabilities.

118 The amounts range from a low of €82 per month in parts of Belgium (2.45 per cent of GDP per capita) to a high of €1,121 in France (36.18 per cent of GDP per capita).

119 See Section 4.3.2 for a discussion of appropriate benchmarks for assessing the adequacy of disability benefits more generally.

Survivors' benefit (Social Package)

As noted, survivors' benefits are only paid to children in Georgia. This makes assessing their adequacy relative to international conventions or to other countries, which also pay survivors' benefits to adult survivors, particularly challenging. ILO Convention No. 102 suggests that the minimum level of a survivors' benefit under a tax-financed system is 40 per cent of the prevailing wage of a manual labourer,[120] but this was intended to provide protection to a surviving spouse and two children. When assessing the adequacy of Georgia's survivors' benefit, which is paid for a single child, there are no international guidelines. However, taking a third of the value suggested in Convention No. 102 would give a minimum single-child survivors' benefit value of GEL 77.50 per month, which is below what Georgia pays, as shown in Table 3.4.

▶ Table 3.4:

Adequacy of survivors' benefit (Social Package) relative to C102 standards

National benefit	Value of national benefit	Average monthly nominal wage of elementary occupations (2017)[121]	C102 adequate survivors' pension of 40% (per month)	Adequate survivors' pension based on one third of C102 survivors' pension (single child)
Social Package survivors' benefit	GEL 100	GEL 581.20	GEL 232.50	GEL 77.50

As with all benefits, the "true" adequacy of the benefit should be based on the degree to which the benefit protects the child survivor from falling into poverty (at the very least) and ideally allows the child survivor to maintain his or her standard of living prior to losing a parent. In this sense, a benefit set at GEL 100 – which is more than five times below the average wage of a manual worker – would in most cases not come close to replacing the lost income associated with the death or disappearance of a parent.

3.4 Summary

Children are significantly more likely than other age groups to live in poverty: around 12 per cent of children were living below 40 per cent of median consumption (the relative poverty line), compared with only 8 per cent of people of working age and 5 per cent of people above retirement age. And many more children are at risk of poverty, with nearly 30 per cent living below 60 per cent of median consumption. Therefore, ensuring their welfare through social protection should be of paramount concern.

Whereas overall, just over one in five children in Georgia receives a social protection benefit, only around 14 per cent, including less than half in the poorest income decile, receive a child benefit under the Government's flagship CBP within the framework of the TSA. Therefore, the CBP is still missing a significant number of children who are otherwise vulnerable, despite the Government's commitment to improving the targeting formula.

120 See Sections 4.3.2 and 5.3.2 for a more detailed discussion of the assumptions and methodology of the suggested minimum standards in ILO Convention No. 102.

121 2017 is the latest year of data available on average monthly nominal wages in elementary occupations. This means that the recommended minimally adequate values are underestimated. See Geostat: https://www.geostat.ge/en/modules/categories/39/wages.

At the same time, while lifecycle benefits provided under the Social Package (disability and survivors' benefits) seem to be effectively reaching those who apply (and for disability benefits, those who are assessed as disabled), a lack of knowledge about the true size of the disabled child population or child survivor population prevents us from knowing how many children who might legitimately qualify for these benefits could be excluded, whether due to lack of knowledge of their rights or other barriers to access.

The assessment also suggests that, on the whole, existing benefits for children are adequate, largely due to recent policy changes that increased the CBP by five times its previous value. However, a lack of robust international standards for measuring adequacy prevents a definitive qualification. Rather, adequacy is more effectively assessed within the national context based on close study and evaluations of beneficiary populations and within a framework of nationally relevant benchmarks, of which there is currently a deficit in Georgia.

Table 3.5 summarizes the legal and effective coverage of children through lifecycle benefits in Georgia. The next chapter turns to the social protection coverage of people of working age in Georgia.

▶ **Table 3.5:**

Summary of legal and effective coverage of children in Georgia

Dimension of coverage		Child Benefit Programme (CBP)	Child disability benefit (Social Package)	Survivors' benefit (Social Package)
Legal coverage	Target group	All children up to age 16 living in households with PMT scores up to 100,000 (Or all poor children)	Children with disabilities (assessed with Group I, II or III disability)	Children with one or both parents deceased
Legal coverage	Share of all children	14% of children (Or the poorest 12%–28% of children)	Actual share of children with disabilities in child population unknown; global estimates are around 5%	Actual share of orphans in wider population unknown
Effective coverage	Horizontal (extent of population)	14% of all children, but: ▶ Only 43% of children in the lowest consumption decile ▶ Only 25% in the second lowest consumption decile	0.9% of all children, but: ▶ Nearly all (99%) children assessed as disabled ▶ Unknown number of unassessed children	1.8% of all children, but: ▶ Unknown number of children who have lost a parent but have not applied for benefits
Effective coverage	Vertical (adequacy/ level of benefit)	Medium to high	Medium to high	Medium to high

▶ 4. Social protection for people of working age in Georgia

People of working age are the engines of a thriving economy. But at any given moment, they can fall ill, become disabled, lose their job or simply decide to grow their family. A robust social protection system that can offer security for these common lifecycle risks can ensure that workers not only stay out of poverty but also can continue to be productive.

4.1 Context and overview of benefits for working-age people

4.1.1 High informality and unemployment, especially among younger people

Georgia's official unemployment rate remains relatively high (at 11.6 per cent in 2019), and the uneven sectoral distribution of the country's growing workforce continues to be a challenge. In 2019, the urban unemployment rate (17.4 per cent) was more than three times the rural unemployment rate (5.5 per cent) mainly due to disproportionally high levels of employment in the agricultural sector, which makes up 39 per cent of the country's entire labour force.[122] Men were slightly more likely to be officially unemployed, at 11.2 per cent for women compared with 13.8 per cent for men.[123]

Importantly, youth unemployment is also on the rise, reaching 30.9 per cent in 2019.[124] Likewise, according to the World Bank, the share of youth who are not in employment, education or training (NEET) grew from 24.8 per cent in 2017 to 26.9 per cent in 2019.[125] Young women are more likely to be NEET than young men. In 2019, 35 per cent of women aged 15–24 were NEET, compared with 27 per cent of men in the same age group.[126]

Like many countries in the region, Georgia struggles with high levels of informality. High informality not only poses challenges for workers but also further limits the State's ability to raise revenues through the income tax system, potentially creating a vicious cycle. Therefore, addressing informality is key to extending coverage, regardless of whether this occurs through contributory or tax-financed schemes.

The challenges facing workers employed in the informal economy are well documented.[127] In general, people working informally are much more likely to have low incomes and lower levels of education, be self-employed and work in non-standard employment, including in part-time and temporary work. They often face irregular (very short or excessively long) hours, where they are more likely to be exposed to work-related health and safety risks. Where social protection is tied to formal employment, workers in the informal economy can miss out on key protections. Women working informally in Georgia can be particularly vulnerable. For example, women working informally earn, on average, around 42 per cent less per year than those in formal employment.[128] Moreover, informally working women perform almost all informal paid care work (domestic work), which lacks basic protections.[129]

A lack of formal jobs in Georgia accounts for significant underemployment as well as prevalent self-employment rates. More than a third of non-agricultural workers are informally employed, and the share of informal employment in total non-agricultural employment rose from 33.9 per cent in 2017 to 36.2 per

122 See Geostat: https://www.geostat.ge/en/modules/categories/38/employment-and-unemployment.

123 UN Women (2020b) based on analysis of the 2018 LFS.

124 See ILOSTAT database: https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=GE.

125 See ILOSTAT database: https://data.worldbank.org/indicator/SL.UEM.NEET.ZS?locations=GE.

126 See ILOSTAT database: https://data.worldbank.org/indicator/SL.UEM.1524.MA.NE.ZS?locations=GE.

127 ILO (2018a, 2019).

128 Ibid.

129 UN Women (2018).

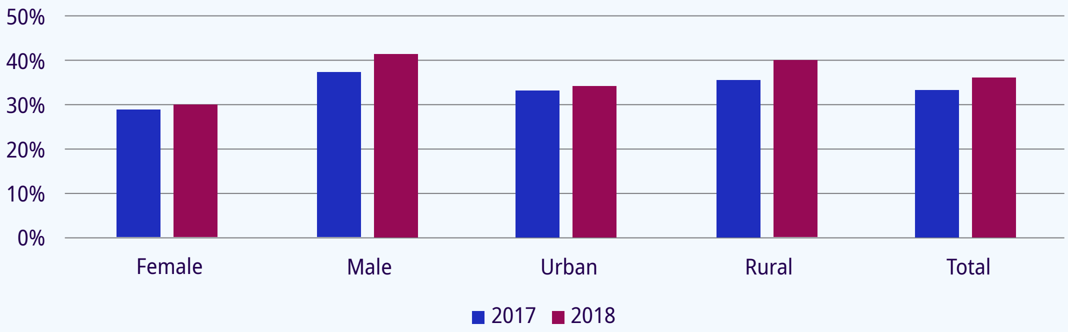
cent in 2018, as shown in Figure 4.1. Overall, men are significantly more likely to be informally employed (41.5 per cent) than women (29.8 per cent), and rural workers (40 per cent) are more likely than urban workers (34.6 per cent) to be informally employed.

Women face unique challenges due to the combination of their life course and highly gendered labour markets. Indeed, the official unemployment and informality rates above mask more complex dynamics. Women are in fact much more likely to be inactive than men: whereas 73.6 per cent of men were active in the labour market, only 55.6 per cent of women were. Women's lower labour force participation is largely due to the fact that women are far more likely than men to be caregivers and to take time out of paid employment for family leave and child-rearing.[130] In Georgia, women spend three times as much time as men on unpaid care responsibilities.[131] This time spent outside of paid employment can have serious implications for women's ability to advance in their career, earn higher salaries or accumulate sufficient contribution credits to earn entitlement to benefits in contributory schemes.[132]

High levels of unemployment and informal employment among men and women can also be attributed to skills mismatch in the labour market. Due to the lack of jobs, the transition from school to work is particularly difficult, resulting in the underutilization of the high potential of young workers.[133] Furthermore, many of the jobs that require vocational skills are occupied by workers with tertiary education; hence, the country faces the challenge of so-called "overeducation", resulting from heavy investment in higher education (an important component of the SEDP) but low demand for a highly skilled workforce.[134] As a result, the flow of emigrants leaving Georgia in search of formal employment is increasing.[135]

▶ **Figure 4.1:**

Share of informal employment in total non-agricultural employment, 2017 and 2018



Source: Geostat.

130 ILO (2018b).

131 Ibid.

132 See also Section 5.3.2 for a discussion of the implications of these labour market inequalities for the ability of women in Georgia to accumulate adequate savings in the new accumulated pension system. Being female and unemployed or inactive is also associated with worse economic conditions, lower quality of life and adverse attitudes towards women's role in society. See UN Women (2018).

133 Baum et al. (2015).

134 Rutkowski (2013).

135 See Geostat data for the past five years: https://www.geostat.ge/ka/modules/categories/322/migratsia.

Photo: ILO/Levan Gorgidjanidze

While these structural challenges require a long-term and concerted combination of economic and labour market policies, social security has a fundamental role to play. For example, an unemployment insurance scheme could go a long way towards providing the income security during periods of unemployment that would give people the resources and the confidence to search for a new job, invest in starting a business or re-skill to adapt to a growing and changing economy. And adequate and equitable parental benefits can ensure that families not only offer their children a good start in life but also can maintain their standard of living during parental leave and not worry about being able to return to their jobs.

4.1.2 Key social protection schemes aimed at working-age people

In recent decades, compared with older people and children, relatively little attention has been paid to ensuring social security for people of working age. As with children, the policy and political space around social protection has been occupied by the TSA. One might think that because the TSA is aimed at families, it would benefit people of working age, but in fact, analysis of the 2018 IHS reveals that people of working age are the least likely to benefit from the programme: 7.2 per cent of working-age people enrolled in the programme, compared to 8.7 per cent of older people and 11.6 per cent of children.[136]

Unlike benefits during the vulnerable life stages of childhood and old age, many social security benefits for people of working age are of a short-term nature. Long-term disability is an exception, and in fact, of the Convention No. 102 lifecycle contingencies aimed at people of working age, Georgia provides regular, predictable transfers only for general disability. In truth, the fact that Georgia provides universal benefits for people with disabilities is often overlooked in comparative studies of social protection systems.

136 Based on analysis of the 2018 IHS.

Currently, cash maternity benefits in Georgia are uneven and, at least for the private sector, largely inadequate. Women employed in the civil service receive the most generous benefits in the form of six months of paid leave at their full salary, as well as an additional year and a half of unpaid leave with guaranteed job protection.[137] Women who are formally employed in the private sector and the majority of public-sector workers, however, are ostensibly offered paid leave, financed by the state budget, for six months. However, the total amount of benefit they can receive is GEL 1,000, which is paid as a lump sum rather than as periodic payments. Finally, there is no income security provided for all of those women who are self-employed, unemployed or otherwise outside the labour force.

Other working-age contingencies are only minimally covered in Georgia. There is only limited protection provided for cash sickness benefits through the Labour Code. A nascent employment injury scheme would require certain employers to self-insure with private carriers to cover the risks of work-related accidents and diseases, but the exact terms have not been defined. And as mentioned previously, there is currently no unemployment insurance,[138] and there are no benefits for adult survivors faced with lost income due to a partner's or spouse's death.

During working age, people can expect to receive the following lifecycle benefits in Georgia:

- Disability benefit (Social Package)
- Maternity benefits (state benefit for private sector and non-civil servants employed in the public sector, and employer liability for civil servants)
- Paid sick leave (cash sickness benefits)

Table 4.1 summarizes the key statutory features of the main schemes in operation for people of working age. It includes the forthcoming employment injury scheme, but since it has not yet been fully implemented, we exclude this benefit from the effective coverage sections. Further, while we occasionally refer to benefits for the public sector, we focus in this section on benefits for persons working in the private sector, in line with international comparisons and available data.

The following sections assess the extent to which working-age adults are legally covered for the contingencies outlined in Convention No. 102; the effectiveness of existing programmes at reaching said adults when they experience these contingencies; and the adequacy of the existing lifecycle benefits relative to various national and international benchmarks.

137 Regulated under the Law on Public Service.

138 The Government's response to the COVID-19 crisis includes a temporary unemployment programme to last six months.

▶ Table 4.1:

Lifecycle social security schemes for people of working age in Georgia

Statutory features of main schemes for children							
Scheme	Type of scheme	Regulatory Framework	Legally covered population	Financing arrangement	Qualifying conditions	Description of benefits	Administrative responsibility
Disability pension (Social Package)	Universal (non-means-tested, non-contributory)	Law of Georgia on Social Assistance (2006)	Lawful residents of Georgia	State budget	Assessed with a Group I, II or III disability	GEL 220 per month for a severe disability (Group I);[139] GEL 140 per month for a significant disability (Group II); GEL 100 per month for a Group III disability if disabled from childhoodh	SSA
Temporary cash sickness benefits	Employer liability	Ministerial Order No. 87/n on the Approval of the Allocation and Provision of Aid due to Temporary Disability (2009) and Ministerial Order No. 281/n on Temporary Incapacity Appraisal and Rules for Providing Sick-Leave Certificate (2007))	Employed persons	Employer pays benefits directly to the employee	Must be currently employed, have undergone a “temporary disability examination” and present a hospital certificate	100% of the previous salary and any allowances for up to 30 days (may be extended in certain circumstances)	Employers pay benefits directly to employees
Maternity benefit (private sector) [140]	Employment related	Labour Code of Georgia, Chapter VI (2013)	Women employed in the private sector and public-sector workers who are not civil servants	State budget Employer must apply to the SSA to receive funds	Must be currently employed and prove pregnancy or adoption of a newborn	A lump sum equal to the full salary for six months (183 days) or GEL 1,000, whichever is lower	SSA
Employment injury insurance (not yet implemented)	Employer liability	Labour Code of Georgia, Chapter VIII (2013) Law of Georgia on Occupational Safety (2018, not yet implemented)	Persons employed in arduous professions as defined by law/regulation (Decree No. 381)	Compulsory insurance through a private carrier	No minimum qualifying period	Full compensation for work-related injury, illness (includes occupational disease) or loss, as well as costs of treatment (amount of permanent disability pension not yet defined)	Labour Conditions Inspecting Department of the Ministry of IDPs

139 Higher-rate benefits may be paid to certain war veterans.

140 Under the Law on Public Service, civil servants are entitled to employer-provided paid maternity leave at 100 per cent of their previous earnings for six months, as well as two years of job-protected leave.

4.2 Legal coverage of the working-age population

Legal coverage of the working-age population is either provided on a universal basis (disability benefits) or is limited to the formally employed population (cash sickness and maternity benefits). This means that the majority of people working informally (or not working) have no income protection for these common risks, placing a high burden on families and communities to absorb the impacts privately.

Disability benefit (Social Package)

Persons with disabilities – and their households – have lower standards of living than non-disabled people and are more likely to live in poverty (see Box 4.1).[141] Systemic institutional, attitudinal and environmental barriers impede disabled people's ability to fully participate in economic and social activities, often resulting in reduced access to education, employment and health care, as well as more limited incorporation within social, economic and political networks.[142] The extra costs that disabled people face affect their ability to convert their capabilities into functioning, which affects their capacity to earn adequate incomes. Failing to meet the needs of people with disabilities not only deprives them of their right to social security but can also be a drag on the economy. For example, across 10 low- and middle-income countries, it has been estimated that losses in productivity due to failing to effectively address disability range from 1 per cent to 7 per cent of GDP.[143] For these reasons, investing in social protection for people with disabilities is vital to building inclusive and productive economies and societies.[144]

A disability can range from minor impairments that may add costs at the margin, to moderate and severe disabilities that may mean significant additional costs to living. For example, households with a disabled person may face more costly transport, health-care services, heating, laundry services, special diets or personal assistance needs. Disability benefits may be designed (1) to replace lost income due to an incapacity to work; or (2) to provide additional support to cover the extra cost of disabilities; or (3) a combination of these two aims.

As with childhood disabilities, the Social Package in Georgia provides legal coverage through universal benefits for all those assessed with a Group I, II or III disability. According to administrative data from the SSA, 126,002 people received a disability benefit in 2018, although these figures include children. As with child disability, it is fair to assume that the legally covered target population is indeed all persons with disabilities, rather than just those who have gone through an official assessment. The system is therefore designed based on the premise that all persons with disabilities, particularly mild or moderate ones, will seek out an assessment. However, there are bound to be those who do not seek an assessment – whether due to a lack of awareness of their right to a potential benefit, to a lack of resources to access medical care, or to the fear of being stigmatized – and therefore are likely to be left without support. Unfortunately, data limitations prevent us from estimating the actual size of the disabled population.[145]

141 WHO and World Bank (2018).

142 Yeo and Moore (2003); Groce et al. (2011); and Trani and Loeb (2012).

143 Buckup (2009); and Banks and Polack (2014).

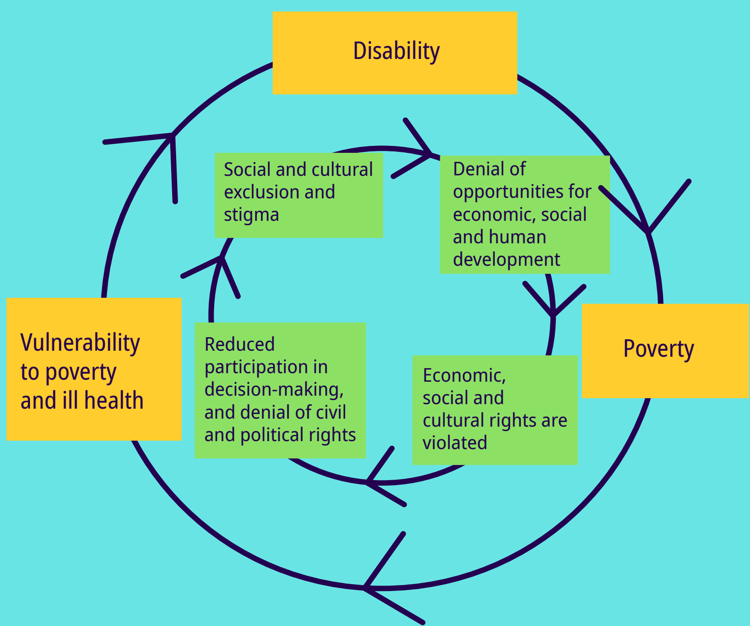
144 ILO and IDA (2019).

145 See also Section 2.4.2. There is no disability-specific national survey.

▶ Box 4.1: The link between disability and poverty

Disability and poverty are strongly associated: those who live in poverty are more likely to become disabled, while those with a disability are much more likely to be living in poverty (see Figure 4.2). Those living in poverty face a higher risk of poverty as a result of reduced access to basic health care and increased vulnerability to malnutrition and preventable diseases. Those in poverty are also more likely to live in dangerous or polluted environments with low-quality housing and reduced access to safe drinking water and sanitation; and they are more likely to inhabit areas that are prone to the effects of natural disasters, dangerous traffic and higher rates of violence. Thus, disability and poverty mutually reinforce each other, contributing to the increased vulnerability and exclusion experienced by disabled people around the world.

Figure 4.2: The disability and poverty cycle



Maternity benefits (state benefit for private sector and employer liability for public sector)

Maternity protection is a vital tool for ensuring that women can reach their full potential, enabling them to enter and remain in the labour market with confidence that their jobs will be protected during periods of maternity. It is also fundamental to promoting child and maternal health and, when combined with other measures (such as childcare and parental and paternity leave),[146] helps combat workplace discrimination. As the ILO explains, "the goal of maternity protection legislation is to enable women to combine their productive and reproductive roles successfully and to promote equal opportunities and treatment in employment and occupation."[147]

146 Paid maternity and parental leave is only one part of a fully gender-responsive social policy system. See, for example, UN Women (2019).

147 ILO (2016a).

Maternity protection (cash benefits) in Georgia is afforded only to women employed in the public and private (formal) sectors. Data on employment in the informal economy (including agriculture) is limited. While Geostat estimates that around 30 per cent (29.8 per cent) of the non-agricultural female labour force is in informal employment, the proportion is likely much higher after including all employed women aged 15 or older. According to analysis of the 2018 Labour Force Survey (LFS), around 423,000 women are employed by either the State or private companies, as shown in Table 4.2. Of these women, approximately 256,000 were employed in the private sector[148] and therefore entitled to the tax-financed state benefit for private-sector employees; and approximately 167,000 were employed in the public sector, of which a small proportion were civil servants and entitled to fully paid leave.[149]

▶ **Table 4.2:**

Number of women in the labour force, by employment status, 2018

Type of worker	Number	Share (%)
Total female employees	423,472	53
In the public sector	*167,097*	*21*
In the private sector	*256,375*	*32*
Female employers	9,861	1
Female own-account workers	168,656	21
Female contributing family workers	201,077	25
Total employed	803,065	100
Unemployed women	101,581	
Total women in the labour force	904,646	

Source: ILO, based on the 2018 LFS.

As shown in Table 4.2, the approximately 423,000 women account for around 53 per cent of the employed population, but when we include unemployed workers, only around 46 per cent of the female labour force is covered by maternity schemes. The rest, more than half the female labour force (54 per cent) – including own-account workers, unpaid family workers, paid household workers (informal) and the unemployed – are excluded. Furthermore, when looking just at the target population of women of reproductive age, the covered population in this age group (around 250,400 employed women aged 15–49) accounts for less than a third of the total female population aged 15–49; this amounts to 28 per cent if considering both the civil servants' and state maternity schemes and 26.5 per cent if just the latter.

148 It is not possible to discern whether these private-sector workers were formally or informally employed. We assume here that they are formally employed.

149 Only around 13 per cent of those employed in the public sector are civil servants. The 2019 Civil Service Bureau Activity Report suggests that around 40,000 people were employed as civil servants in 2019 (Georgia, 2019), out of some 299,000 total public-sector employees in the same year (see Geostat LFS data: https://www.geostat.ge/en/modules/categories/38/employment-and-unemployment).

This means that only a minority of working women can expect to receive any income support, much less full replacement for lost wages, during the crucial period following childbirth; this has serious implications for household income and health. Families increasingly rely on two earnings to make ends meet, and the loss of one income can be catastrophic, particularly for those on the margins; this can potentially cause steep losses in household consumption and even throw a significant portion of families into poverty. Moreover, this income loss occurs precisely at the most critical time in a child's development, when changes to consumption can have serious impacts on a child's cognitive development.[150] In addition, women who lack paid maternity leave also lack the basic job protections, including the guaranteed return to the same job, that are afforded to those in formal employment. Therefore, informally working wage earners not only face a loss of income due to maternity but also face the risk of losing their employment altogether as employers can easily replace them during maternity leave, and non-wage earners (self-employed) and wage earners alike will find it more difficult to return to work while caring for children.[151] Finally, the pressure to return to work earlier than is recommended by health experts also has negative implications for the health of women, who may not be physically ready to return to the workplace, and children, who are less likely to be breastfed for the recommended six months.[152]

Cash sickness benefits and employment injury insurance

Like maternity benefits, paid sick leave is only provided to formally employed people in Georgia, which represents around 64 per cent of the non-agricultural labour force (see Figure 4.1) and around 51 per cent of the employed population, as shown in Table 4.3. However, when measured as a proportion of the labour force, the share drops to 44 per cent.

▶ Table 4.3:

Number of workers in the labour force, by employment status, 2018

Type of worker	Number	Share (%)
Total female employees	860,161	51
In the public sector	*299,827*	*18*
In the private sector	*560,334*	*33*
Female employers	33,753	2
Female own-account workers	499,413	29
Female contributing family workers	299,974	18
Total employed	1,693,300	100
Unemployed women	245,730	
Total women in the labour force	1,939,932	

Source: ILO, based on the 2018 LFS.

150 Britto (2017).

151 ILO (2016b). See also UN Women (2020b).

152 See WHO: https://www.who.int/health-topics/breastfeeding#tab=tab_1.

The new employment injury insurance scheme ostensibly covers all those employed in hazardous professions. Sectors required to register as hazardous are listed in Annex 3, but it is not yet possible to assign a number to the population expected to be legally covered under the new law.[153]

Table 4.4 summarizes the target population and extent of the legal coverage of working-age people, based on the three main lifecycle benefits in operation.

▶ Table 4.4:

Percentage of working-age people legally covered by lifecycle schemes in Georgia

Coverage	Disability benefit (Social Package)	Cash sickness benefits	Maternity benefit (private + public sectors)	Employment injury (not yet implemented)
Target group	Persons of working age with disabilities (assessed with Group I, II or III disability)	All formally employed persons	All formally employed women	All persons employed in hazardous professions (as defined by law)
Share of all children	Actual share of persons of working age with disabilities unknown Global estimates range from 15% to 19% (including older people)	51% of employed population (including agriculture) 44% of the labour force	53% of female employed population 46% of the female labour force 28% of the total female population of reproductive age	Unknown (regulations in progress)

4.3 Effective coverage of the working-age population

Overall, around 14.5 per cent of people of working age in Georgia were receiving some social protection benefit in 2018 (see Figure 2.5).[154] The rest of this chapter assesses the extent to which the existing programmes actually reach the populations they are intended to reach, keeping in mind that at least three contingencies (unemployment, survivorship and employment injury) are either not covered under any scheme or have not yet been implemented.

153 However, as of May 2020, some 3,105 enterprises have been registered as hazardous. See also Annex 3.

154 Based on analysis of the 2018 IHS.

4.3.1 Horizontal coverage

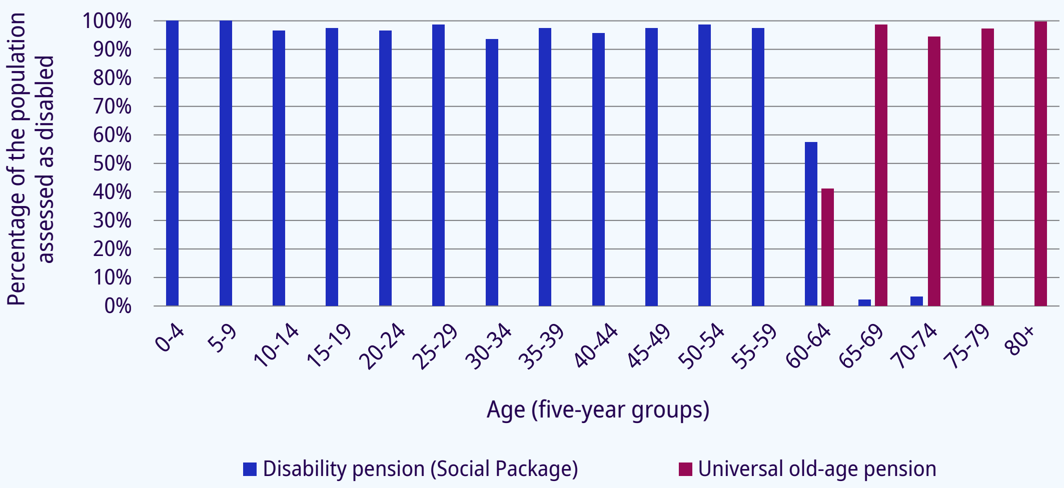
Disability benefit (Social Package)

Georgia's universal disability benefit scheme, provided under the Social Package, is frequently overlooked in national and international understandings of Georgia's social protection system. This is despite the fundamental importance of providing income security to persons with disabilities so they can be fully included in society and the economy. How effective the disability benefit system is at reaching people of working age with disabilities and meeting their needs will depend on the State's ability to identify and assess people with disabilities,[155] as well as the administrative capacity to deliver adequate benefits.

Even with an efficient and effective state capacity, it is highly unlikely that the disability assessment process has identified all persons of working age with disabilities. However, as with disability benefits for children, data constraints prevent us from estimating the actual number of people with disabilities. According to the 2018 IHS, among children and people of working age, the vast majority of those assessed as disabled are receiving benefits. Figure 4.3 shows the percentage of the registered disabled population (by age group) who are receiving either a disability pension under the Social Package or the old-age pension. The sudden drop in those receiving disability benefits after the age of 60 reflects the fact that the Social Package converts to an old-age pension at retirement, so many old-age pensioners who are registered disabled are not in fact receiving a disability benefit.[156] As a result, around 95 per cent of disability pensioners in Georgia are of working age, according to the 2018 IHS.

▶ Figure 4.3:

Percentage of people registered as disabled receiving a disability benefit under the Social Package or the old-age pension, by age, 2018



Source: Analysis of the 2018 IHS.

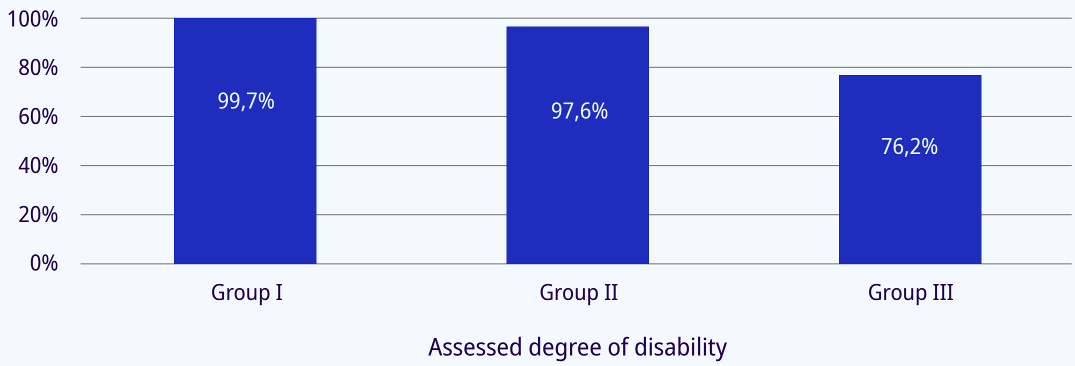
155 The disability assessment process in Georgia has historically been based purely on a medical assessment, though the Government is working with partners, including UNICEF, to shift towards a "social model of disability", one which considers each child's individual functional needs and abilities to enable their full participation in society and the economy. See UNICEF (2018a).

156 The conversion from a disability pension to an old-age pension is not uncommon in social security systems around the world. In some cases, pensioners are entitled to keep the disability pension if it is higher than the old-age pension.

While coverage of disability benefits among those who have been assessed as disabled is generally very high, certain gaps remain. For example, those assessed with the mildest degree of disability (Group III) tend to be least likely to receive the benefit. As shown in Figure 4.4, essentially all working-age adults with Group I status (99.7 per cent) and almost all working-age adults with Group II status (97.6 per cent) receive a disability pension, but only 76 per cent of those assessed as moderately disabled (Group III) do. This could be due to both a lower benefit value for Group III disabilities (GEL 100 per month) as well as a lower likelihood of submitting an application among those whose incapacities still allow them to earn at least a partial income.

▶ Figure 4.4:

Percentage of population assessed as disabled receiving a disability pension (Social Package), by disability status, 2018



Source: Analysis of the 2018 IHS.

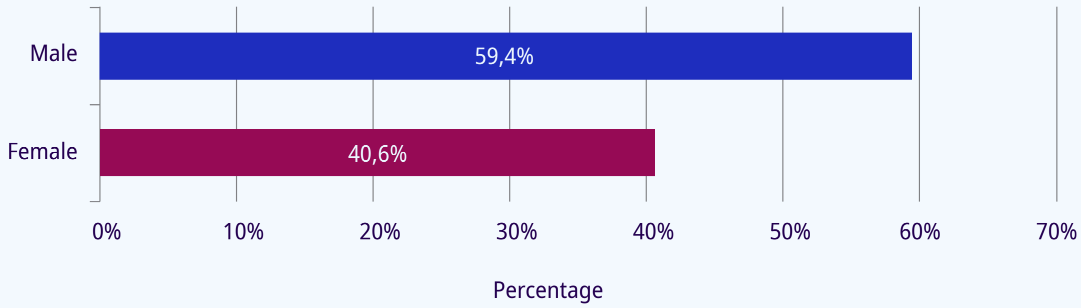
There are also certain rules surrounding eligibility that could explain the small gaps in coverage among persons assessed as disabled. For example, people with Group II disabilities are not allowed to work in the public sector and continue to receive the benefit (private-sector activity is still permitted) unless they are blind, and persons with a Group III disability are also prohibited from public-sector employment and must have been assessed as disabled since childhood to be able to claim the disability in adulthood.[157]

The 2018 IHS also reveals gender differences in disability claims. Whereas globally women tend to have higher disability prevalence rates, in Georgia, approximately 60 per cent of disability pensioners are men, compared with only 40 per cent of women, as shown in Figure 4.5. While some of this variation is explained by the fact that there are more women receiving the old-age pension, which begins at age 60 (compared to age 65 for men), there may also be social and administrative factors at play, as well as labour market segregation and men's associated higher exposure to risk.

157 See SSA website: http://ssa.gov.ge/index.php?lang_id=GEO&sec_id=1388.

▶ **Figure 4.5:**

Percentage distribution of disability benefit recipients under the Social Package, by sex, 2018



Source: Analysis of the 2018 IHS.

In addition, the following patterns can be observed with regard to disability benefits:

- The likelihood of receiving the Social Package benefit is slightly higher for people at lower ends of the income/consumption distribution, with 4.7 per cent of those in the bottom consumption decile receiving the benefit, compared with just 1.8 per cent of those in the top decile.[158] This pattern is consistent with the generally higher expected prevalence of disability among lower-income groups.[159]
- The likelihood of receiving a disability benefit is higher for those living in rural areas (3.6 per cent) than in urban areas (2.6 per cent),[160] likely reflecting differential patterns of exposure to risk.
- Those belonging to certain ethnic groups have a higher-than-average likelihood of receiving disability benefits, potentially reflecting higher degrees of vulnerability and/or lower levels of access among certain groups. For example, 4.6 per cent of ethnic Ossetians and 4.2 per cent of ethnic Armenians receive benefits, compared with the national average of 3 per cent. There are also markedly lower-than-average levels of disability benefit receipt among, for example, ethnic Abkhazians (0 per cent), ethnic Greeks (0.7 per cent) and ethnic Ukrainians (0 per cent).[161]
- According to administrative data, the number of disability pensioners has been steadily rising, from 122,055 in 2012 to 126,002 in 2019.

Maternity benefits (state benefit for private sector and employer liability for public sector)

The 2018 IHS does not allow us to identify whether or not someone has received a maternity benefit. In addition, we were unable to obtain data on the number or level of benefits paid by public-sector entities, as each entity pays its own benefits directly to the employee and no unified database on public-sector benefits exists. Based on administrative data from the SSA, in 2019, only 13,609 women claimed the state-funded maternity benefit for women working in the private sector. The number of cases has risen since 2011, when it amounted to just over 8,500, as shown in Figure 4.6.

158 Based on the 2018 IHS.

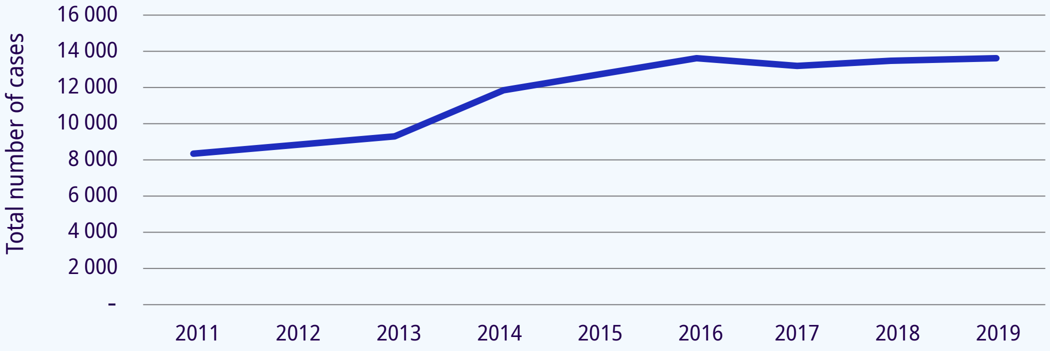
159 WHO and World Bank (2018).

160 Based on the 2018 IHS.

161 Ibid.

▶ Figure 4.6:

Total number of private-sector maternity benefits paid by the SSA, 2011–2019



Source: SSA administrative data.

While data constraints prevent us from determining exactly how many women are formally employed in the private sector, our analysis suggests that around 237,915 women aged 15–49 would be legally covered by the state maternity benefit.[162] This represents around 26.5 per cent of all women aged 15–49. Based on analysis of UN population data, around 54,000 women gave birth in Georgia in 2018;[163] and by using the general population figures to extrapolate the number of births among the covered population, the data suggest that the number of the women who would have been entitled to the benefit in 2018 – around 14,300 – was only slightly higher than the approximately 13,600 women who actually took the benefit that year. Therefore, take-up of the benefit appears to be quite high (around 95 per cent), which is largely consistent with the findings on effective coverage rates for other benefits administered by the SSA.

Although take-up appears to be high, there are several potential explanations for the incomplete take-up of state maternity benefits. Some women may not be aware of their rights, as explained in Section 2.4.2. In addition, some employees may be receiving more generous maternity benefits from their employers (e.g. anecdotally, we learned that some employers provide 100 per cent of wages for a number of months) and may therefore choose not to access the state benefit. However, there was no data available on employer-provided paid maternity leave. Finally, the gap in take-up could be related to the relatively low value of the benefit, which may not be appreciated among higher earners (see Section 4.3.2).

Paid sick leave (cash sickness benefits)

Because cash sickness benefits are administered by individual employers, with little oversight from the Ministry of IDPs, there is no administrative data available on take-up rates. In fact, a lack of data on sick pay take-up rates is not unique to Georgia but is a common challenge around the world, especially under employer-liability frameworks. The 2018 IHS appears to have a question about paid sick leave, but it revealed no beneficiaries. It is unlikely that no one is given paid sick leave; rather, there appears to be no effort to collect data on what employers are actually doing in practice, making it difficult to enforce the regulation.

162 This estimate is based on the following data and assumptions: The 2018 LFS suggests that there were 250,437 female employees. The state maternity benefit scheme excludes civil servants, who account for approximately 13 per cent of those employed in the public sector, or 5 per cent of all employed women. Therefore, those who would be covered account for 95 per cent of employees, or 237,915 workers.

163 According to UN World Population Prospects estimates, 53,918 women in Georgia gave birth in 2018.

4.3.2 Vertical coverage (adequacy)

Disability benefit (Social Package)

Providing adequate benefit levels for persons with disabilities is vital for ensuring a minimum standard of welfare for recipients, enabling them to prosper and contribute to society. ILO Conventions Nos. 102 and 128 establish a minimum standard replacement rate of 45 per cent[164] or 50 per cent,[165] respectively, of the prevailing wage for an unskilled manual worker, for schemes that provide tax-financed benefits for persons with permanent disabilities who have no capacity for gainful employment.[166] By comparison, the replacement-rate benefits for the non-disabled are 5 percentage points lower, reflecting an implicit recognition in the Conventions of the additional costs associated with being disabled. However, it should be noted that global evidence suggests that the additional costs of being disabled are significantly higher than 5 per cent and typically range from 10 per cent to 40 per cent.[167] Therefore, the standards in the Conventions are likely to be underestimated.

Table 4.5 compares the current value of the Social Package disability benefit for a severe (Group I) disability with the minimally adequate values derived from Conventions Nos. 102 and 128. The current value of GEL 220 per month is low compared with the values that would be considered minimally acceptable according to the Conventions: it is only 84 per cent of the minimum established by Convention No. 102 and only 76 per cent of the level established by Convention No. 128.

▶ Table 4.5:

Minimum adequate disability benefit levels in Georgia according to C102 and C128

National benefit	Value of national benefit	Average monthly nominal wage of elementary occupations (2017)[168]	C102 adequate disability pension of 45% (per month)	C128 adequate disability pension of 50% (per month)
Social Package disability benefit (Group I)	GEL 220	GEL 581.20	GEL 262	GEL 291

164 ILO (1952).

165 ILO (1967).

166 Over time, there has been growing recognition of the need to support persons with disabilities who have the capacity to work to remain in the labour market. The Conventions do not provide for scaled benefits for reduced degrees of disabilities, but many countries around the world, including Georgia, provide different replacement rates for different degrees of disabilities. In this analysis, we account for different degrees of disability (or working capacity) through the variation in the additional costs of disability, according to the degree of disability.

167 Empirical evidence suggests the extra costs associated with being disabled can range from 10 per cent to 30 per cent. For example, see UN DESA (2018) and James and McClanahan (2019).

168 2017 is the latest year of data available on average monthly nominal wages in elementary occupations. This means that the recommended minimally adequate values are underestimated. See Geostat: https://www.geostat.ge/en/modules/categories/39/wages.

In addition, Conventions Nos. 102 and 128 set even higher minimum standards for contributory benefits, where replacement rates are calculated in respect of the employee's previous earnings. When using the average wage for all employees in Georgia (GEL 1,068 in 2018), a typical worker earning the average wage should expect to receive, at a minimum, GEL 481 (45 per cent of the average wage, according to Convention No. 102) and GEL 534 (50 per cent, according to Convention No. 128). The current pension of GEL 220 per month is well below half these values (46 per cent and 41 per cent, respectively, of the expected minimum).

Figure 4.7 presents a comparison of transfer values as a percentage of GDP per capita in a selection of countries that provide tax-financed disability benefits (or "disability social pensions"). However, it should be noted that the nature and purpose of the benefits varies widely – for example, income replacement versus extra cost compensation – from country to country and that the values are not always strictly comparable. Nevertheless, Georgia's disability pension, valued at 20 per cent of GDP per capita for a Group I (severe) benefit, performs quite well comparatively speaking, but the Group II (at around 13 per cent of GDP per capita) and Group III (at around 9 per cent of GDP per capita) levels perform less well than most of the European examples (which in some cases represent the lower value of a range of values).

Maternity benefits (state benefit for private sector and non-civil servants in the public sector, and employer liability for civil servants)

As a general rule, lump-sum benefits – like Georgia's state maternity benefit for private-sector workers and public-sector workers not employed as civil servants – are not considered social security by most definitions since they fail to provide regular, predictable income security over the duration of the risk.[169] Although take-up rates for the state maternity benefit appear to be higher than expected, there is a small gap that could be explained by a number of factors, including the very low value of the benefit for the vast majority of working women in the private sector. A maximum flat rate benefit of GEL 1,000 – if it were paid monthly for six months – would amount to approximately GEL 167 per month. Given that the average monthly wage for women in 2018 was GEL 822.60, this would amount to a monthly benefit of around 20 per cent of the average employed woman's previous wage.[170]

According to the ILO Maternity Protection Convention, 2000 (No. 183), the minimum standard for the value of a maternity benefit should be two thirds of the woman's previous salary for at least 14 weeks.[171] While Georgia's benefit technically goes beyond 14 weeks, if the GEL 1,000 were paid in even instalments over 14 weeks, it would amount to a weekly payment of GEL 71.40, or roughly GEL 285 per month. This would amount to only 35 per cent of the average woman's wages in Georgia, still well below the two-thirds minimum established by Convention No. 183.

The Convention's accompanying Recommendation (No. 191) goes beyond the minimum standards outlined in the Convention, suggesting that the minimum period of paid leave should be 18 weeks and that, "wherever practicable", women should be paid their full salary for the entire period of leave.[172] Again, technically, Georgia's period of paid leave (six months or 183 days) exceeds the recommendation, but as the benefit is so low, it would still just be a small fraction of the recommended full salary. Needless to say, women who earn above the average salary are doing significantly worse relative to the Convention and Recommendation.

Table 4.6 summarizes the adequacy of the state maternity benefit and the benefits for civil servants relative to the monthly values that would be required under Convention No. 183 and Recommendation No. 191, using the Geostat average wage for women recorded in 2018 of GEL 822.60 per month. In terms of duration, Georgia's benefits exceed the minimum duration under both the Convention and the Recommendation. However, the cap on the maximum value of the state maternity benefit means that the effective monthly value for the vast majority of formally employed women is inadequate.

169 See also Section 5.3.2 for a discussion on the adequacy of benefits under the new accumulation pension scheme.

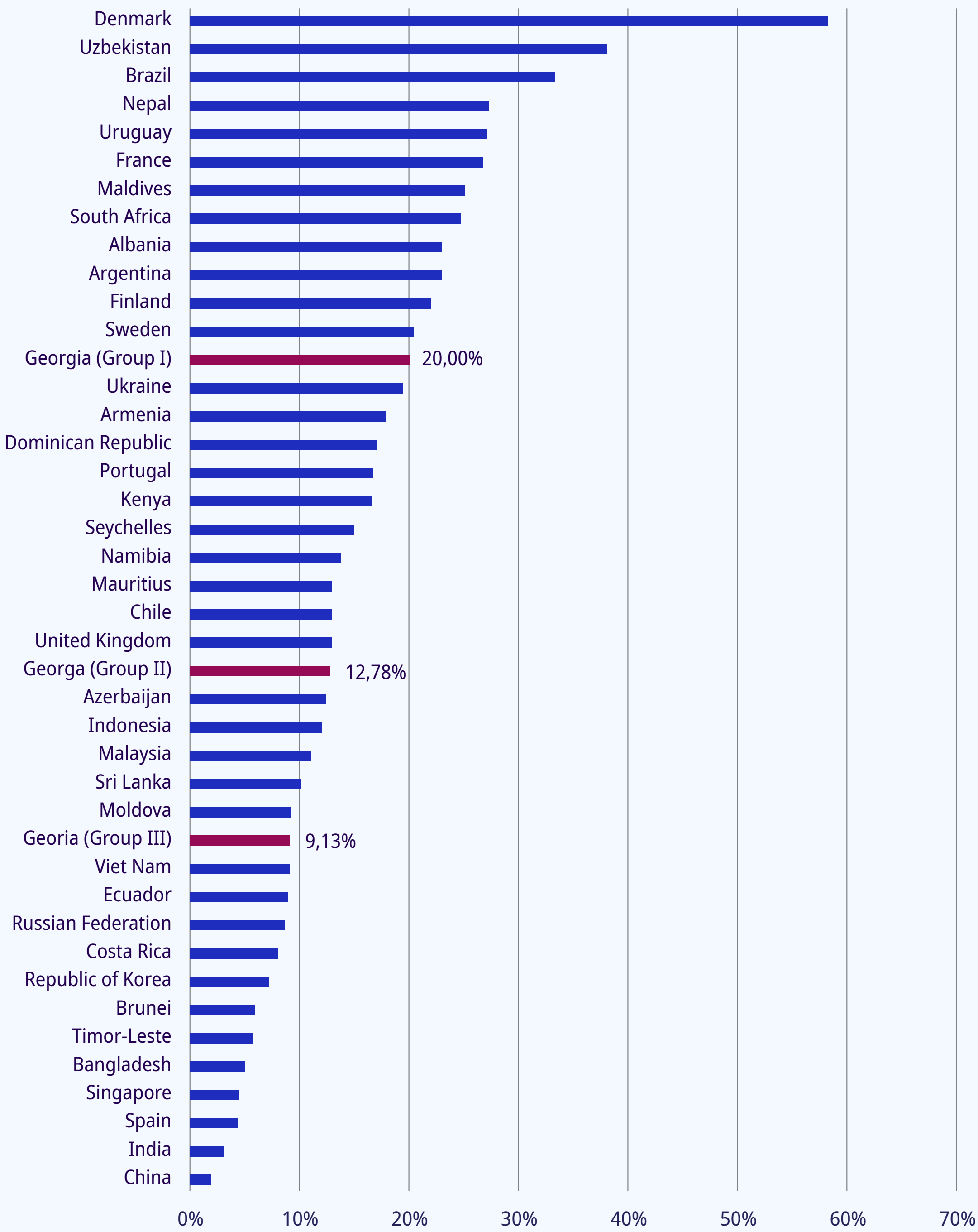
170 While there are certainly some women who earn below this level and would receive their full salary, they are likely underpaid for the work they are carrying out and are not protected by an adequate minimum wage.

171 ILO (2000a).

172 ILO (2000b).

▶ **Figure 4.7:**

Comparison of tax-financed disability benefit values around the world, latest year available (percentage of GDP per capita)



Source: SSA administrative data.

▶ Table 4.6:

Adequacy of maternity benefits in Georgia relative to ILO standards (based on monthly reference earnings of GEL 822.60)[173]

Dimension of adequacy	National benefit		International standard	
	Civil servants' maternity benefit	State maternity benefit for private sector and public sector not employed in civil service	C183	R191
Value	100% of earnings (GEL 822.60)	100% of earnings up to a total benefit of GEL 1,000 (maximum of GEL 167/month)	Two thirds (67%) of earnings (GEL 551.14/month)	Full (100%) earnings (GEL 822.60/ month)
Duration	183 days (6 months)	183 days (6 months)	14 weeks (3.23 months)	18 weeks (4.15 months)

▶ Box 4.2: Overview of maternity, paternity and parental leave protections around the world

Based on a systematic review of maternity legislation in 170 countries conducted in 2013, the ILO (2016a) found that:

- 98 countries provide at least 14 weeks of leave
- 74 countries pay at least two thirds of earnings
- More than 100 countries financed benefits through social security (contributory or non-contributory)
- 7 countries require employers to cover the costs directly

Many countries also offer paternity leave. According to the review:

- 79 countries provide paternity leave, in 71 of which it is paid leave
- Generally, paternity leave is paid at 100 per cent of the worker's previous earnings, with some exceptions
- In 46 countries, the employer pays the benefit
- In 28 countries, the benefit is paid through social security

The review of parental leave policies found that:

- 66 countries provide some form of parental leave, of which 36 provide cash benefits
- Benefits range from 20 per cent of the minimum wage (Uzbekistan) to two thirds of earnings (18 countries)
- Benefits are typically financed through the social security system, primarily social insurance
- Take-up rates are low among men unless the period of leave is non-transferable (i.e. must be used by the man)

173 Average monthly nominal wage for women in 2018 (source: Geostat).

Nearly all countries around the world provide some form of maternity protection legislation. The nature (pay, duration, financing) varies significantly, with more than half of them exceeding the minimum duration required under Convention No. 183, and just under half pay at least two thirds of earnings (see Box 4.2).[174] In a subsequent review, out of 45 countries in Asia, only six do not provide 100 per cent of previous earnings, through a relatively even mix of employer-liability and social insurance. In Europe, there is more variability in replacement rates, with some countries providing as low as 65 per cent (Slovakia) or 67 per cent (Turkey) of earnings, just over a third (17 countries) providing anywhere between 70 per cent and 90 per cent, and the rest paying 100 per cent. All countries in Europe exceed at least the Convention's required duration of 14 weeks, while almost two thirds exceed the 18 weeks suggested in Recommendation No. 191. [175]

Many countries also provide paternity and/or parental leave (see Box 4.2), both of which are important elements of a gender-responsive social protection system. Paternity leave is reserved for the father and tends to be offered for relatively short periods following childbirth, and take-up rates can be low if the leave is not mandatory. Parental leave, on the other hand, is often provided for an extended period following maternity leave and may be shared between either parent or may be non-transferable, where a certain amount of leave is reserved for each parent as an individual entitlement.[176] Shared leave, and especially equal, non-transferable leave for both parents, is among the most powerful ways to promote gender equality in the household and to combat gender-based discrimination in the workplace.[177] Georgia currently provides neither of these types of benefits,[178] meaning that the responsibility of caring for children in the early months and years of their lives falls entirely to mothers, which can impact negatively on their labour market participation, chances of career progression and lifetime earnings.

Paid sick leave

According to employer liability, paid sick leave in Georgia is provided at full salary for up to 30 days, which can be extended under certain circumstances with special authorization from a certified medical commission. ILO Convention No. 102 and subsequently the Medical Care and Sickness Benefits Convention, 1969 (No. 130), offer a set of standards to compare the adequacy of paid sick leave in Georgia, summarized in Table 4.7.

▶ Table 4.7:

Adequacy of cash sickness benefits in Georgia relative to ILO standards

Dimension of adequacy	National benefit	C183	R191
Value	100% of earnings	45% of earnings	60% of earnings
Duration	30 days, extension possible (up to 10 months maximum under certain circumstances)	Up to 26 weeks per incident	Up to 52 weeks per incident

174 ILO (2016a).

175 For detailed information on maternity protection legislation around the world, see ILO (2017, table 5.B). See also ILO (2016a).

176 Ibid.

177 Nordic Council of Ministers (2019).

178 However, unpaid childcare leave following the end of the maternity leave period is provided for women for up to 12 total weeks until the child turns 5 years old.

In terms of the replacement rate, the regulations in Georgia are in fact more generous than the minimum standards in Conventions Nos. 102 and 130. With regard to duration, Georgia's legislation appears to meet the minimum standards for benefit duration set out under Convention No. 102 but falls just short of the 52 weeks called for under Convention No. 130.

However, there is an apparent contradiction between the regulations around paid sick leave and labour laws, which appear to set limits on the ability of employees to take extended medical leave. Article 37(1)(i) of the Labour Code of Georgia states that employers may use extended medical leave as grounds for lawful termination of a labour agreement: "long-term disability, unless otherwise provided for by a labour agreement, if a disability period exceeds 40 consecutive calendar days or total disability period exceeds 60 calendar days within six months, and, at the same time, the employee has already used his/her leave of absence under Article 21 of this Law".[179] It is unclear how this is resolved in practice (or whether it has been tested in the courts), but the article could deter people from taking legitimate medical leave, even when such leave is certified by the competent authorities.

4.4 Summary

Working-age people in Georgia lack access to key social protection provisions that would better enable them to weather common lifecycle shocks, notably including unemployment, survivors' benefits and, for now, insurance against work-related accidents or diseases. In addition, legal gaps in coverage prevent many people from being covered even where the system ostensibly provides benefits. However, the headline statistic that only around 14.5 per cent of the adult population was receiving a benefit in 2018 masks more complex coverage dynamics among the working-age population.

For disability, the overall story is one of relative success. A universal benefit ensures that the vast majority of people who live with a disability are able to access benefits from the State to improve their quality of life. The link between the disability assessment process and the payment of benefits appears to be tight, with bigger gaps for those with less severe disabilities: between three quarters per cent (Group I) and almost all of the registered disabled population (97.6 per cent for Group II and 99.7 per cent for Group III) were receiving a benefit according to the 2018 IHS. Approximately 95 per cent of those receiving the Social Package disability benefit are of working age; this is because the disability pension converts to an old-age pension at retirement, a transition that the data would suggest is well administered. A more serious challenge to the system is the lack of accurate estimates of the true size of the disabled population, as there are bound to be people who fail to obtain an assessment for any number of reasons.

In terms of adequacy, disability benefits also appear to be lower than the levels that would be suggested under the relevant ILO Conventions, accepting the caveats associated with using the reference wage for elementary occupations; however, the benefits compare relatively well with international levels, again with caveats.

For sickness and maternity benefits, data limitations make it challenging to precisely determine the size of the legally covered population, but our estimates suggest that around half the labour force lacks protection for either of these risks, which is by far the biggest challenge. Among those who are legally covered, administrative data for maternity benefits suggest that take-up is quite high. There is no comparable data on sickness benefits, making it impossible to assess effective coverage, but there are bound to be a significant number of people who are not receiving sick pay despite having the right.

Regarding the adequacy of these benefits, the state maternity benefit covering formally employed private-sector workers and the majority of public-sector workers is inadequate due to its lump-sum nature and low value relative to women's average wages. Because of the cap on the total amount, the benefit only replaces a fraction of women's lost earnings, far lower than the two thirds required of Convention No. 183. In terms of duration, however, in theory the state benefit compares well (at 183 days) to the Convention, but again, as a lump-sum benefit this duration becomes almost irrelevant for most people who access the benefit. There are also no paid paternity leave provisions. On the other hand, sickness benefits compare relatively well to the minimum standards in the relevant conventions, but there are concerns related to potential inconsistencies with the Labour that risk having a chilling effect on legitimate claims.

Table 4.8 summarizes the legal and effective coverage of the working-age population in Georgia. The following chapter turns to social protection provision for older people in Georgia.

179 Georgia (2013).

▶ Table 4.8:

Summary of legal and effective coverage of the working-age population in Georgia

Dimension of coverage		Disability benefit (Social Package)	Maternity benefits (state benefit for private sector and non-civil servants in the public sector, and employer liability for public sector)	Paid sick leave (cash sickness benefits)	Employment injury insurance
Legal coverage	Target group	Persons of working age with disabilities (assessed with Group I, II or III disability)	All formally employed women	All formally employed persons	All persons employed in hazardous professions (as defined by law)
	Share of working-age population	Actual share of persons of working age with disabilities unknown Global estimates range from 15% to 19% (including older people)	53% of female employed population 46% of the female labour force 28% of the female population of reproductive age	51% of employed population (including agriculture) 44% of the labour force	Unknown (regulations in progress)
Effective coverage	Horizontal (extent of population)	80%–100% of adult registered disabled population, depending on the degree of disability Actual share of working age with disabilities unknown	Approximately 95% of those entitled to the state maternity benefit are claiming benefits	Unknown (no administrative data available on take-up rates)	N/A
	Vertical (adequacy/level of benefit)	Medium	Low	Medium to high	N/A

5. Social protection for older people in Georgia

he Government of Georgia has invested heavily in ensuring that older people receive basic social protection through the universal old-age pension and access to health care. The social pension, as one of the flagship social protection programmes, is paid in recognition of a lifetime of contributions to society and the economy. However, social pensions are also justified on social, political and economic grounds, with benefits accruing more broadly to pensioners' families, communities and the economy at large.[180] But for many people, social pensions are insufficient to maintain a standard of living comparable to what they enjoyed during their working lives and ideally should be complemented with other instruments in a multi-tiered framework.

5.1 Context and overview of benefits for older people

5.1.1 Low poverty but many still at risk

As people age, their ability to work or contribute to household income declines. Nearly 40 per cent of Georgians aged 60–64 have either exited the labour market or are unemployed, with participation rates falling even more for older age groups.[181] As their income declines and their health needs increase, it is vital that older people have access to income and medical care. In Georgia, both of these basic elements are already in place. Everyone aged 65 and above has access to health insurance,[182] and Georgia's universal social pension provides basic income security – a "floor" of social protection – to all older people as they age, helping ensure that they do not fall into poverty.

Indeed, thanks largely to the impacts of the universal old-age pension, poverty is lowest among older people compared with other age groups in Georgia, as shown in Figure 5.1. The percentage of people living below both the absolute (below 40 per cent of median consumption) and the relative (below 60 per cent of median consumption) poverty lines declines significantly as soon as people become eligible for the old-age pension, at age 60 for women and age 65 for men. Nevertheless, 5 per cent of older people are still considered poor, and some 15 per cent of older people are still vulnerable, or "at risk of poverty",[183] based on the relative poverty line.

180 For example, older people tend to use their pensions to support children and young people, reflecting an investment in the future labour force. Pensioners also use their income to generate new economic activities; their extra spending from pensions can stimulate demand and consumption; and pensions can encourage both public and private savings and investment. See, for example, Kidd and Tran (2017).

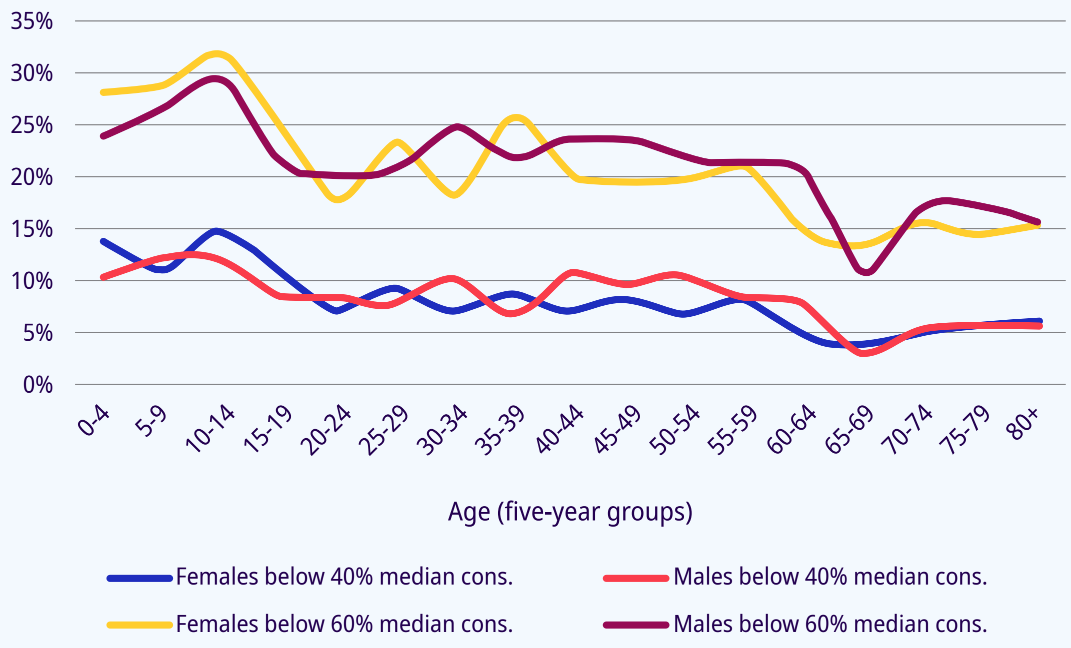
181 Geostat. Authors' own calculations based on national population and labour force statistics; data are for 2018.

182 Based on analysis of the 2018 IHS.

183 Georgia's relative poverty line roughly corresponds to the methodology used in the European Union to identify those who fall under the "at-risk-of-poverty" threshold of 60 per cent of the median equivalized disposable income (after social transfers). See https://ec.europa.eu/eurostat/web/products-datasets/product?code=tessi014.

▶ **Figure 5.1:**

Percentage of the population living in relative poverty (below 40 per cent and 60 per cent of median equivalized household consumption), by age and sex, 2018



Source: Analysis of the 2018 IHS.

Figure 5.1 also shows that poverty and vulnerability vary by sex as well, in different ways at different stages of the lifecycle. Whereas girl children are slightly more likely to be poor than boys, this trend first reverses during late working age before essentially evening out for those living below 40 per cent of median consumption, while older men (aged 70+) are slightly more likely to live below 60 per cent of median consumption. Because women live longer than men on average, however, women make up around 86 per cent of the widowed population; men, 14 per cent. Because there is no survivors' pension paid when a pensioner dies, this loss of income can represent a dramatic decrease in household income for the surviving spouse (for example, a 50 per cent decline if both derived their sole source of income from the pension), while costs of maintaining the household often remain high.

Like many countries in the region and around the world, Georgia is an ageing society. In 2019, more than a quarter of Georgia's population was older than the age of 60. According to population projections, the old-age dependency ratio (measured as the share of the population aged 65 or older relative to those aged 15–64), which is estimated to be around 0.24 in 2020, will rise to 0.36 in 2050 and 0.5 in 2090. Therefore, over time, there will be fewer and fewer people of working age to support their elders, underscoring the need for a concerted and continued investment in building a comprehensive pension system that can provide for adequate income security in old age.

As discussed in Section 2.2, while a universal basic pension can provide a basic floor of protection, it is rarely sufficient to allow people to retain a standard of living comparable to when they were earning an income; rather, other tools (usually social insurance) are often needed to adequately finance higher-level benefits. Older people in Georgia lack access to this additional support.

5.1.2 Key social protection schemes aimed at older people

In Georgia, all women and men can expect to receive a regular, predictable monthly pension when they reach either age 60 (women) or age 65 (men), and the evidence shows that nearly all of them – around 97 per cent as of 2018 – are currently being reached. This remarkable achievement demonstrates the commitment by the Government of Georgia to providing a truly universal pension. The benefit is fully financed from the state budget and, as was shown in Figure 2.11, accounts for around 70 per cent of government social protection outlays. The monthly pension was recently raised to GEL 220 per month, which is around 20 per cent of GDP per capita. It is administered by the SSA.

In addition, the Law of Georgia on Accumulated Pensions, passed in 2018, introduces a new contributory element to the social security system, with contributions set at relatively low levels,[184] as follows:

- Employees: 2 per cent of pre-tax earnings
- Employers: 2 per cent of payroll
- Self-employed: 4 per cent of declared earnings
- Government: 1 per cent of the employee's earnings if the employee's monthly earnings are more than GEL 2,000 before tax deductions, or 2 per cent if the monthly earnings are lower than GEL 2,000

The system is a defined contribution model based on individual accounts that are managed by pension management companies, which are licensed and supervised by the National Bank of Georgia. The newly created State Pension Agency collects contributions and, eventually, will pay benefits.

Therefore, the main income transfers for older people in Georgia include:

- Universal old-age pension
- New accumulated pension (mandatory individual account)

A key gap in coverage that particularly affects older women is the **complete absence of survivors' pensions for adults**.

The following sections assess the coverage in legal and effective terms, including exploring whether the benefits currently provided (or likely to be provided, in the case of the new contributory pension) are adequate.

5.2 Legal coverage

Georgia's Law on State Pensions, which governs the universal old-age pension, covers all citizens, permanent residents with at least 10 years of residency, and stateless persons. The only criterion for claiming the pension is age: women qualify at 60 years of age, and men at 65. Virtually everyone above pensionable age is legally covered. Technically, the pension is designed to be "pension-tested" since those who are receiving State Compensation benefits (special pensions for certain veterans and civil servants) cannot also receive the universal pension, but this only applies to around 0.7 per cent of the older population.

184 These contribution rates are relatively low by international standards. In Europe, rates are much higher for mandatory public pensions. See ISSA/SSA (multiple years).

▶ Table 5.1:

Lifecycle social security schemes for older people in Georgia

Statutory features of main schemes for working-age adults							
Scheme	**Type of scheme**	**Regulatory framework**	**Legally covered population**	**Financing arrangement**	**Qualifying conditions**	**Description of benefits**	**Administrative responsibility**
Universal old-age pension (State Pension)	Universal (non-means-tested, non-contributory)	Constitution of Georgia (1995) Law of Georgia on State Pensions (2005)	Citizens of Georgia Stateless persons in Georgia Foreign nationals residing permanently (legally) in Georgia for a minimum of 10 years Foreign nationals who have been granted citizenship (dual)[185]	State budget	Aged 65 (men) or 60 (women) Cannot also benefit from State Compensation or the Academic Scholarship	GEL 220 per month	SSA
Accumulated pension (supplementary pension)	Mandatory individual account (defined contribution)	Law of Georgia on Accumulated Pensions (2018)	Citizens of Georgia Stateless persons and foreign nationals residing permanently (legally) in Georgia (excludes non-residents as defined by the Tax Code of Georgia) Mandatory for legally employed persons under the age of 40 Voluntary for those aged 40 or above and for self-employed persons	Contributions financed: ▶ Employee: 2% of monthly earnings ▶ Employer: 2% of monthly payroll ▶ State: 2% of employee's monthly earnings if lower than GEL 2,000 or 1% if greater than GEL 2,000 before tax deductions ▶ Self-employed person: 4% of declared earnings and 1% or 2% by the State	Aged 65 (men) or 60 (women) to receive the pension	Reflects the contributions made by the employee, employer and the State party plus interest Can be accessed by means of a lump sum, by a programmed withdrawal or by purchasing an annuity.	State Pension Agency The National Bank (regulates investment activity of the State Pension Agency)

185 Must only receive one pension.

The accumulated pension is currently only mandatory for all formally employed persons, while participation is voluntary for those registered as self-employed and for employees who were aged 40 and above when the system was introduced in September 2018 (based on automatic enrolment with the possibility of opt-out).

Unlike the vast majority of countries around the world, Georgia lacks any legal framework for paying benefits to a surviving spouse when a pensioner dies. This gap particularly impacts women, who tend to live longer than men.

The key statutory features of both programmes are shown in Table 5.1.

In Georgia, the size of the legally covered population for the universal pension is, for all practical purposes, 100 per cent of people above pensionable age. For the new accumulated pension scheme, the size of the covered population reflects the intended covered population as the scheme matures to fully include workers of all ages on a compulsory basis. If the system were to mandatorily cover all public- and private-sector employees today, it would cover around 44 per cent of the labour force (see Table 4.3). The estimated size of the legally covered population is summarized in Table 5.2

▶ Table 5.2:

Percentage of older people legally covered by lifecycle social security in Georgia

Coverage	Universal old-age pension (State Pension)	New accumulated pension (mandatory individual account)
Target group	All women over age 60; all men over age 65	Beneficiary population (future): All women over age 60; all men over age 65 Contributory population: ▶ Current: All public- and private-sector employees who were younger than age 40 in 2018 ▶ Future: All public- and private-sector employees
Beneficiary coverage ratio: share of population over age 60 or 65	100%	Unknown
Contributor coverage ratio: share of labour force	N/A	44%

5.3 Effective coverage

Overall, nearly every older person in Georgia is receiving an old-age pension. While the extent to which the universal pension reaches its intended population is clear, it is less clear what will happen with the new mandatory supplementary pensions. The following section examines the coverage of old-age pensions in terms of the nature and extent of coverage, as well as the adequacy (or predicted adequacy) of the existing and future benefits.

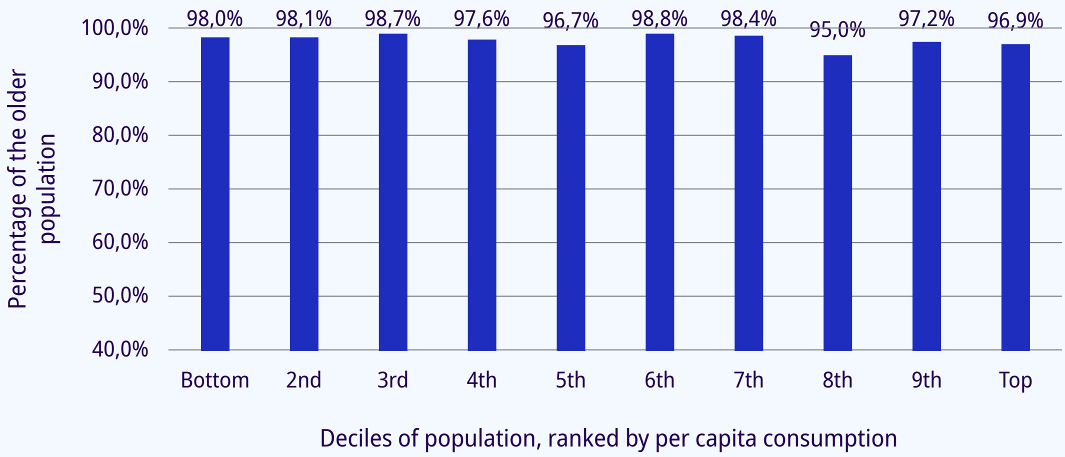
5.3.1 Horizontal coverage

Universal old-age pension

The universal old-age pension in Georgia is a policy success story. Around 97.4 per cent of older persons (including 98.1 per cent of older women and 95.9 per cent of older men) who are eligible for the benefit are receiving it, according to analysis of the 2018 IHS. Because coverage is so high, there is very little variation in the coverage distribution: for all practical purposes, older men and older women, those in urban and rural areas, those living in different regions of the country and those of all income levels (see Figure 5.2) are highly likely to receive the pension, attesting to its truly universal nature. Small gaps in coverage are generally explained by the small proportion of older people who are receiving State Compensation benefits, who are more likely to be men (for example, 1.8 per cent of older men receive a special pension for veterans or other groups, compared with just 0.2 per cent of older women).

▶ Figure 5.2:

Percentage of the population over age 60 (women) or age 65 (men) receiving the universal old-age pension, 2018

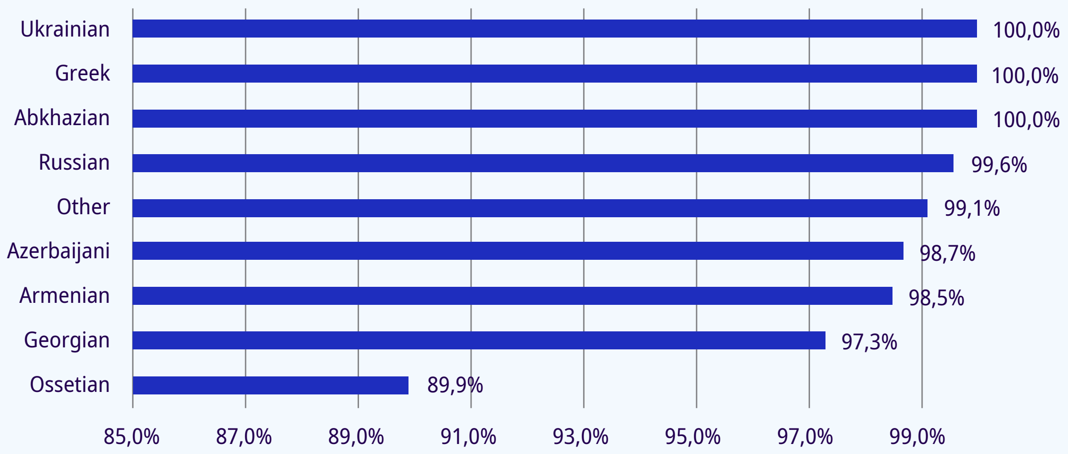


Source: Analysis of the 2018 IHS.

There are nevertheless a number of gaps, including observable variation by ethnicity and marital status, where coverage is below average primarily due to administrative barriers to coverage. For example, whereas 97 per cent of all older people receive the universal pension, this drops to 89.9 per cent among ethnic Ossetians, according to the 2018 IHS, as shown in Figure 5.3. The reasons for this gap are unclear, but it could be due to migration and the complex issues related to citizenship. In addition, single and divorced persons are slightly less likely to receive the pension, at 94 per cent and 91 per cent, respectively (see also Section 5.3.2).[186]

▶ **Figure 5.3:**

Percentage of the population over age 60 (women) or age 65 (men) receiving the universal old-age pension, by ethnic background, 2018



Source: Based on the 2018 IHS.

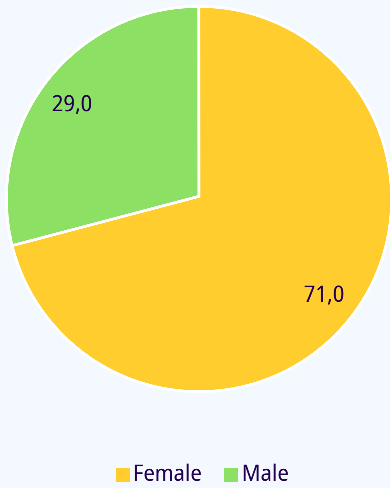
In addition, we note a distinctly gendered dimension to old age in Georgia, as shown in Figure 5.4, where more than two thirds (71 per cent) of old-age pensioners are women, and less than a third (29 per cent) are men. This discrepancy reflects the facts that women can claim the pension five years earlier than men and that women have a longer life expectancy. The life expectancy at birth for women is 78.4 years, compared with 69.8 years for men.[187]

186 In addition to being less likely to receive the pension, they are more likely to qualify for the TSA.

187 Geostat. However, this gender gap in life expectancy narrows at retirement: women's life expectancy at age 60 is 21.33 years (age 81.33), compared with men's life expectancy at age 65 of 13.56 years (age 78.56), suggesting that men are likely dying at younger ages due to higher exposure to risks like conflict and accidents.

▶ **Figure 5.4:**

Gender distribution of universal old-age pension recipients, 2018 (percentage)



Source: Based on the 2018 IHS.

New accumulated pension (mandatory individual account)

As of March 2020, there were 990,296 people enrolled in the new pension scheme, amounting to around half (51 per cent) of the labour force. However, administrative and labour force data indicate that the scheme has enrolled 100 per cent of people formally employed in the public or private sectors, suggesting that the scheme has potentially made inroads in terms of voluntary enrolment by the self-employed. Earlier data from September 2019 suggested that around three quarters of enrollees were from the private sector and a quarter from the public sector. Around 165,000 workers who were older than the age of 40 in 2018 chose to opt out of the system after the first three months of contributions.

No additional data, including on the breakdown between employees and the self-employed, or by gender, were available at the time of writing. However, going forward, it will be very important for the Government to develop monitoring systems that can evaluate the performance of the pension system from the perspective of equality, since contributory systems risk entrenching and exacerbating existing labour market and social inequalities unless deliberate measures are put in place to mitigate them.[188] The risks of deepening gender and other inequalities are higher in defined contribution systems like the one Georgia has implemented.[189]

Nonetheless, the positive early enrolment figures for the supplementary pension suggest that initial efforts to register firms and employees have been successful. Those efforts, together with the Government's new incentives to encourage the self-employed to register with the tax authorities as a condition for receiving COVID-19 one-off support (see Box 8.1), are promising steps towards the further development and expansion of the contributory system, as well as broadening the tax base to increase fiscal space for social protection expansion over the longer term.

188 Brimblecombe and McClanahan (2019). See Section 5.3.2 for further discussion of inequalities related to pension system design.

189 Directorate General for Employment, Social Affairs and Inclusion of the European Commission (2018).

5.3.2 Vertical coverage (adequacy)

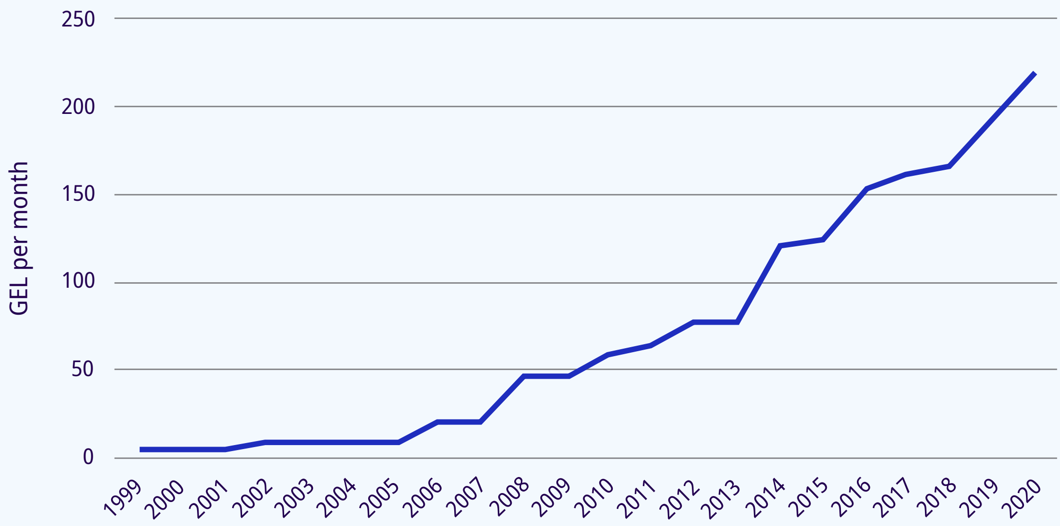
Universal old-age pension

Ensuring that old-age pensions are adequate relative to national and international standards is vital for securing basic income security in old age, as called for in ILO Recommendation No. 202 on social protection floors.[190]

The nominal value of the universal old-age pension has increased from GEL 14, when the differentiated social insurance pension was first converted to a flat rate in the 1990s, to GEL 220 in 2020.[191] However, like other social transfers in Georgia, the universal old-age pension has no indexation mechanism to maintain its real value, although the Government recently announced a plan to introduce indexation in January 2021 as part of the Anti-Crisis Plan in the wake of COVID-19.[192] Instead, the Government of Georgia has historically increased the pension on an ad hoc basis, which could in theory present significant risk for pensioners, who could see the purchasing power of their pensions erode significantly over time if the Government fails to act. Luckily for them, the Government has rather aggressively raised the value of pensions over time to keep pace with inflation. Figure 5.5 shows the growth in the real value of the pension since it was first introduced. Nevertheless, an indexation mechanism that adjusts the value of pensions systematically according to changes in prices and/or wages could protect against the potential for erosion in value.

▶ Figure 5.5:

Value of the social pension adjusted for inflation and expressed in 2020 prices, 1999–2020



Source: Transfer values are based on ISSA/SSA (multiple years). GDP per capita values are from IMF (2019b).

190 ILO (2012).

191 The pension is expected to rise to GEL 250 from 1 July 2020.

192 See Box 8.1.

ILO Conventions Nos. 102and 128 set minimum replacement rates for tax-financed pension levels at 40 per cent[193] and 45 per cent,[194] respectively, of the prevailing wage of a male manual labourer. To approximate this benchmark, as with disability benefits, we have used the average wage for elementary occupations in Georgia as reported by Geostat for the latest year available (2017).

Table 5.3 shows how the current universal old-age pension (State Pension) value compares with the minimum standards suggested by Conventions Nos. 102 and 128. Despite recent increases by the Government, the pension still falls just short of the minimally adequate monthly benefit amounts derived from the Conventions' replacement rates. In 2017, the old-age pension should have been at least GEL 232 per month (based on Convention No. 102) or GEL 262 per month (based on Convention No. 128), but at the time, it was actually only GEL 180 per month. And even now, the pension is 94 per cent (Convention No. 102) and 84 per cent (Convention No. 128) of the 2017 recommended values.

▶ **Table 5.3:**

Minimum adequate social pension levels in Georgia according to C102 and C128

National benefit	Value of national benefit (per month)	Average monthly nominal wage of elementary occupations (2017)[195]	C102 adequate social pension at 40% (per month)	C128 adequate social pension at 45% (per month)
State Pension (universal old-age pension)	GEL 220	GEL 581.20	GEL 232.50	GEL 262

However, when compared with other countries that also invest in tax-financed old-age pensions, Georgia's pension again performs relatively well, as shown in Figure 5.6. At a value of around 20 per cent of GDP per capita, Georgia's universal old-age pension is positioned solidly in the upper tier of the middle-income countries that provide a tax-financed old-age pension. The value of Georgia's pension is more than double the value of the social pension in the Russian Federation (9 per cent of GDP per capita), nearly twice as high as pensions in neighbouring Azerbaijan (11 per cent) and Armenia (12 per cent) and well ahead of other Western and Central Asian countries.

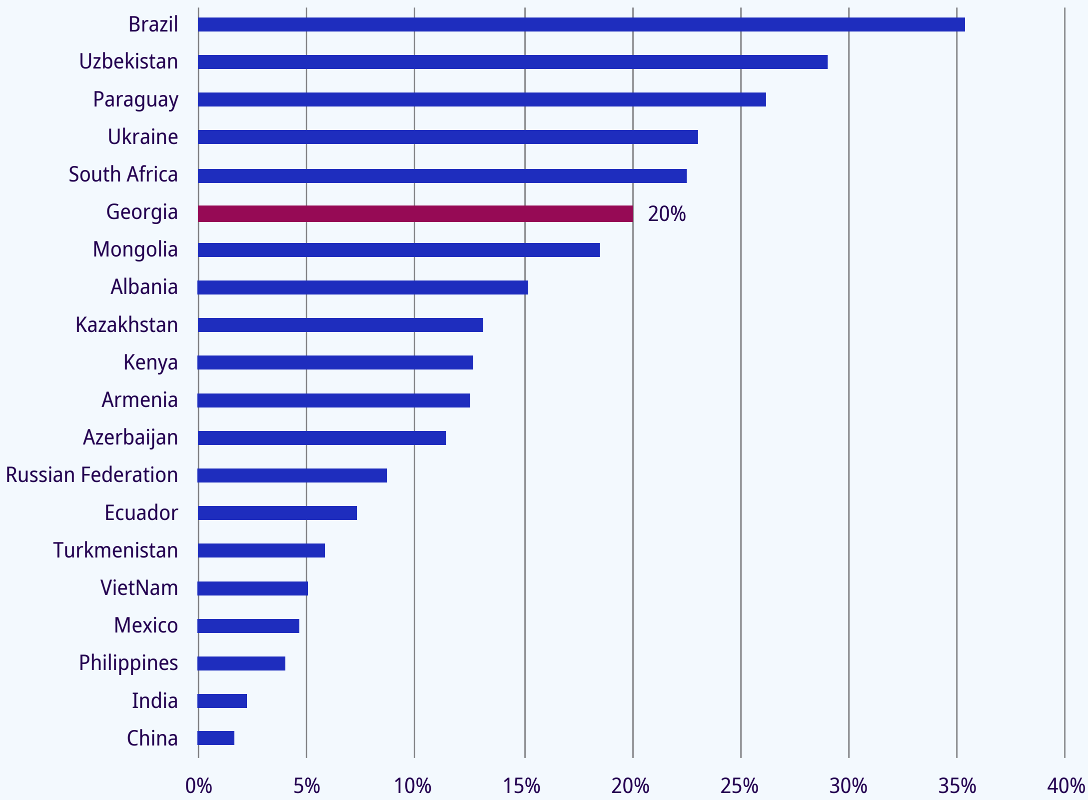
193 ILO (1952).

194 ILO (1967).

195 2017 is the latest year of data available on average monthly nominal wages in elementary occupations. This means that the recommended minimally adequate values are underestimated. See Geostat: https://www.geostat.ge/en/modules/categories/39/wages.

▶ **Figure 5.6:**

Comparison of tax-financed old-age pension values in select middle-income countries, latest year available (percentage of GDP per capita)



Source: HelpAge International pensions database and various national sources.

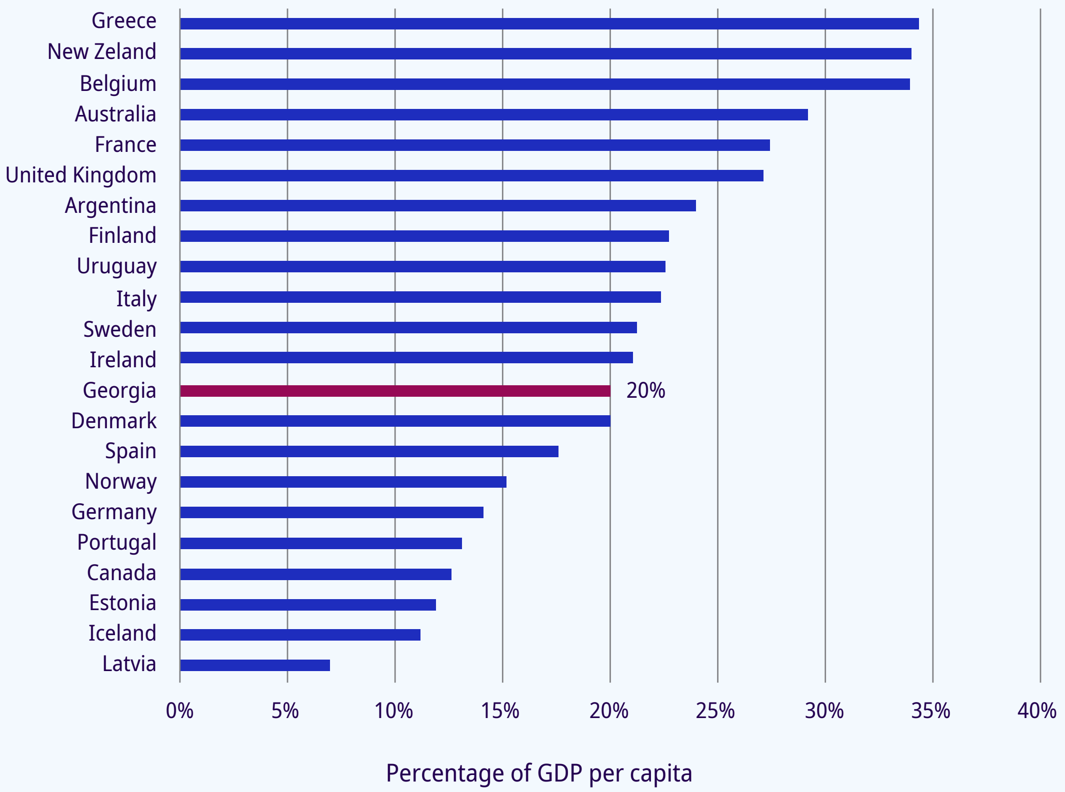
However, it should be noted that in nearly all of the countries,[196] the tax-financed social pension is implemented alongside a mandatory contributory (social insurance) pension. Therefore, since many pensioners in these countries can also expect to receive much higher public pensions from the earnings-related contributory system, the tax-financed pension should be understood as the *minimum* pension they can expect to receive in old age. In contrast, in Georgia, the tax-financed old-age pension (State Pension) constitutes the *only* statutory pension, meaning that many older Georgians will struggle to maintain a standard of living comparable to their previous earnings after retirement, especially if the State Pension is their only source of income. The new mandatory individual account system is intended to fill this gap in Georgia, but policymakers should be aware of the likely implications of choosing a funded pension design for future pension adequacy, since these systems tend to perform less well for people with lower earnings (see discussion below on the new accumulated pension scheme).

196 Exceptions include Lesotho, Namibia and South Africa.

Given Georgia's aspirations to align more closely with EU standards and practices, it is also helpful to compare the value of Georgia's pension to social pensions provided in Europe and other high-income countries, keeping in mind that these countries also offer, almost universally, additional public social insurance pensions, New Zealand being a notable exception.[197] Figure 5.7 shows how Georgia's pension compares with tax-financed pensions in high-income countries. Georgia again performs reasonably well at 20 per cent, though more high-income countries pay higher-level pensions in addition to the tax-financed social pension.

▶ **Figure 5.7:**

Comparison of tax-financed old-age pension values in select high-income countries, latest year available (percentage of GDP per capita)



Source: HelpAge International pensions database and various national sources.

Despite the relative effectiveness of Georgia's universal pension as a foundational tier benefit, a number of pensioners may require additional support due to their particular family and living situations. Indeed, analysis of the 2018 IHS shows that approximately 9 per cent of older people in Georgia also receive the TSA. Figure 5.8 shows that the likelihood of an older person receiving the TSA varies significantly depending on the person's sex, marital status and disability status. Among other patterns, we observe

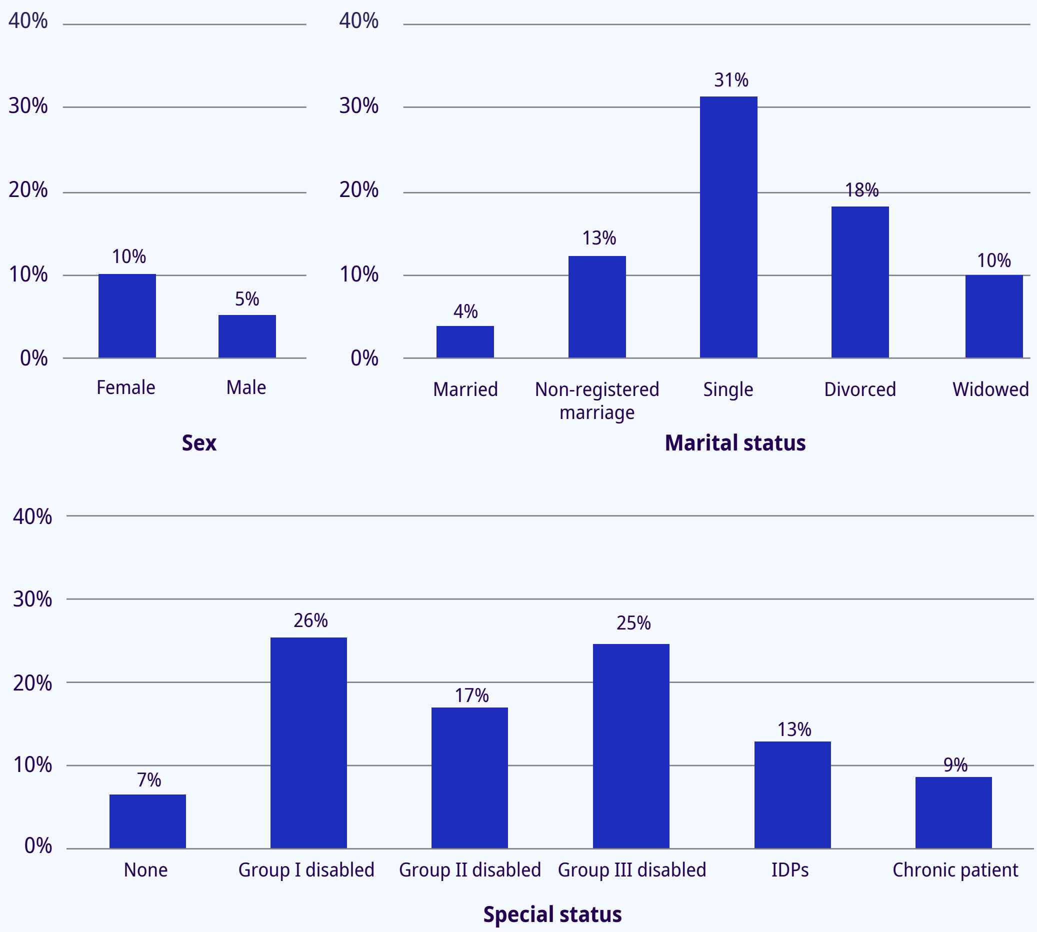
197 New Zealand finances most of its welfare system through taxes. However, it does have a supplementary pension (known as New Zealand Superannuation) that is quasi-mandatory, where employees are automatically enrolled and must opt out.

that older women are twice as likely as older men to qualify for the TSA, single older people are more than eight times more likely than married people to need the TSA, and older persons with disabilities (regardless of the degree) are significantly more likely to need the TSA than those with no disability. Nearly one in ten survivors are also forced to rely on the TSA, reflecting the consequences of the absence of survivors' benefits, which leaves the widowed pensioners (86 per cent of whom are women) facing similar costs of maintaining a household with half the household income. These findings strongly suggest that the old-age pension, on its own, is insufficient for older persons experiencing multiple vulnerabilities, including those facing additional costs related to disability.

A second-tier system of pension benefits, including disability and survivors' pensions, would go a long way towards ensuring that many more of these older people could live independently on their own pension income, without having to fall back on "last resort" benefits like the TSA.

▶ Figure 5.8:

Percentage of older people (aged 65+) receiving the TSA, by sex, marital status and special status



Source: Based on the 2018 IHS

New accumulated pension (mandatory individual account)

As with disability benefits, the minimum standards for the adequacy of contributory old-age pensions set out in Conventions Nos. 102 and 128 are higher than those for tax-financed pensions as the former use the employee's previous earnings as the reference value. According to the Conventions, old-age pensions that have been financed by contributions must be equal to at least 40 per cent (Convention No. 102) or 45 per cent (Convention No. 128) of the insured's previous earnings over their last 30 working years.

This would mean that the old-age pensions that will begin to be delivered through the new accumulated pension scheme would need to be significantly more generous than the current tax-financed pension. As an example, someone earning the average wage of GEL 1,068 in 2018 would need to contribute enough – and generate enough return on investment – to finance a monthly annuity payment of at least GEL 427 (Convention No. 102) or GEL 481 (Convention No. 128) to meet the minimum standard. This may prove challenging in light of international evidence on the overall lack of success of funded schemes in delivering adequate pensions, as explained in Box 5.1.

The ILO, which has historically set global standards for designing national social security systems, defines social insurance as follows:

Contributory social protection scheme that guarantees protection through an insurance mechanism, based on: (1) the prior payment of contributions, i.e. before the occurrence of the insured contingency; (2) *risk-sharing or "pooling"*; and (3) the notion of a guarantee. The contributions paid by (or for) insured persons are pooled together and the resulting fund is used to cover the expenses incurred exclusively by those persons affected by the occurrence of the relevant (clearly defined) contingency or contingencies. Contrary to commercial insurance, risk-pooling in social insurance is based on the *principle of solidarity* as opposed to individually calculated risk premiums.[198]

Funded schemes, like the one recently implemented in Georgia, depend heavily on the performance of the market to deliver sufficient returns to finance adequate retirement benefits. The current crisis stemming from the COVID-19 pandemic brings this issue into sharp focus, as pensioners around the world who rely on savings-based schemes are seeing their retirement benefits decline sharply.

In addition, social insurance systems offer regular and predictable income transfers throughout the covered contingency period (whether for the long term, as with old age or disability, or the short term, as with maternity, sickness or unemployment). While some defined contribution systems allow for periodic benefits – such as through programmed withdrawals or the purchase of an annuity – they generally also (and, in many instances, only) provide the option of taking the benefit as a lump sum reflecting the employee's and employer's contributions, plus any interest earned from the investment of the member's account. In Georgia, future pensioners may choose to withdraw the benefit as a lump sum, but they can also opt for programmed withdrawals or an annuity. Time will tell how many will choose one of the periodic options, but the temptation is usually strong to withdraw as a lump sum in order to cover immediate costs or make large purchases.

Paying benefits as lump sums, in effect, transfers the responsibility for sound financial management of the savings to the individual, which is particularly problematic in contexts where financial literacy levels are low. In Georgia, a recent survey found that usage of financial services among the population is very low compared with other countries in the South Caucasus, despite leading the region in financial infrastructure, like ATMs, bank branches and point-of-sale terminals[199] In addition, the same study found that poor households remain particularly underserved, suggesting that inequalities in pension outcomes – to the extent that they depend on the member making good financial decisions – are likely to be exacerbated among under the accumulated scheme. While the survey did not find gender inequality in financial inclusion indicators in Georgia, globally, women tend to have lower levels of financial literacy and are more likely to be risk-averse when making investment decisions, which can also result in lower pension levels.[200]

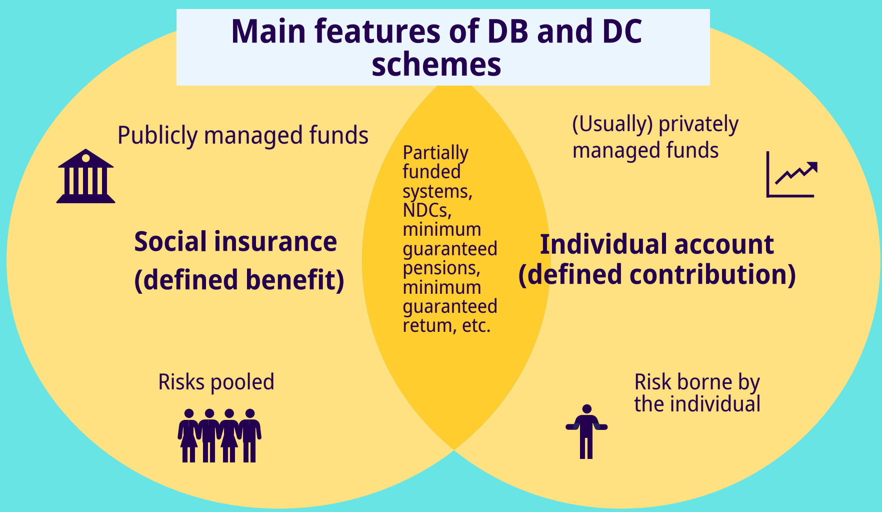
198 Emphasis added. See "Glossary" of ILO (2017).

199 Babych et al. (2018).

200 Brimblecombe and McClanahan (2019); and ISSA (2017).

▶ **Box 5.1: A primer on choices in pension design**

When designing a contributory social security scheme, there are two quintessential options: (1) a **defined benefit (DB)** arrangement, which specifies a statutory replacement rate for monthly benefits and then sets the mandatory contribution rates necessary to finance the benefits; or (2) a **defined contribution (DC)** arrangement, which specifies mandatory contribution rates which finance accounts that are invested and earn returns. DC arrangements are often referred to as **"funded"** schemes and typically consist of mandatory individual accounts, which are managed by private fund managers. In contrast, DB arrangements are often called **"social insurance"** schemes (due to their cross-subsidization and solidarity-based components) or **"pay-as-you-go"** schemes (due to a financing structure whereby today's workers' contributions fund today's retirees and other beneficiaries).



Pension reforms can either be **"structural"** (altering the DB/DC nature of the system) or **"parametric"** (altering eligibility rules, benefit or contribution levels, etc., without changing the nature of the scheme). Since the 1980s, as traditional DB schemes faced serious sustainability challenges due to demographic pressures, there has been a strong push for the "privatization" of mandatory public social insurance schemes, converting them to defined contribution schemes. The hope was that private management would bring high-investment returns, improve benefit adequacy, deepen capital markets and increase coverage. In fact, most of the reforms failed to meet neither these expectations nor a number of other dimensions, including gender equality. Women fare worse on average in funded systems due to their lower earnings and shorter careers (see Box 5.2).

Decades later, of the 30 countries in Eastern Europe and Latin America that privatized their national pension systems, 18 have re-reformed or **reversed the privatizations** and reinstated mandatory DB public social insurance models. Notably, almost no high-income, democratic countries privatized their public pensions but instead opted for "parametric" reforms, such as raising the retirement age or adjusting benefit levels, attesting to the popularity and staying power of solidarity-based arrangements from which everyone in society benefits. See Ortiz et al. (2018) for a full discussion of the lessons learned from decades of experimentation with funded schemes.

Moreover, while public (social insurance) pension systems reduce inequality overall, thanks to mechanisms that enable cross-subsidization from higher to lower earners (including women), there is still a risk that labour market inequalities are reproduced and reflected in overall pension outcomes, resulting in a "gender pension gap". Women, in particular, tend to be disadvantaged when benefits are tied to employment status, since women are more likely to be outside the labour market, have shorter or more interrupted careers and have lower salaries.[201] As a result, even in social insurance systems, women tend to have lower pensions, they often fail to meet the minimum contribution requirements for a full pension, and a significant proportion do not even qualify for a minimum pension.[202] For this reason, many high-income countries have implemented a variety of measures to mitigate these inequalities, as explained in Box 5.2.

It is important to note, however, that many of the corrective measures used to mitigate labour market inequalities are only possible – or at least are much easier to implement – in pension systems that are based on solidarity and risk-pooling principles, which allow for cross-subsidization. Georgia's new accumulation pension system, as a defined contribution system, is based on the individualization of risk and a tight link between contributions and benefits, which puts lower earners and workers with shorter contribution histories – notably women – at a severe disadvantage. In the future, it will be important for the Government to monitor these expected outcomes and put in place measures, such as minimum guaranteed pensions (which are subsidized), to mitigate them.

▶ Box 5.2: Measures to mitigate gender inequalities in pension systems

Because contributory systems tend to reflect back inequalities in the labour market, especially gender inequalities, policymakers have relied on a variety of tools to mitigate or correct these. Some examples include:

- **Equalizing retirement ages between men and women:** Earlier retirement ages for women reduce their opportunities to accumulate the required number of years for full entitlements, leading to worse outcomes for women in retirement. Equalizing the pensionable age of men and women can reduce these inequalities; however, care must be taken to ensure that the changes to the retirement age do not outpace changes in society and the labour market.
- **Granting caregiver credits for applicable periods spent outside paid employment:** Most countries in Europe offer credit towards contributory pensions for childbirth and childcare but for relatively short periods; Chile and Uruguay provide pension credits for caregivers; and many Central Asian countries reduce the retirement age for mothers or include periods of maternity leave in the definition of covered employment.
- **Strengthening "non-contributory" or tax-financed pensions:** Because women are less likely to earn entitlement to full or even minimum contributory pensions, one of the most effective ways to address gender inequalities in pension systems is to strengthen non-contributory pensions that de-link pensions from employment status. Georgia's pension system already does this through the universal pension.
- **Reducing the number of years required for a minimum pension:** Many contributory pension systems offer a minimum guaranteed pension for people who do not meet the requirements for a full career pension. Reducing the number of years required for a minimum pension can ensure that more women meet the minimum requirements.

Source: Based on Brimblecombe and McClanahan (2019).

201 ILO (2016b).

202 Directorate General for Employment, Social Affairs and Inclusion of the European Commission (2018).

Another drawback of defined contribution schemes is that they are generally unable to offer social security for common working-age risks, and in practice, these types of "funded" schemes are very rarely used as a mechanism for delivering other social security benefits outside of pensions. Indeed, only a handful of countries use funded individual accounts for anything other than old-age, disability or survivors' pensions. Some examples include Chile and Colombia for unemployment and Palau and Singapore, which mandate contributions to savings accounts and a provident fund, respectively, for health care. However, it is noteworthy that in all of the cases just cited, the individual account is in addition to a mandatory social insurance tier.[203]

One of the main reasons for this is because so-called "short-term" benefits like cash sickness or maternity, or unemployment, occur early in a worker's life, before the worker would have been able to accumulate a sufficient account balance under a defined contribution arrangement to replace his or her income during the period of interrupted employment. Social insurance, specifically pay-as-you-go or defined benefit schemes, is the only vehicle capable of delivering protection from these social security risks in an equitable way. If the Government of Georgia were to seek to introduce an unemployment insurance scheme, or to finance other short-term benefits in a different way to the status quo, it would likely need to build support among social partners for a national social insurance scheme.

For these reasons and others, the ILO only endorses funded schemes as a complement – rather than a substitute – to the basic public pensions (tax-financed and mandatory social insurance tiers).[204] While it is too soon to tell how the new contributory system in Georgia will perform over the coming decades (as the first "full career" benefits will not be paid for another 20 to 25 years), the Government would do well to heed the lessons from pension privatization around the world. One of the most important of these was to strengthen the guaranteed, tax-financed, first-tier pensions to ensure that no one falls below a nationally defined minimum floor (see Box 2.2). Georgia is already working from a solid foundation in this regard, but it will be important for the Government to continue bolstering it, including through indexation.

5.4 Summary

The story of the coverage of Georgia's older population is mostly a positive one. Everyone in Georgia, apart from those few who receive a State Compensation benefit, can count on the universal old-age pension to provide a basic guaranteed income in old age. Georgia stands out globally among countries of similar incomes in this achievement and also compares well with social pensions in high-income countries. However, the pension system does not currently enable most older people in Georgia to smooth their consumption and maintain a standard of living comparable to their pre-retirement levels. Further, the absence of survivors' pensions for adults leaves many older people, particularly women, vulnerable.

In addition, a significant share of the elderly (around 9 per cent) is also receiving the TSA. Older women are around twice as likely as men to qualify for the TSA, while upward of 30 per cent of single older persons qualify compared with just 4 per cent of those who are married. Moreover, a quarter of older persons with severe disabilities receive the TSA. These findings strongly suggest that the old-age pension, on its own, is insufficient for older persons experiencing multiple vulnerabilities, including those facing additional costs related to disability.

The recent introduction in 2018 of the supplementary accumulated pension scheme aims to improve this situation for future generations of pensioners. Efforts to enrol the workforce appear to have been successful so far, with 100 per cent of the mandatorily covered population enrolling as well as a small share of those eligible for voluntary participation. However, as with other schemes that only cover formally employed workers, this amounts to only around half of the labour force. This achievement demonstrates good state capacity that can help reintroduce the habit of deducting social contributions among employers even where participants are sceptical of the benefits.

Because benefits will not be paid out for many years, assessing their adequacy is a largely theoretical exercise. However, global experience with pension reforms in the past few decades strongly suggests that the design of the new pension is likely to bode poorly for those with lower earnings and shorter work histories, notably including women. This is because funded pensions, which tie benefit values tightly to

203 Based on analysis of ISSA/SSA (multiple years).

204 Duran (2017).

contributions with no possibility of cross-subsidization, tend to exacerbate labour market inequalities where they exist.

International experience also suggests that the system in its current form would not be suitable for the introduction of additional benefits to cover the working-age population, should the Government want to do so. This is because accumulation- or savings-based designs depend on workers building up significant funds to cover long-term risks like permanent disability or old age. Introducing the possibility of withdrawal for risks (such as maternity, sickness or unemployment) at younger ages would risk depleting the fund. A social insurance scheme would be more appropriate as an alternative – or complementary, under a multi-tiered framework – financing arrangement for working-age risks.

Table 5.4 summarizes the legal and effective coverage of older people in Georgia under the two main lifecycle benefits in operation.

▶ Table 5.4:

Summary of legal and effective coverage of older people in Georgia

Dimension of coverage		Universal old-age pension (State Pension)	Accumulated pension (supplementary pension)
Legal coverage	**Target group**	All women over age 60; all men over age 65	Beneficiary population (future): All women over age 60; all men over age 65 Contributory population: ▶ Current: All public- and private-sector employees who were younger than age 40 in 2018 ▶ Future: All public- and private-sector employees
	Beneficiary coverage ratio: share of population over age 60 or 65	100%	Unknown
	Contributor coverage ratio: share of labour force	N/A	44% of the labour force
Effective coverage	**Horizontal (extent of population)**	97.4% of the older population	51% of the labour force
	Vertical (adequacy/level of benefit)	Medium	Unknown, but: ▶ Adequacy is a problem in defined contribution schemes, especially for those on low incomes ▶ Labour market inequalities, including gender inequalities, are reproduced in pension outcomes

6. Access to health care across the lifecycle in Georgia

The Government of Georgia has explicitly recognized that health care is a right and has actively pursued policies to extend coverage to the entire population. Since the introduction of the UHCP in 2013, the total population with health insurance has reached nearly 98 per cent of the population, with approximately 84 per cent of the population covered under the State Health Insurance Programme.[205]

6.1 Legal coverage

When the UHCP was first implemented in 2013, it was truly universal in nature; however, since 2018, the benefits have only been provided to people in Georgia with annual earnings up to GEL 40,000. The UHCP provides varying tiers of support, financed through taxes, that take the form of the direct purchase of services by providers and the issuance of insurance vouchers to individuals to purchase insurance. The Social Service Agency administers the vouchers and acts as a single purchaser of health care. The comprehensiveness of the services and the generosity of the insurance voucher depend primarily on a person's age and income level.

Under the UHCP, beneficiaries can receive more or less comprehensive "packages", depending on their income or whether they fall into a specific target group. A full comprehensive package covering primary care, hospitalization and other services plus additional insurance is provided to young children aged 0–6, pensioners and certain other specified categories (such as IDPs). Older children and people of working age subject to income tests can receive a basic package plus additional insurance, and the self-employed and certain others can receive a limited package of services as well as a limited insurance voucher covering emergency services and oncological treatment. Table 6.1 summarizes the key features of the UHCP, its packages and their respective eligibility requirements, and Annex 4 summarizes the services and user charges (where applicable) for different target groups.

6.2 Effective coverage

6.2.1 Horizontal coverage

Including those covered through employer-provided or privately purchased insurance plans, virtually the entire population (98 per cent) has access to health insurance, which is a laudable achievement, despite recent restrictions that imposed an affluence test on the previously universal programme. Of those who are insured, Georgia's near-universal health insurance programme accounts for around 92 per cent of the covered population, as shown in Figure 6.1. Private insurance, provided through either employer-based plans or other private schemes, accounts for a small share of the insured population, around 8 per cent. Of the insured population, old-age pensioners are the most likely age group to benefit from government vouchers (98 per cent), while working-age persons are least likely (89 per cent), and a significant share (9.3 per cent) of insured children are covered under private plans.

Health-care provision is almost entirely private in Georgia, with the State providing subsidies for the purchase of insurance. The UHCP (also known as the State Health Insurance Programme) consists of a number of different subsidy schemes targeting different segments of the population, but other household members can also be covered by these programmes. As Figure 6.2 shows, 14.7 per cent of those insured are children aged 0–5 covered under the programme, 32 per cent of the insured population is covered by vouchers for pensioners, and around half the population (46 per cent) receive other types of state health insurance support (e.g. for low-income groups, for those without health insurance or for specifically defined vulnerable groups). Overall, only 3.6 per cent of the population is insured at their own expense, and only around 4.4 per cent are covered through employer-based plans.

205 Analysis of the 2018 IHS.

▶ Table 6.1:

Health-care benefits across the lifecycle in Georgia

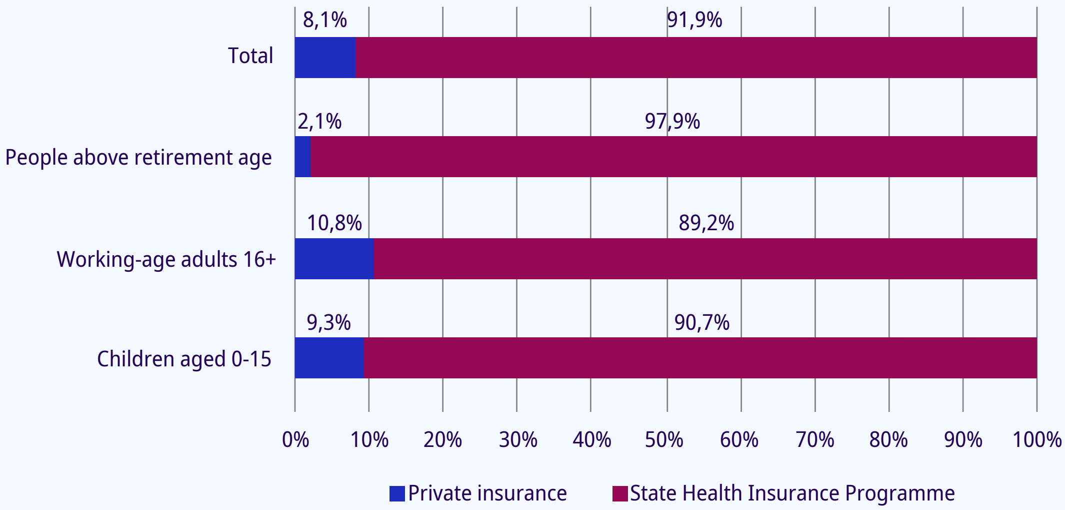
Main statutory features of the UHCP							
Scheme	**Type of scheme**	**Regulatory framework**	**Legally covered population**	**Financing arrangement**	**Qualifying conditions**	**Description of benefits**	**Administrative responsibility**
Universal Health Care Programme (UHCP, national health insurance)	Means-tested, non-contributory	Law of Georgia on Health Care (1997)	Citizens of Georgia with annual income up to GEL 40,000 Stateless persons residing permanently (legally) in Georgia	State budget	No minimum qualifying period[206]	State-provided health-care services and personal insurance are financed by the issuance of a voucher (package depends on income and special status)[207]	SSA

206 See Annex 4 for a description of the beneficiary categories.

207 See Annex 4 for a detailed description of benefits according to status and income.

▶ **Figure 6.1:**

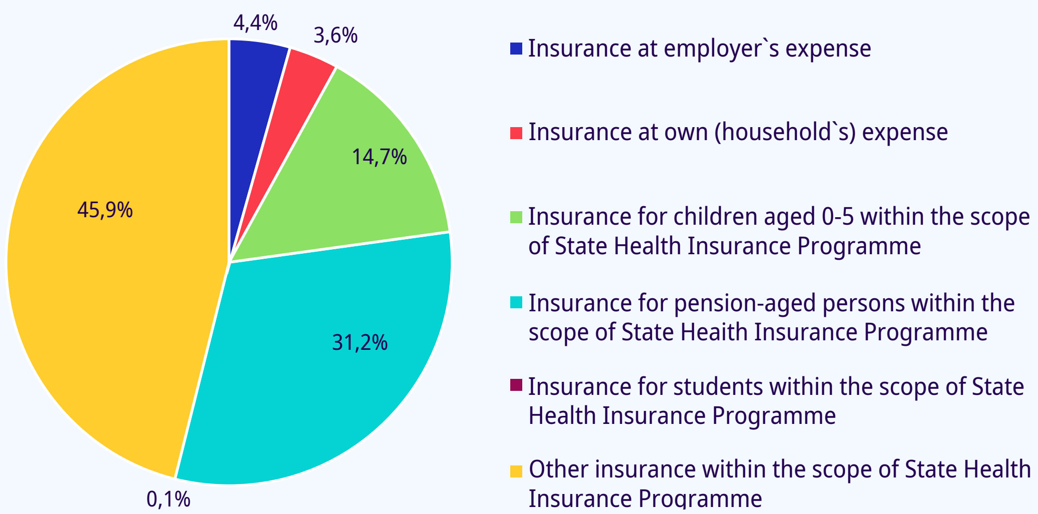
Percentage of the population covered by health insurance, by type of insurance (broad) and age group, 2018



Source: Analysis of the 2018 IHS.

▶ **Figure 6.2:**

Distribution of health insurance, by type of insurance (detailed), 2018 (percentage)



Source: Based on the 2018 IHS.

While coverage is high across all age groups (see Figure 6.3), the coverage among younger adults is lower, with 92 per cent of those aged 20–24 covered and 94 per cent of those aged 25–29. While there are income-tested and categorical subsidies that cover many of those in these age groups, the slightly lower coverage could be attributed to there being no age-specific health subsidy for young adults, while high youth unemployment means that a large number of unemployed young adults are unable to access employer-provided insurance.

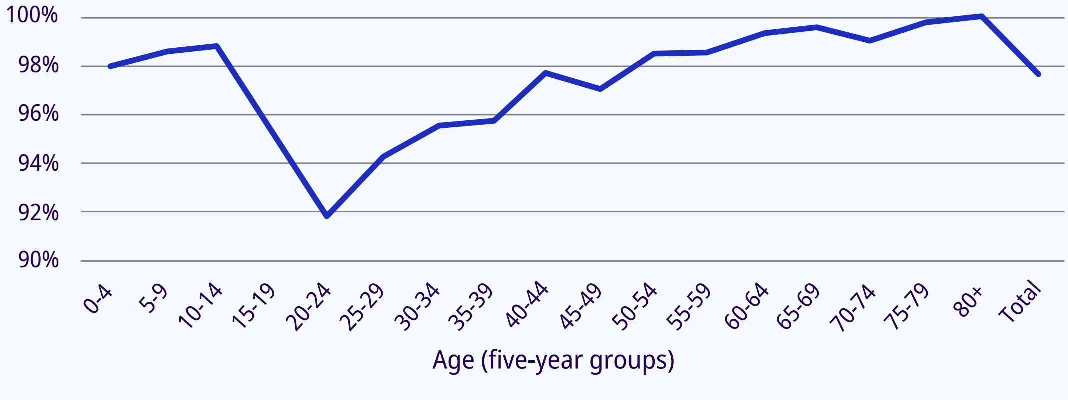
Finally, based on administrative data, women accounted for a larger share of UHCP beneficiaries. In 2019, some 440,435 women received support through a form of state subsidy, whereas only 393,255 men did.[208] Most of this difference can be attributed to the unequal gender distribution among old-age pensioners, 70 per cent of whom are women. Indeed, only around 35 per cent of all UHCP vouchers for pensioners were men.[209]

6.2.2 Vertical coverage (adequacy)

While the wide-reaching horizontal coverage is clearly an achievement, some important gaps remain when assessing the adequacy of health benefits in Georgia. For example, private individuals are still paying more than half the cost of health care: in 2017, out-of-pocket expenditures on health care represented 54 per cent of the total expenditure on health in Georgia,[210] suggesting, among other things, that there is a substantial degree of topping up of the basic state-sponsored package. Around two thirds of these out-of-pocket payments go to pharmaceuticals.[211]

▶ Figure 6.3:

Percentage of the population with health insurance, by age, 2018



Source: Based on the 2018 IHS.

208 Analysis of SSA administrative data.

209 Ibid.

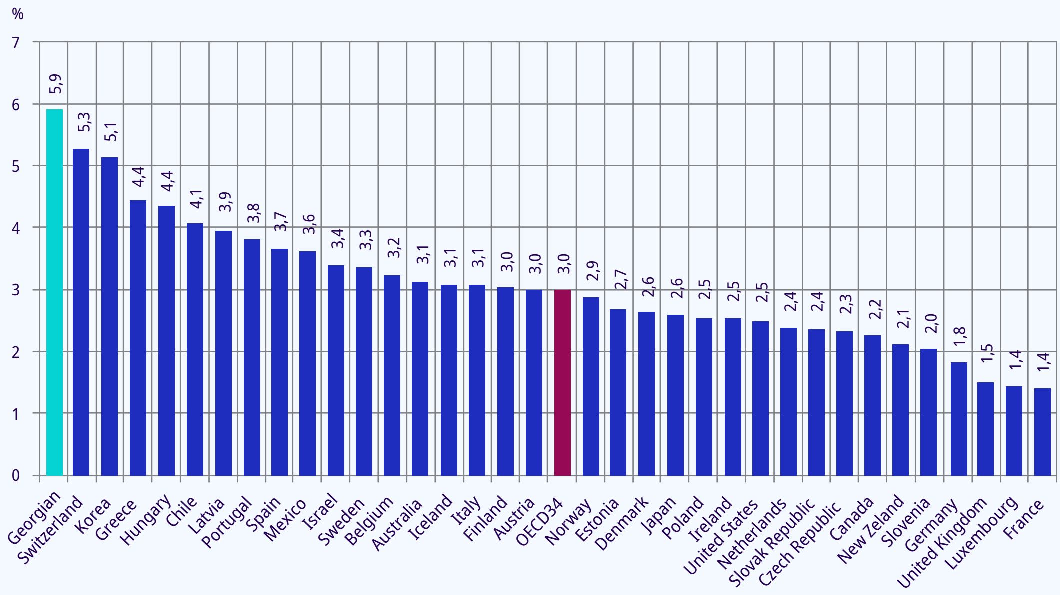
210 Georgia, Ministry of IDPs (2018).

211 Richardson and Berdzuli (2017).

Equally, when measured as a share of total household consumption, the out-of-pocket burden is very high compared with OECD countries. On average, Georgians spend around 5.9 per cent of their monthly expenditures on health care.[212] In the OECD, the countries that spend the highest proportion of household consumption on health care are Switzerland (5.4 per cent) and Korea (5.1 per cent). The OECD average is 3 per cent, almost half what is spent by Georgians, as shown in Figure 6.4.

▶ **Figure 6.4:**

Out-of-pocket medical spending as a share of final household consumption, 2015 or latest year available



Source: Reproduced from OECD (2017, fig. 5.7). Georgia value is based on analysis of the 2018 IHS.

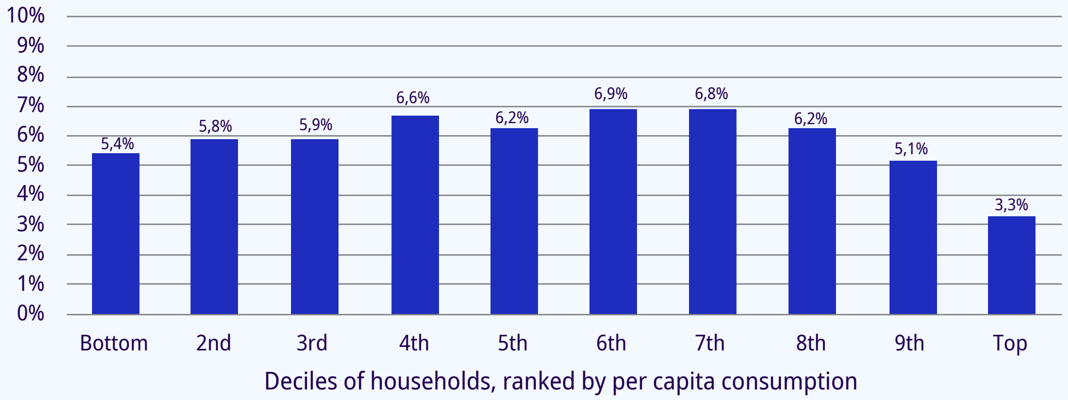
While the burden of out-of-pocket health expenditures is relatively evenly distributed across income deciles, it is most severe among those in the middle deciles, as shown in Figure 6.5. This finding is consistent with the distribution of subsidies, which heavily favour those in lower-income deciles. The expenditure on health care relative to household consumption is lowest for the highest two consumption deciles, reflecting significantly higher consumption levels among the highest income deciles.

In addition, we can observe that people experience higher-than-average out-of-pocket expenditures if they live in certain regions, in Imereti, Racha-Lechkhumi and Kvemo Svaneti, or Samtskhe-Javakheti, as shown in Figure 6.6. (Expenditures are also high in Tbilisi but so are incomes; thus, in relative terms, expenditures are around the national average.)

212 Based on analysis of the 2018 IHS.

▶ **Figure 6.5:**

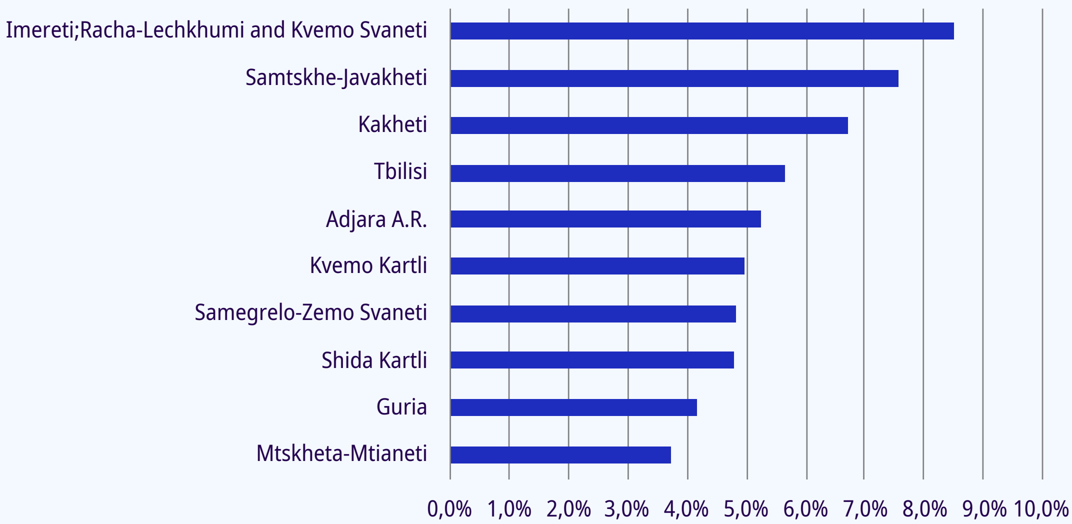
Median monthly household expenditure on health care as a percentage of monthly household consumption expenditure, by consumption decile, 2018



Source: Analysis of the 2018 IHS.

▶ **Figure 6.6:**

Median monthly household expenditure on health care as a percentage of monthly household consumption expenditure, by region, 2018



Source: Analysis of the 2018 IHS.

These high out-of-pocket payments can have serious impacts on people's ability to access the care they need. This is particularly true for women, who experience some key gaps in covered services that reflect in poor outcomes overall. For example, Georgia has a higher-than-average lifetime risk of maternal death relative to other countries in Eastern Europe and Central Asia, which can be explained in part by the lack of high-quality antenatal care and weak monitoring systems, particularly for women living in the regions. In addition, the UHCP basic package does not include some of the fundamental components of women's reproductive and preventive health, including access to family planning counselling and contraceptives.[213]

6.3 Summary

While Georgia has succeeded in extending health insurance coverage to virtually the entire population, the vast majority of whom are insured under the near-universal UHCP or State Health Insurance Programme, the story of vertical extension (adequacy) is less positive. Compared with high-income countries, Georgians on average spend significantly more than the OECD average on out-of-pocket health expenditures as a share of household consumption, at around 6 per cent. Those in middle-wealth deciles bear a heavier burden due to lower available subsidies. Private spending also accounts for around half of total health spending (54 per cent) in Georgia,[214] suggesting, among other things, that there is a substantial degree of topping up of the basic state-sponsored package, where sometimes essential components of preventive health, such as contraceptives, must be purchased privately.

Therefore, while the support that the Government offers Georgians through the UHCP likely prevents most people from catastrophic health expenditures, many people, especially those who are not eligible for subsidies or who are only eligible for relatively meagre ones, still incur significant health-care costs.

213 UN Women (2020b).

214 Georgia, Ministry of IDPs (2018).

▶ 7. Social protection and women and girls in Georgia: A summary of initial findings

Women, because of their unique life course and position in the labour market, are more likely to need the social protection system at key stages of their lives. The analysis in this report has emphasized the unique challenges that women face due to the combination of their life course and highly gendered labour markets. These inequalities can be mitigated by gender-responsive policies, including social protection policies. However, the social protection system itself can also exacerbate gender inequalities if not carefully designed. The interactions between gender and social protection are complex and mediated by the life course, where risks faced in childhood may be very different from the risks faced in adulthood or old age.

Some key gaps and the reasons behind them are clear, while others call for more in-depth analysis. Overall, women are more likely to benefit from the social protection system across the lifecycle, except during working age. The following paragraphs summarize the main findings from the preceding analysis and should help guide an agenda for future research into the particular gender dynamics at play in Georgia's social security system.

7.1 Children

Girl children face a number of challenges in Georgia, particularly among certain segments of the population. There is still an overall preference for sons, as reflected in the sex ratio at birth, as well as early marriages, and there remains a lack of youth-friendly health-care services, all against the backdrop of significant economic hardship.[215]

Three key findings stand out with respect to the social protection and gender nexus among children:

- Girl children are, overall, more likely to live in poverty than boy children, with the gap particularly pronounced for the youngest children (aged 0–4) and older children (aged 10–14).
- However, the distribution of male and female beneficiaries in the poverty-targeted CBP is relatively even. Because girl children only make up 48 per cent of the child population, and girls are slightly more likely to be poor, the even sex distribution of CBP beneficiaries disguises the fact that girls are actually more likely to benefit from the programme than boys (15 per cent of girls receive the CBP, compared with 13 per cent of boys).
- Key components of sexual and reproductive health care, including contraceptives, are lacking in the UHCP packages, leaving youth and adolescent girls vulnerable.

7.2 Working-age people

Gender inequalities in Georgia, as elsewhere, are often most pronounced during working age, when women face a double burden of work outside and inside the home. It is no surprise, then, that women are significantly more likely to be inactive than men, with young women more likely than young men to be not in employment, education or training (NEET). Women's lower labour force participation is largely due to the fact that women are far more likely than men to be caregivers and to take time out of paid employment for family leave and child-rearing. Many women work informally and are particularly vulnerable in certain types of employment that lack basic protections, like domestic work. Moreover, women working informally earn, on average, around 42 per cent less per year than those in formal employment.[216] These vulnerabilities are reflected in a significant gender pay gap: on average, women's earnings amounted to only 64 per cent of men's in 2018, and in general, men benefited more from increased salaries than women in recent years.[217]

215 UN Women (2020b).
216 UN Women (2018).
217 UN Women (2020a).

Photo: ILO/David Mdzinarishvili

The social security system can either mitigate or exacerbate these labour market inequalities, largely depending on the way individual policies are designed. The analysis has shown that gender and social protection interact in a number of ways for people of working age:

- A number of key lifecycle benefits during working age (including maternity protection, paid sick leave and the right to build up savings in the accumulated pension system) are reserved for those in formal employment. This leaves out more than half of working women in Georgia. For maternity, less than a third of women of reproductive age (aged 15–49) can expect to receive income support in the months following childbirth.
- In the case of maternity benefits, the exclusion of inactive or informally working women is particularly egregious as the benefits are financed from the state budget, which includes revenue from income taxes (paid by formal employees) as well as consumption taxes, which are paid by everyone, resulting in a regressive financing arrangement in which those outside of formal employment are in effect subsidising maternity benefits for the formal sector.
- For those in the private sector who do qualify for maternity benefits, as well as much of the public sector (excluding civil servants), existing benefit levels are wholly inadequate, in most cases replacing only a fraction of women's lost earnings, and are far lower than the two thirds required of ILO Convention No. 183.
- The new accumulated pension scheme is very likely to reproduce and exacerbate existing gender inequalities in the labour market, and the savings-based design poses steep challenges for introducing redistributive measures within the scheme to mitigate these inequalities.
- Working age is the only age group in which men are more likely to benefit from the social protection system (16 per cent of men receive transfers, compared with 13 per cent of women). This is despite the fact that there are more benefits theoretically available to women than men (since there are no paid paternity benefits). The discrepancy in coverage is explained by the inadequate provision of maternity benefits as well as the unequal distribution of Social Package disability beneficiaries, 60 per cent of whom are male.

7.3 Older people

Of all age groups, older people in Georgia are least likely to be poor. This is due to the impact of the old-age pension and universal health care (including a comprehensive package of benefits for pensioners), which reach nearly all older people in Georgia.

The analysis uncovered a number of gendered dynamics among older persons in the social protection system:

- While there is a survivors' benefit for children, adults have no social protection in case of the death of a spouse or partner and the associated loss of the spouse's or partner's income. The absence of survivors' pensions for adults creates a specific disproportionate disadvantage for women. Based on the IHS, 86 per cent of all widowers are female and 14 per cent are male, largely reflecting women's longer life expectancy. Around one in ten older survivors receive the TSA.
- Global experience with pension reforms in the past few decades strongly suggests that the design of the new pension is likely to bode poorly for those with lower earnings and shorter work histories, notably including women. This is because funded pensions, which tie benefit values tightly to contributions with no possibility of cross-subsidization, tend to exacerbate labour market inequalities where they exist.
- There are indications that the old-age pension is not adequate, particularly for people experiencing multiple vulnerabilities. Women, owing to their longer life expectancy, are reliant on the universal pension over a longer period than men; therefore, the adequacy of the universal old-age pension is particularly relevant for them. Older women are twice as likely as older men to rely on the TSA (10 per cent versus 5 per cent), but this gap is largely explained by women's longer life expectancy, since older women on average are just as likely as older men to be poor.

Despite the gaps discussed above, national figures show that in general, poverty rates are slightly lower for women. This most likely reflects the slightly higher coverage of social protection among women than men, especially in old age.

This analysis has demonstrated that the gendered nature of the life course and labour markets requires the social protection system to be particularly responsive to gender-based inequalities. However, the social protection system, with its focus on income redistribution across wealth groups and generations, is only one component of the broader set of gender-responsive tools available to governments to address structural inequalities, including those that begin in the household.

The following chapter offers a potential way forward for closing a number of these gaps.

▶ 8. Towards an inclusive lifecycle social protection system in Georgia

The impact of Georgia's social security system on the welfare of its population is undeniable. Without key lifecycle benefits, many more people would be living in poverty or at risk of poverty than is currently the case. While the emergence of COVID-19 was certainly unwelcome throughout the world, Georgia was arguably better positioned than many countries of similar income levels to absorb the unprecedented shock. This is thanks in particular to its investments in the old-age pension and universal health care. In addition, the Government has been able to expand the TSA at a moment's notice, largely thanks to the investments in the administrative apparatus.

The following sections explore the impacts that the current system has had on the welfare of households in Georgia, as well as on aggregate indicators of national welfare like poverty and inequality. Proposals for the potential expansion of the system are then offered.

8.1 Overall performance of the existing system

Income transfers from social protection are the most direct way for governments to address income insecurity, poverty and inequality. Indeed, across OECD countries, government transfers account for the bulk of income redistribution when compared with taxes and social contributions.[218]

In Georgia, income from social protection transfers constitutes a significant share of total household income[219] – on average, across the whole population, around 28 per cent of household income derives from transfers.[220] By a notable margin, the universal old-age pension is the single most important programme, constituting 21 per cent of household income on average. Other schemes have much lower coverage and transfer values and, therefore, amount to a smaller share of average total household income. For example, the TSA accounts for 4 per cent of total household income, and the disability pension accounts for 2.5 per cent.

The relative importance of social protection varies significantly across age groups, reflecting the very different sets of policies aimed at children, people of working age and older people. Figure 8.1 illustrates the relative importance of social protection across the lifecycle. Among older people above the official retirement age, around 54 per cent of total household income derives from social protection transfers, compared with just 17 per cent among children and working-age adults. Again, this reflects the higher transfer values and wider coverage of the old-age pension, as well as the lower overall incomes of older people, while significant gender differences were not observed.

Those in lower-income deciles are much more likely to rely on social protection transfers to meet their needs, and indeed the relative importance of social protection transfers declines as households derive more income from labour and other sources. Figure 8.2 shows the average share of household income from social protection transfers across the welfare distribution. Those in the bottom decile of the population derive close to half of their household income from social transfers, compared with 11 per cent among the top decile. Women derive, on average, 30 per cent of household income from transfers, compared with 24 per cent among men.

Overall, the social protection system is making a significant contribution towards reducing the level of income inequality in the country. This can be illustrated by comparing the Gini coefficient of household income with and without social transfers. The metric ranges from 0 (perfect equality) to 1 (perfect inequality). In 2018, the Gini coefficient of per capita income was 0.391 while, when excluding income from social protection, it was 0.505. In other words, without the social protection system, the level of income inequality would have been nearly 30 per cent higher. However, the way that the system responds to horizontal inequalities is complex, as Chapter 7 highlighted with respect to gender inequality.

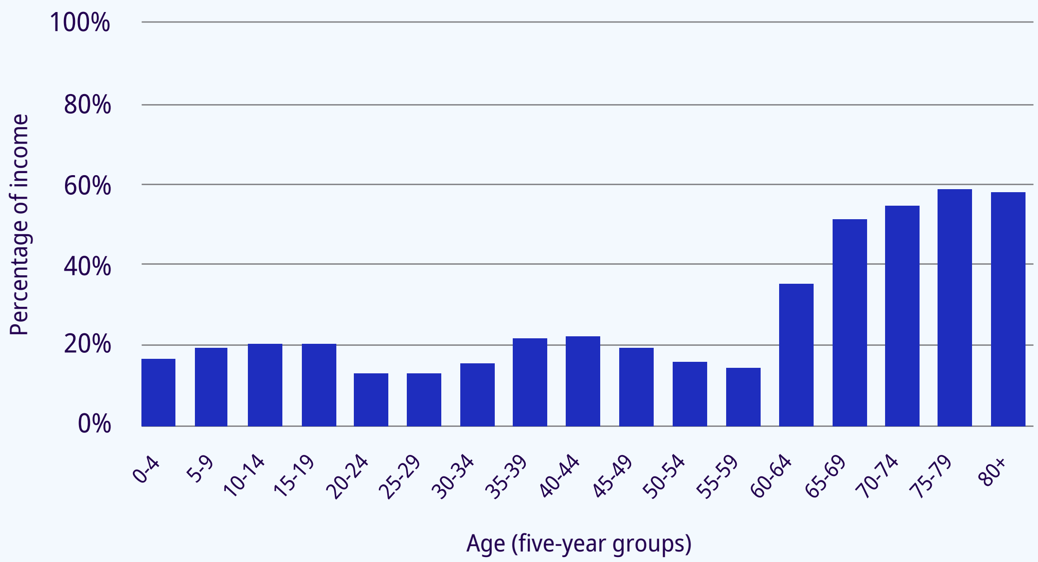
218 Causa and Hermansen (2017).

219 Households may receive income from a variety of sources, including earnings from labour, agricultural income, remittances from family members who have emigrated abroad, and government transfers.

220 Analysis of the 2018 IHS.

▶ **Figure 8.1:**

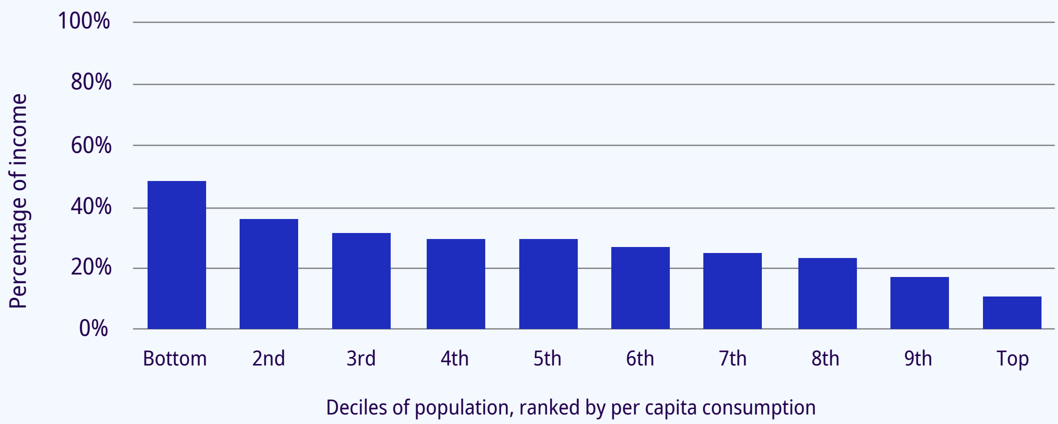
Average income from social protection transfers as a share of total household income, by age, 2018



Source: Analysis of the 2018 IHS.

▶ **Figure 8.2:**

Average income from social protection transfers as a share of total household income, by decile groups of the population, 2018

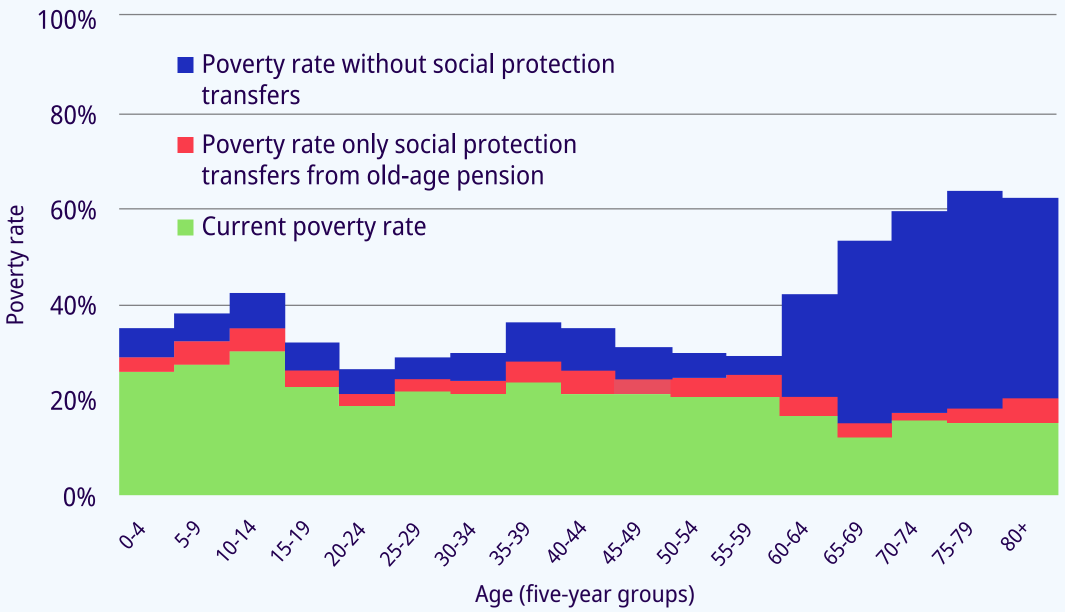


Source: Analysis of the 2018 IHS.

Likewise, the social protection system plays a critical role in reducing levels of poverty. Figure 8.3 shows the estimated poverty rate across age groups if there were no income transfers from the social protection schemes. The poverty line is set at 60 per cent of median equivalized household consumption.

▶ **Figure 8.3:**

Simulated share of the population living below the relative poverty line (60 per cent of median equivalized household consumption) before and after receiving income from social protection transfers, by age, 2018



Source: Analysis of the 2018 IHS.
Note: The poverty line is fixed at 60 per cent of median equivalized household consumption after transfers.

Overall, it is estimated that in 2018, social transfers reduced the national poverty rate by half, from 40 per cent to 20 per cent. Social transfers also reduced the child poverty rate from 39 per cent to 28 per cent and the poverty rate among working-age adults from 31 per cent to 21 per cent. The largest poverty reduction was among older persons: without social transfers, an estimated 57 per cent of pensioners would have lived below the poverty line, compared with 15 per cent after taking transfers into account, amounting to a three-quarters reduction in old-age poverty.

As previous studies have shown, because of its expansive coverage and relatively high transfer values, the old-age pension accounts for most of the reduction in these indicators.[221] This is consistent with findings from across the OECD, where, all things being equal, the size of the transfer matters much more than the targeting (or progressivity) of the benefit for achieving its redistributive aims.[222]

221 See Kidd and Gelders (2015).

222 Causa et al. (2019).

8.2 Closing the gaps in Georgia's social protection floor

According to ILO Recommendation No. 202, the aim of a national social protection floor is to provide basic income and health security for children, people of working age and older people. Georgia's existing social security system already does this quite well for the vast majority of the older population and for people with disabilities across age groups, though this analysis has outlined some noticeable gaps.

However, the analysis has also revealed a number of quite substantial gaps in the social protection floor for children and people of working age, particularly women. These include:

- Low coverage of children under the CBP, which only reaches 14 per cent of children overall, and less than half of all children in the lowest consumption decile
- Inadequate maternity benefits for formally private-sector workers, and absence of maternity protection for the self-employed and women who are otherwise outside the labour market
- Absence of an unemployment insurance scheme to protect workers from catastrophic income losses during unemployment
- Lack of mandatory employment injury insurance, although a nascent scheme is due to be implemented this year

The arrival of the COVID-19 crisis has brought some of these issues to the fore, notably the precarious situation of many children and the inevitable worsening of what was already a serious unemployment situation. The crisis presents serious risks for young people as their opportunities for employment shrink even more; for women, given their vulnerability in informal employment, the increased care burden that accompanies lockdown measures and the higher levels of domestic abuse; and for children, whose health and well-being suffer as a result of school closures.

In response, thanks to the investment in social protection infrastructure in recent decades, the Government of Georgia was able to act quickly to put in place a series of emergency measures aimed at mitigating the impacts of the global COVID-19 pandemic. The measures began in early April 2020 and are expected to last six months. They include an emergency unemployment scheme that will provide six months of support for employees at GEL 200 per month, together with a one-off transfer of GEL 300 per month for self-employed persons who are either already registered or who register within a determined window; and a temporary expansion in eligibility for TSA and CBP transfers, including a variable transfer for families with PMT scores of 65,000 to 100,000, as well as a top-up of GEL 100 per month for six months for families with three or more children and PMT scores up to 100,000 and for children with disabilities or adults with severe disabilities.

The parameters for these new measures, as well as the Government's projections for coverage and costs of each component, are described in Box 8.1.

These measures will undoubtedly cushion the impact of the crisis for those who receive them, although they may not be enough. This is particularly the case for those in the "missing middle" who do not qualify for TSA and CBP top-ups or those who are unable to prove a loss of income for a variety of reasons (including, for example, women in domestic work who commonly do not have contracts and are paid in cash) and therefore will not qualify for the one-off support for the self-employed but who are nonetheless affected by the general economic contraction.

In addition, temporary or emergency measures overlook the permanent nature of common lifecycle risks. Indeed, social security, when well designed, is shock-responsive at its core; the more universal the benefits, the higher the coverage and the more preventive and protective the system is in the face of shocks. No doubt future analyses will demonstrate that the elderly have been likely to be least affected by the economic shockwaves from COVID-19 in Georgia, thanks to the wide reach of the old-age pension.

For these reasons, it makes sense to begin investing now in plugging the key gaps in the social protection floor on a permanent basis so that when the pandemic and its associated restrictions subside, the people and economy of Georgia are even better prepared for the next crisis. The most straightforward way

▶ Box 8.1: The Government's recently announced social protection response to COVID-19

On 24 April 2020, Prime Minister Giorgi Gakharia announced a new spending package, the coronavirus "Anti-Crisis Plan", worth GEL 3.5 billion (approximately USD 1.1 billion), of which GEL 1.035 billion will be directed towards social support for Georgia's citizens. A series of measures were put forth under the plan's second stage, which began in early April. They are designed to protect the well-being of those most vulnerable to the negative job impacts of the crisis and those suffering from economic hardship as a result of the pandemic. The model outlines the beneficiaries of financial support as follows:

Contracted employees who have lost their jobs or are on unpaid leave

- They will receive GEL 1,200 in assistance over a period of six months (GEL 200 per month).
- This component will cost approximately GEL 460 million and will benefit approximately 350,000 Georgian citizens.

Persons employed in the informal sector and self-employed persons

- They will receive a one-time transfer of GEL 300 if proof of loss of income can be provided.
- This component will cost approximately GEL 75 million.

Families with a PMT score of 65,000 to 100,000

- These families will receive a monthly cash transfer for six months only.
- The size of the transfer will be calculated according to the family size. For example, a one-person family will receive GEL 70 per month; a two-person family, GEL 90 per month; a three-person family, GEL 105 per month; etc.
- This component will cost approximately GEL 45 million and will benefit approximately 70,000 families (100,000 individuals).

Families with a PMT score of 0 to 100,000 and with three or more children under the age of 16

- These families will receive a monthly cash transfer of GEL 100 for six months only.
- This component will cost approximately GEL 13 million and will benefit approximately 21,000 families (130,000 individuals).

Persons with a severe disability (Group I) and children with a disability

- These families will receive a monthly cash transfer of GEL 100 for six months only.
- This component will cost approximately GEL 25 million and benefit approximately 40,000 citizens.

In addition, pension indexation will be introduced in January 2021. All pensions will increase by no less than the rate of inflation. Moreover, 80 per cent of real economic growth will be added to the rate of inflation for pensioners aged 70 and above; as such, the annual growth rate of pensions will be higher than the rate of inflation. Pension growth will be no less than GEL 20 for pensioners younger than age 70 and no less than GEL 25 for pensioners aged 70 and above, regardless of inflation and economic growth parameters. Approximately 410,000 pensioners are expected to benefit from these changes.

International partners have allocated USD 3 billion to support Georgia's response to the crisis.

The Prime Minister has pointed out that the initial amount that is to be spent on social assistance does not cover the post-crisis economic recovery period. These measures are to be reviewed and revised accordingly once the pandemic has ended.

Source: Georgia, The Anti-Crisis Economic Plan (2020).

to close these gaps would be to focus on three key lifecycle benefits that are either missing or largely inadequate in Georgia. Specifically:

- A **universal child benefit** would immediately cover all children in Georgia aged 0–15.
- An **expanded maternity benefit** would cover all mothers of newborns, rather than just those in formal employment, and would improve the value of the benefit for private-sector employees.
- A **permanent unemployment scheme** would cover a minimally adequate period of unemployment in line with the minimum standards in Convention No. 102.

These benefits would offer protection for key stages in the lifecycle and would help tilt the balance of public investment back towards younger generations to support Georgia's growing economy.

- A child benefit would take advantage of the momentum to increase child benefits. More importantly, it would connect working-age parents with children in the "missing middle" with the social security system in an immediate and meaningful way through a rights-based entitlement. This positive interaction – in contrast to the negative experience of being denied benefits through the TSA or CBP for reasons they do not understand – builds trust in the system and, over time, fosters a greater willingness among the general population to engage in formal labour and pay taxes.
- A maternity benefit, paid to new mothers who are outside paid formal employment, would ensure that no mother falls into poverty as a result of having a child, while aligning the existing state maternity benefit with international standards to improve the adequacy of the benefit for the thousands of private-sector employees.
- An unemployment benefit would offer workers the security of knowing that they and their families will be supported as they search for work, preventing knock-on effects in the economy related to unemployment, including the emigration of younger workers.

The benefits could be financed through state revenues, social insurance or a combination of both through, for example, a multi-tiered design (see Box 2.2). A social insurance system that sits atop a tax-financed "floor" would offer the Government of Georgia more possibilities for burden sharing to raise dedicated funds for social protection while also providing a flexible policy model that guarantees basic protections, ensures adequacy and preserves incentives for formal work.

A multi-tiered design applied to maternity benefits, for example, might include a basic benefit for those who are not in formal employment (Tier 1) and a higher-rate, contribution-financed benefit for those who have contributed to a social insurance fund through employment (Tier 2). Maternity benefits for the private sector are currently financed from the state budget, which itself is partly financed from a 20 per cent income tax on employees deducted at source. Unlike in the vast majority of countries in the world, and nearly all countries in Europe, employers in Georgia currently do not pay anything for maternity benefits.[223] Directing a dedicated portion of this deduction (or levying an additional small contribution) to a social insurance fund to which employers also contribute, could offer a way to make explicit what is currently an implicit investment while also increasing revenues by sharing responsibility for social reproduction with employers. A contribution-financed maternity benefit could be more adequate than the current benefit, aligning Georgia with international standards and practice in maternity benefits. Finally, providing a lower-rate, but adequate, maternity benefit to those who are outside the contributory system would be a fair and equitable way of ensuring that the right to maternity protection is guaranteed and extended to all new mothers in Georgia while also preserving the incentive to join formal employment.

Child benefits and unemployment benefits could be similarly multi-tiered if the Government were to seek alternative means of financing them, though in all cases, care would need to be taken to ensure that the levels of the respective benefits do not create disincentives to work.[224]

Regardless of the design the Government chooses, the first priority must remain to cover all persons for the key lifecycle risks outlined in Convention No. 102 and called for in Recommendation No. 202 on social protection floors. Expanded child benefits, expanded maternity benefits and a basic unemployment

223 For detailed information on maternity protection legislation around the world, see ILO (2017, table 5.B). See also ILO (2016a).

224 See McClanahan and Gelders (2019).

scheme offer a good starting point. An initial costing exercise suggests that this package of benefits would not be prohibitively costly.

Table 8.1 summarizes the potential costs of introducing or expanding these benefits as a percentage of GDP,[225] based on the following parameters:

- A child benefit equal to GEL 50 per child per month, paid to all children in Georgia aged 0–15
- A multi-tiered maternity benefit that includes:
  - Higher benefits for private-sector employees to GEL 575 per month (roughly equal to 70 per cent of the average nominal wage for women in 2018) for four months (Option 1) or six months (Option 2)[226]
  - A lower-rate maternity benefit for the self-employed and others who are not formally employed at GEL 220 per month for four months (Option 1) or six months (Option 2)[227]
- An unemployment benefit at either GEL 262 per month (roughly 45 per cent of the average wage of elementary occupations) or GEL 467 per month (roughly 45 per cent of gross average wages) for 13 weeks [228]

It is important to note that the costing exercise only puts forward a rough estimate of the potential cost of such schemes in order to facilitate further discussions and prioritization by the Government in the light of the assessment of the social protection system delivered in this report. A detailed costing study would need to be carried out that takes into account nuanced parameters and preferences moving forward.

In particular, both the higher-rate maternity benefit and the unemployment benefit, if implemented, should be tied to the employee's previous wages if they are to meet the minimum standards laid out in ILO Conventions. In the absence of accurate wage data, we have used publicly available average wage rates that take no account of the distribution of wages across income groups, gender, sectors and occupations. Moreover, if the Government were to seriously explore introducing a social insurance scheme to cover these (and potentially other) risks, a detailed actuarial model would need to be developed to estimate the contribution rates (based on the general average premium) required to finance the benefits now and into the future. Doing so is beyond the scope of this report.

Estimates of the size of the programme groups were derived from the UN's World Population Prospects and the ILO's modelled estimates of unemployment, while GDP figures were taken from the IMF's World Economic Outlook. It is important to note that these figures do not yet take into account the impact of the global COVID-19 pandemic, so unemployment and costs as a percentage of GDP are likely to be underestimated.

As Table 8.1 shows, a universal child benefit, paid to all children aged 0–15, would cost around the same amount (1 per cent of GDP) as the Government currently spends on the TSA but would reach many more households, including those that are currently being missed by the TSA and CBP but are nonetheless considered poor. In addition, universal child benefits, even though they are paid to everyone, tend to be highly redistributive because they are a flat rate – making them relatively more important as a source of income support among poorer families – and because poorer families often have more children, which means the aggregate amount would be larger for larger families, despite potential economies of scale (reduced marginal costs) of having additional children.[229] Furthermore, under progressive personal income tax models, governments can usually recoup the benefit from higher earners through the tax system, thereby partially offsetting the cost of the scheme. In addition, child benefits could be universally designed but progressively implemented in the face of budget constraints. In other words, a universal

225 A detailed actuarial model would be needed to estimate potential contribution rates (based on the general average premium) required to finance the benefits now and into the future. This is beyond the scope of this report.

226 ILO Convention No. 183 calls for a benefit of at least two thirds of the insured's previous wages to be paid for at least 14 weeks. Option 1 would extend that slightly, in line with certain national proposals, to 70 per cent, and to four months rather than 14 weeks. Option 2 would maintain the de jure six months covered in existing legislation.

227 GEL 220 per month is equal to the value of the old-age and Group I disability benefit.

228 ILO Convention No. 102 (Articles 24 and 67) calls for a benefit to be paid at 45 per cent of the insured's previous wages for the duration of unemployment, up to at least 13 weeks.

229 Donni (2015); and Letablier et al. (2009).

child benefit could be implemented first for younger age groups (e.g. children aged 0–3), but the upper-age threshold for eligibility could rise each year to ensure that no child who was initially enrolled would ever lose their benefits. Gradually, all children up to the maximum age could be incorporated. This system has been successfully employed, for example, in South Africa.

▶ Table 8.1:

Estimated annual programme costs, 2020

Scheme	Programme group	Number eligible	Monthly transfer value (GEL)	Duration (months)	Annual cost (thousands of GEL)	Share of GDP (%)
Child benefit	Children aged 0–15	852,025	50	Not time bound	511,215	1.06
Maternity benefit: Option 1	Tier 1: All mothers of newborns	51,456	220	4	45,281	0.09
	Tier 2: Employed mothers of newborns	14,369	575a	4	20,405	0.04
				Total	65,686	0.14
Maternity benefit: Option 2	Tier 1: All mothers of newborns	51,456	220	6	67,922	0.14
	Tier 2: Employed mothers of newborns	14,369	575[a]	6	30,607	0.06
				Total	98,529	0.20
Unemployment benefit	Option A: Unemployed aged 15+	320,518	262	3	251,927	0.52
	Option B: Unemployed aged 15+	320,518	467	3	449,046	0.93

[a] The estimated cost of the Tier 2 benefit for employees reflects the additional funding required to finance the difference between the Tier 1 and Tier 2 benefit values, i.e. GEL 355 per mother per month. The actual value of the transfer that employed mothers would receive under the scenario is GEL 575 per month (GEL 220 + GEL 355).

Photo: ILO/David Mdzinarishvili

In 2019, the Government spent around GEL 13.6 million on the state maternity benefit for private-sector employees, or around 0.03 per cent of GDP. Introducing a universal maternity benefit that guarantees all mothers of newborns, regardless of their attachment to the labour market, a monthly income of GEL 220 for four months (Option 1) would cost less than one tenth a percentage point of GDP (0.09 per cent), and extending this to six months (Option 2) would cost 0.14 per cent of GDP. Meanwhile, providing an even higher benefit for the currently covered population (formally employed women) at a monthly rate of GEL 575 for four months (Option 1) would cost an additional 0.04 per cent of GDP, or an additional 0.06 per cent of GDP for six months (Option 2). This additional cost could be financed from social insurance contributions, if the Government were to consider a social insurance scheme that would likely imply a minimal contribution that could be shared between employers and employees. All told, the multi-tiered maternity benefit considered here would cost around 0.14 per cent of GDP (Option 1) or 0.20 per cent of GDP (Option 2) and would guarantee the right to maternity protection for all women in Georgia while also promoting formal employment.

Finally, a permanent unemployment benefit scheme that pays 45 per cent of gross average wages (or around GEL 467 per month) for 13 weeks would also cost just under 1 per cent of GDP. However, it should be noted that this estimate assumes that all unemployed people would remain on the benefit for the full 13 weeks, which is an overestimate as many people would be unemployed for much shorter periods.[230] A less generous option for the transfer value of GEL 262 per month (45 per cent of the average wage for elementary occupations), which is closer to the amount provided under the emergency unemployment scheme, would cost significantly less, at 0.52 per cent of GDP.

Perhaps more than any other benefit, it would be important to finance an unemployment scheme with contributions from employers and employees in a social insurance arrangement. In this way, the costs of the scheme are shared by social partners who collectively experience the consequences of high unemployment. Unemployment insurance, especially when combined with active labour market policies, helps workers maintain their attachment to the labour market while they search for work. Employers

230 However, no data were publicly available on the average duration of unemployment in Georgia.

have an interest in avoiding the de-skilling that can occur when people detach from the labour market or, worse, emigrate in search of employment elsewhere. And contrary to conventional wisdom, social contributions are not associated with higher unemployment rates at the aggregate and can actually increase revenues and profitability among firms that comply.[231]

All told, filling these key gaps in Georgia's social protection floor would cost around 2 per cent of GDP, but the costs could be shared between social partners if awareness could be raised about the benefits of investing in inclusive lifecycle social security – to individuals, to society, to firms and to the economy at large.

8.3 Additional measures to consider for a more equitable system

While investing in the core benefits cited above would help fill urgent gaps in Georgia's core social protection floor, this report has also highlighted a number of gaps and areas for improvement, particularly regarding provisions that have negative implications for gender equality. Addressing these gaps should be part of a wider conversation in the Government about the overall gender-responsiveness of the social protection system. In particular, the analysis has uncovered the following gaps:

- The **lack of survivors' benefits** for adults puts surviving spouses, the vast majority of whom are women, at risk as the loss of income from pensions can be a major shock to overall household income, even as the costs of maintaining the household may change very little.
- A **lack of paid paternity benefits or shared parental benefits** sends a message that women are solely responsible for the care and welfare of children. This reinforces traditional norms and expectations around gender roles, which are then reflected in labour market outcomes and other areas of the social protection system, creating a vicious cycle.
- The **lack of redistributive mechanisms, such as caregiver credits or a minimum guaranteed pension**, in the accumulated pension system will almost certainly exacerbate existing labour market inequalities, with serious implications for lower earners and for women in particular, given their shorter careers and lower lifetime earnings.
- On the administrative side, a reliance on self-selection and on-demand processes and an associated **failure to invest in awareness-raising or appropriate monitoring tools, including data collection and adequate grievance structures**, to strengthen accountability have hindered the ability to properly assess coverage and access. These administrative weaknesses prevent socially excluded groups from accessing benefits that they are entitled to.

Potential measures to address these gaps include the following:

- **Extending the existing Social Package survivors' benefits**, which are currently restricted to child survivors, to include adult survivors
- **Introducing mandatory paid paternity benefits or shared parental benefits** that include a portion of non-transferable leave reserved for fathers
- **Introducing a risk-pooling mechanism within the accumulated pension system** that would enable recognition of the time spent outside of paid employment for caregiving and provide a minimum guaranteed pension for those who meet a minimum qualifying period
- **Conducting a full review of the monitoring and evaluation structures** within the Ministry of IDPs and the SSA to help the Government pinpoint the specific weaknesses in the governance and administrative structures and suggest concrete ways to remedy them, thereby helping disadvantaged groups fully realize their right to social security already embedded in legal frameworks

These measures should be considered as part of a wider conversation in the Government about equity and the overall gender-responsiveness of the social protection system.

231 See ILO/ISSA forthcoming data portal for the lack of association between unemployment rates and contribution rates globally; see, for example, Lee and Torm (2017) on the social security and firm performance among small and medium enterprises in Viet Nam.

8.4 Summary

Georgia's system already performs relatively well, largely driven by the impacts of the old-age pension on poverty and inequality. However, key gaps in social protection provision remain, particularly for children and people of working age. Filling them – through a universal child benefit, an expanded maternity benefit system and an unemployment scheme – would go a long way towards ensuring that no one in Georgia is unintentionally neglected during these common lifecycle contingencies. Additional measures – such as extending survivors' benefits to adults, introducing mandatory paid leave for fathers, embedding risk pooling within the new contributory system and conducting a full review of the system's monitoring and evaluation mechanisms – would also contribute to a more equitable and gender-responsive social protection system in Georgia.

Moreover, such a system would not be prohibitively costly. Implementing all three of these benefits would cost around 2 per cent of GDP, and less ambitious options that would offer basic protections would cost even less. Pooled financing arrangements could alleviate the burden on the State to finance these benefits while also building support among society and social partners for a social security system that is fit for a growing economy like Georgia's.

9. Conclusions

Georgia's social security system is already quite well developed when compared with many countries of similar income levels around the world. Many elements of the system are inclusive and organized around lifecycle contingencies, and the system stands out for its expansive coverage of older people through the old-age pension. Universal disability benefits are another achievement, though some questions remain about the full reach of the benefits. The introduction of a per-child benefit through the CBP also represents progress towards amplifying lifecycle programmes as core components of the national social protection system.

Moreover, the capacity to govern and administer the social protection system is high on the whole. There is room for improvement in certain aspects – notably including strengthening monitoring to ensure that existing rights and entitlements are communicated, particularly around disability and sickness benefits, and giving greater attention to accountability mechanisms beyond just the court system and the Ombudsman's Office. However, the core administrative apparatus is streamlined, responsive and largely effective, albeit with challenges, offering a solid platform for future expansion.

Despite the overall achievements, there is still a strong reliance on inherently flawed poverty-targeting mechanisms like the PMT to identify households in need, which occupies disproportionate administrative and policy resources in the national social protection space. Non-lifecycle programmes like the TSA have a legitimate place in every social security system, but the TSA cannot replace lifecycle programmes, which are designed for everyone when they inevitably experience common risks. Even with improvements to the formula and high administrative capacity to follow through on the policy, the advantages of continuing to invest so heavily in these tools are questionable.

This is particularly true when the benefits of existing lifecycle programmes are demonstrably apparent and when there are still key gaps in basic provisions for core contingencies, particularly those affecting young families with children. For example, the vast majority of women lack basic maternity protections; there is no unemployment protection; and child benefits reach only a tiny fraction of children, including those deemed to be "in need".

In addition, existing provisions are, in some cases, inadequate. This is the case for maternity benefits, which barely amount to 20 per cent of women's average wages. It is also arguably the case for old-age pensions, which, despite comparing relatively well with other basic-tier social pensions around the world, fail to allow for consumption smoothing for the vast majority of pensioners and fall well short of being sufficient for those with multiple vulnerabilities, such as elderly disabled persons, who far too often have to rely on the TSA to avoid poverty.

The Government's recent introduction of a funded pension scheme is intended to address some of these issues; however, the chosen design has a number of limitations. These include an absence of mechanisms for redistribution or cross-subsidization; a tendency to reproduce and exacerbate labour market inequalities, including gender inequalities; a reliance on the performance of the market to deliver adequate returns; and an inability to offer income security for working age or short-term risks, among other significant challenges. It will be important to anticipate these issues as the system matures and to put in place measures to guarantee a degree of income security for those who have contributed during their working lives.

The COVID-19 crisis presents an opportunity for the Government of Georgia to focus precisely on those gaps that this report has spotlighted. Temporary, targeted measures like the ones proposed by the Government will offer temporary and targeted relief, whereas the need for social security at different points in the lifecycle is both permanent and universal. Simple, tried and true policies, like unemployment insurance and maternity insurance, or universal child benefits – which could be implemented progressively – not only would enable Georgia to better weather the next crisis but would also set it on a path to a more developed welfare system, fit for a country with aspirations of joining the European Union.

Annex 1. Summary of legal and effective coverage of lifecycle schemes in Georgia

Lifecycle stage	Benefit	Legal coverage		Effective coverage	
		Target group	Share of population	Horizontal coverage	Vertical coverage (adequacy)
Childhood	**Child Benefit Programme (CBP)**	All children up to age 16 living in households with PMT scores up to 100,000 (Or all poor children)	14% of all children (Or the poorest 12%–28% of children)	14% of all children, but: ▶ Only 43% of children in the lowest consumption decile ▶ Only 25% in the second lowest consumption decile	Medium to high
	Child disability benefit (Social Package)	Children with disabilities (assessed with Group I, II or III disability)	Actual share of children with disabilities in child population unknown; global estimates are around 5%	0.9% of all children, but: ▶ Nearly all (99%) children assessed as disabled ▶ Unknown number of unassessed children	Medium to high
	Survivors' benefit (Social Package)	Children with one or both parents deceased	Actual share of orphans in wider population unknown	1.8% of all children, but: ▶ Unknown number of children who have lost a parent but have not applied for benefits	Medium to high
Working age	**Disability benefit (Social Package)**	Persons of working age with disabilities (assessed with Group I, II or III disability)	Actual share of persons of working age with disabilities unknown Global estimates range from 15% to 19% (including older people)	80%–100% of adult registered disabled population, depending on the degree of disability Actual share of working age with disabilities unknown	Medium

Lifecycle stage	Benefit	Legal coverage		Effective coverage	
		Target group	Share of population	Horizontal coverage	Vertical coverage (adequacy)
Working age	**Maternity benefits (state benefit for private sector and employer liability for public sector)**	All formally employed women	53% of female employed population 46% of the female labour force 28% of the total female population of reproductive age	Approximately 95%, but data constraints prevent precise estimates	Low
	Paid sick leave (cash sickness benefits)	All formally employed persons	51% of employed population (including agriculture) 44% of the labour force	Unknown (no administrative data available on take-up rates)	Medium to high
	Employment injury insurance	All persons employed in hazardous professions (as defined by law)	Unknown (regulations in progress)	N/A	N/A
Old age	**Universal old-age pension (State Pension)**	All women over age 60; all men over age 65	Beneficiary coverage ratio: 100% Contributor coverage ratio: N/A	97.4% of the older population	Medium
	Accumulated pension (supplementary pension)	Beneficiary population (future): All women over age 60; all men over age 65 Contributory population: ▶ Current: All public- and private-sector employees who were younger than age 40 in 2018 ▶ Future: All public- and private-sector employees	Beneficiary coverage ratio: Unknown Contributor coverage ratio: 44% of the labour force	51% of the labour force	Unknown, but: ▶ Adequacy is a problem in defined contribution schemes, especially for those on low incomes ▶ Labour market inequalities, including gender inequalities, are reproduced in pension outcomes

Annex 2. Additional (non-lifecycle) schemes

Statutory features of additional social protection schemes							
Scheme	**Type of scheme**	**Regulatory framework**	**Legally covered population**	**Financing arrangement**	**Qualifying conditions**	**Description of benefits**	**Administrative responsibility**
Special pensions for veterans and other groups (Social Package)	Universal (non-means-tested, non-contributory)	Law of Georgia on Social Assistance (2006) Law of Georgia on Veterans of War and Defence Forces (2018)	Citizens of Georgia who are recognized as veterans of war, their parents/children and persons recognized as victims of political repression	State budget	Must be recognized as a veteran of war, a parent/child of the deceased or a victim of political repression	Between GEL 7 and GEL 344 per month (according to age, disability status, marital status, etc.)	SSA
Assistance for IDPs (Social Package)	Universal (non-means-tested, non-contributory)	Law of Georgia on Social Assistance (2006)	Citizens of Georgia who have directly suffered political repression	State budget	Must be recognized as a victim of political repression	Between GEL 107 and GEL 122 (depending on participation in the "territorial struggle" of Georgia)	SSA
Targeted social assistance (TSA)	Means-tested, non-contributory	Constitution of Georgia (1995) Law of Georgia on Social Assistance (2006)	Lawful residents of Georgia	State budget	Households with PMT scores up to 100,000 per month	GEL 60 per month for every household with a PMT score of up to 30,000 GEL 50 per month for every household with a PMT score 30,000–57,000 GEL 40 per month for every household with a PMT score 57,000–60,000 GEL 30 per month for every household with a PMT score 60,000–65,000 GEL 50 per month for every child (aged 0–15) living in a household with a PMT score of up to 100,000 per month[232]	SSA

232 Under the "Income Security in Childhood" objective of the TSA, the child component is referred to as "Child Benefit". .

Annex 3. Notes on new employment injury scheme

Labour Inspection Law and regulations (including premium amount, regulations around benefit levels, etc.)	**Law of Georgia on Occupational Safety – Article 5, paragraph 9, on employer obligations:** The employer is obliged to provide the employee with accident insurance during his/her work period. The requirement of this paragraph applies to heavily hazardous, harmful and dangerous workplaces. The rules and procedures for accident insurance for the purposes of this Law shall be set by the Minister's Administrative-Legal Act.[233] **Comment from Labour Inspectorate:** The Minister's administrative-legal act on rules and procedures for employment injury insurance in the workplace should be promulgated. An international and local expert were involved in the preparation of this document with the support of the International Labour Organization. Meetings with representatives of insurance companies were also held. So far, the document is in draft form and will be adopted in the near future.
Number of firms that would be legally required to self-insure	Based on the Economic Activity Register information by the LEPL National Agency of Public Registry, as of 13 May 2020, **3,105 entities** are registered as engaging in economic activities deemed "Emerging, Heavy, Harmful and Dangerous Works", as approved by the Government of Georgia Decree N381 of 27 July 2018. The list of activities that are obliged to be register as heavily hazardous, harmful and dangerous workplaces by Governmental Decree N381 (aggregated by category) include the following: 1. Works related to construction and construction materials 2. Works related to mining and quarrying 3. Works related to the production of ferrous and non-ferrous metals 4. Electricity, gas, steam and air-conditioning supply works 5. Works related to the extraction of coke and petroleum/oil products 6. Works related to chemical production 7. Works related to timber processing 8. Works related to forestry 9. Works related to the textile and light industries 10. Food production activities 11. Works related to transport 12. Works related to wholesale and retail (e.g. wholesale and retail trade of motor vehicles and motorcycles and their repair; wholesale trade in solid, liquid and gaseous fuels and similar products; etc.) 13. Works related to water supply, sewage, waste management and pollution It should be noted that there are more companies registered as heavily hazardous, harmful and dangerous workplaces than are required because, according to the Law, even small cafes could be considered as hazardous, harmful and dangerous workplaces.

233 Available at https://matsne.gov.ge/ka/document/view/4486188?publication=0.

<table>
<tr><td>Number of employees who should be legally covered</td><td>Not available</td></tr>
<tr><td>Number of firms that have already purchased insurance under the Law, if relevant</td><td rowspan="2">Comment from Labour Inspectorate:
We do not have accurate information. As of the data obtained from the conducted inspections, 28 (5 per cent) out of 501 inspected hazardous, harmful and hazardous enterprises in 2019 did not have insurance.</td></tr>
<tr><td>Number of employees covered by firms that have already purchased insurance</td></tr>
</table>

Annex 4. Description of UHCP services and user charges

Service area	Target group						
	Households with PMT scores <70,000, artistic laureates, teachers	**People registered as disabled, children aged 0–5, students and pensioners**	**Uninsured veterans**	**Citizens with PMT scores 70,000–100,000, children aged 6–18**	**Citizens earning <GEL 1,000/month or irregular income/self-employed**	**Citizens earning from GEL 1,000/ month to GEL 40,000/year**	**Citizens earning >GEL 40,000/year**
Planned outpatient care	Yes	Yes	Yes	Yes	Yes	No	No
Outpatient specialist visits	Yes	Yes	Yes	Yes (30% co-pay)	Yes (30% co-pay)	No	No
Essential drugs	Yes (cap applies)	Yes (cap applies)	Yes (cap applies)	No	No	No	No
Diagnostic tests: basic lab tests	Yes	Yes	Yes	Yes (30% co-pay)	Yes (30% co-pay)	No	No
Diagnostic tests: ultrasound, ECG, x-ray	Yes	Yes (10%–30% co-pay for CT scans)	Yes	Yes (30% co-pay)	Yes (30% co-pay)	No	No
Childbirth	Yes (cap applies per delivery/ caesarean section)	Yes (cap applies per delivery/ caesarean section)	Yes (cap applies per delivery/ caesarean section)	Yes (cap applies per delivery/ caesarean section)	Yes (cap applies per delivery/ caesarean section)	Yes (cap applies per delivery/ caesarean section)	Yes (cap applies per delivery/ caesarean section)
Elective surgery	Yes (cap applies)	Yes (cap applies; 10% co-pay for pensioners; 20% co-pay for children aged 0–5 and persons with disabilities)	Yes (cap applies)	Yes (30% co-pay)	Yes (30% co-pay with cap)	Yes (30% co-pay with cap)	No

Service area	Target group						
	Households with PMT scores <70,000, artistic laureates, teachers	**People registered as disabled, children aged 0–5, students and pensioners**	**Uninsured veterans**	**Citizens with PMT scores 70,000–100,000, children aged 6–18**	**Citizens earning <GEL 1,000/month or irregular income/self-employed**	**Citizens earning from GEL 1,000/ month to GEL 40,000/year**	**Citizens earning >GEL 40,000/year**
Chemo-, hormone and radiation therapy	Yes (cap applies)	Yes (cap applies; 10% co-pay for pensioners; 20% co-pay for children aged 0–5 and persons with disabilities)	Yes (cap applies)	Yes (20% co-pay)	Yes (20% co-pay)	Yes (20% co-pay)	No
Emergency outpatient care	Yes	Yes	Yes	Yes	Yes (50% co-pay)	No	No
Emergency inpatient care	Yes	Yes (cap applies; 10% co-pay for pensioners; 20% co-pay for children aged 0–5 and persons with disabilities)	Yes	Yes (30% co-pay)	Yes (30% co-pay with cap)	Yes (30% co-pay with cap)	No

Source: Adapted from Richardson and Berdzuli (2017).

References

Adato, Michelle, and others (2000). *The impact of PROGRESA on women's status and intrahousehold relations: Final Report*. Washington, D.C.: International Food Policy Research Institute.

Babych, Yaroslava, Maya Grigolia, and Davit Keshelava (2018). Financial Inclusion, Financial Literacy, and Financial Education in Georgia. ADBI Working Paper 849. Tokyo: Asian Development Bank Institute.

Banks, Lena M., and Sarah Polack (2014). *The Economic Costs of Exclusion and Gains of Inclusion of People with Disabilities: Evidence from Low and Middle Income Countries*. CBM, International Centre for Evidence in Disability, London School of Hygiene & Tropical Medicine.

Baum, Tinatin, Anastasia Mshvidobadze, and Josefina Posadas (2016). *Continuous Improvement: Strengthening Georgia's Targeted Social Assistance Program*. Washington, D.C.: World Bank Group.

Baum, Tinatin, Anastasia Mshvidobadze, and Hideyuki Tsuruoka (2015). *Reducing Child Poverty in Georgia: A Way Forward*. Tbilisi: UNICEF.

Brimblecombe, Simon, and Shea McClanahan (2019). Improving gender outcomes in social security retirement systems. *Social Policy Administration*, vol. 53, No. 3, pp. 327–42. Available at https://doi.org/10.1111/spol.12476.

Britto, Pia Rebello (2017). *Early Moments Matter for Every Child*. New York: UNICEF.

Buckup, Sebastian (2009). The price of exclusion: The economic consequences of excluding people with disabilities from the world of work. Employment Working Paper No. 43. Geneva: International Labour Office.

Causa, Orsetta, James Browne, and Anna Vindics (2019). Income redistribution across OECD countries: Main findings and policy implications. OECD Economic Policy Papers No. 23. Paris: OECD Publishing. Available at https://doi.org/10.1787/3b63e61c-en.

Causa, Orsetta, and Mikkel Hermansen (2017). Income redistribution through taxes and transfers across OECD countries. OECD Economics Department Working Papers No. 1453. Paris: OECD Publishing.

Development Pathways (2019). Development Pathways Disability Benefit Database. Available at http://www.developmentpathways.co.uk/publications/#disability-database. Accessed on 21 February 2020.

Directorate General for Employment, Social Affairs and Inclusion of the European Commission (2018). *The 2018 Pension Adequacy Report: current and future income adequacy in old age in the EU – Volume I*. Brussels: European Commission.

Donni, Olivier (2015). Measuring the cost of children. IZA World of Labor. Available at https://doi.org/10.15185/izawol.132.

Duran, Fabio (2017). *The ILO Multi-Pillar Pension Model: Building equitable and sustainable pension systems*. Geneva: International Labour Office.

Gegeshidze, Archil. (2018). The European Perspective of Georgia: How to Bring Closer the Future. In *Towards Unlocking Georgia's European Perspective*, Archil Gegeshidze, ed. Tbilisi: Levan Mikeladze Foundation and Friedrich-Ebert-Stiftung.

Georgia (2011). Press Release: Georgia Adopts the Economic Liberty Act. Tbilisi, 11 July.

__________ (2013). *Organic Law No. 729-Ils of 12 June 2013 to Amend the Labour Code of Georgia*.

__________ (2014). *Social-economic Development Strategy of Georgia: "GEORGIA 2020"*.

__________ (2018). *Law on Funded Pensions*.

__________ (2019). Civil Service Bureau Activity Report 2019. Tbilisi. Available at http://www.csb.gov.ge/media/2764/წლიური-ანგარიში-2019.pdf. Accessed on 8 April 2020.

Georgia, Ministry of IDPs (2018). National Health Accounts of Georgia 2017. Tbilisi.

Godar, Sarah, Tato Khundadze, and Achim Truger (2018). *Striving for Shared Prosperity: A proposal for income tax reform in Georgia with the aim of reducing inequality and mobilzing resouces for industrial development – Policy Study*. Tbilisi: Centre for Social Studies and Friedrich-Ebert-Stiftung.

Groce, Nora, and others (2011). Disability and Poverty: The need for a more nuanced understanding of implications for development policy and practice. *Third World Quarterly*, vol. 32, No. 8, pp. 1493–513. Available at https://doi.org/10.1080/01436597.2011.604520.

Grosh, Margaret E., and Judy L. Baker (1995). Proxy means tests for targeting social programs: Simulations and speculation. Living Standards Measurement Study Working Paper No. 118. Washington, D.C.: World Bank. Available at https://doi.org/10.1596/0-8213-3313-5.

Gugushvili, Dimitri, and Alexis Le Nestour (2019). A detailed analysis of targeted social assistance and child poverty and simulations of the poverty-reducing effects of social transfers. Tbilisi: UNICEF.

ILO (1952). C102 - Social Security (Minimum Standards) Convention, 1952 (No. 102). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C102. Accessed on 18 February 2020.

__________ (1967). C128 - Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:55:0::NO::P55_TYPE,P55_LANG,P55_DOCUMENT,P55_NODE:CON,en,C128,/Document. Accessed on 22 February 2020.

__________ (2000a). C183 - Maternity Protection Convention, 2000 (No. 183). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C183. Accessed on 25 February 2020.

__________ (2000b). R191 - Maternity Protection Recommendation, 2000 (No. 191). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:::NO:12100:P12100_ILO_CODE:R191:NO. Accessed on 25 February 2020.

__________ (2012). R202 - Social Protection Floors Recommendation, 2012 (No. 202). Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:R202. Accessed on 25 February 2020.

__________ (2016a). *Maternity and paternity at work: Law and practice across the world*. Geneva: International Labour Office.

__________ (2016b). *Women at Work: Trends 2016*. Geneva: International Labour Office.

__________ (2017). *World Social Protection Report 2017–19: Universal social protection to achieve the Sustainable Development Goals*. Geneva: International Labour Office.

__________ (2018a). *Women and Men in the Informal Economy: A Statistical Picture (Third Edition)*. Geneva: International Labour Office.

__________ (2018b). *Care work and care jobs for the future of decent work*. Geneva: International Labour Office.

__________ (2019). *Extending social security to workers in the informal economy: Lessons from international experience – A living document*. Geneva: International Labour Office.

__________ (2020). Social dialogue. Available at https://www.ilo.org/ifpdial/areas-of-work/social-dialogue/lang--en/index.htm)%20%20a. Accessed on 17 June 2020.

ILO, and IDA (2019). Joint Statement: Towards inclusive social protection systems for the full and effective participation of persons with disabilities.

ILO, and UNICEF (2019). *Towards Universal Social Protection for Children: Achieving SDG 1.3 – ILO-UNICEF Joint Report on Social Protection for Children*. Geneva: ILO; New York: UNICEF.

IMF (2019a). IMF Staff Concludes Visit to Georgia, 17 September 2019. Press Release No. 19/336.

__________ (2019b). World Economic Outlook (October 2019). Available at https://www.imf.org/external/datamapper/datasets/WEO. Accessed on 17 February 2020.

International Child Development Centre, ed. (2013). Child well-being in rich countries: A comparative overview. Innocenti Report Card 11. Florence: UNICEF Office of Research.

ISSA (2017). *Megatrends and Social Security: Family and Gender*. Geneva.

ISSA/SSA (multiple years). *Social Security Programs Throughout the World*. Geneva: ISSA; Baltimore: Social Security Administration of the United States.

James, Philip, and Shea McClanahan (2019). *Assessing the Adequacy of Tax-financed Social Protection in Viet Nam*. Ha Noi: ILO.

Kidd, Stephen (2015). Establishing Comprehensive National Old Age Pension Systems. No. 8. KfW Development Bank.

Kidd, Stephen, and Diloá Athias (2019). Hit and Miss: An assessment of targeting effectiveness in social protection. Working Paper. Orpington: Development Pathways and Act Church of Sweden.

Kidd, Stephen, and Bjorn Gelders (2015). *Child Wellbeing and Social Security in Georgia: The case for moving to a more inclusive national social security system*. Tbilisi: UNICEF.

Kidd, Stephen, and Anh Tran (2017). *Social Pensions and their Contribution to Economic Growth*. Kampala: Uganda Ministry of Gender, Labour and Social Development.

Knox-Vydmanov, Charles (2014). Why 'The Poor' Don't Exist (And What This Means for Social Protection Policy). Pathways' Perspectives on Social Policy in International Development, No. 16. Orpington: Development Pathways.

Krzyzak, Krystyna (2019). Georgia's auto-enrolment pension law faces constitutional challenge. IPE, 22 January.

Lee, Sangheon, and Nina Torm (2017). Social security and firm performance: The case of Vietnamese SMEs. *International Labour Review*, vol. 156, No. 2, pp. 185–212. Available at https://doi.org/10.1111/j.1564-913X.2015.00054.x.

Letablier, Marie-Thérèse, and others (2009). *The costs of raising children and the effectiveness of policies to support parenthood in European countries: A literature review*. European Commission.

Mathers, Nicholas, and Rachel Slater (2014). *Social protection and growth: Research synthesis*. Barton, Australia: Department of Foreign Affairs and Trade.

McClanahan, Shea (2019). Who contributes? Re-thinking "Non-contributory" within a citizenship paradigm. Pathways' Perspectives on Social Policy in International Development, No. 28. Orpington: Development Pathways.

McClanahan, Shea, and Bjorn Gelders (2019). *Assessing the potential for multi-tiered child benefits in Viet Nam*. Ha Noi: ILO.

McClanahan, Shea, Rosemary Nantambi-Amiri, and Anja Peebles-Brown (forthcoming). *Building a multi-tiered social security system in Uganda*. Kampala: Uganda Ministry of Gender, Labour and Social Affairs.

Molyneux, Maxine. 2007. Change and Continuity in Social Protection in Latin America: Mothers at the Service of the State? Gender and Development Programme Paper No. 1. Geneva: United Nations Research Institute for Social Development.

MISSOC (latest years). Missoc database. Available at https://www.missoc.org/missoc-database/. Accessed on 6 May 2020.

Natali, Luisa, and others (2016). Making Money Work: Unconditional cash transfers allow women to save and re-invest in rural Zambia. Innocenti Working Paper No. 2016-02. Florence: UNICEF Office of Research.

Nordic Council of Ministers (2019). *Shared and paid parental leave: The Nordic Gender Effect at Work*. Copenhagen. Available at https://doi.org/10.6027/NO2019-055.

OECD (2017). Health at a Glance 2017: *OECD Indicators*. Paris: OECD Publishing. Available at https://doi.org/10.1787/health_glance-2017-en.

__________ (2019). *Social Expenditure Update 2019: Public social spending is high in many OECD countries*. Paris: OECD Publishing.

Ortiz, Isabel, and others, eds. (2018). Reversing Pension Privatizations: *Rebuilding public pension systems in Eastern Europe and Latin America*. Geneva: International Labour Office. Available at https://www.ilo.org/secsoc/information-resources/publications-and-tools/books-and-reports/WCMS_648574/lang--en/index.htm. Accessed on 22 February 2020.

Richardson, Erica, and Nino Berdzuli (2017). Georgia: Heath system review. *Health Systems in Transition*, vol. 19, No. 4, pp. 1–90.

Rutkowski, Jan (2013). Georgia: Skills Mismatch and Unemployment Labor Market Challenges. Report No. 72824-GE. Washington, D.C.: World Bank Group.

Skoufias, Emmanuel (2005). *PROGRESA and Its Impacts on the Welfare of Rural Households in Mexico*. Washington, D.C.: International Food Policy Research Institute.

Skoufias, Emmanuel, and Bonnie McClafferty (2003). Is PROGRESA working? summary of the results of an evaluation by IFPRI. In *Household decisions, gender, and development: a synthesis of recent research*, Agnes R. Quisumbing, ed. Washington, D.C.: International Food Policy Research Institute.

Trani, Jean-Francois, and Mitchell Loeb (2012). Poverty and disability: A vicious circle? Evidence from Afghanistan and Zambia. *Journal of International Development*, vol. 24, No. S1. Available at https://doi.org/10.1002/jid.1709.

UN DESA (2018). *Realization of the Sustainable Development Goals By, For and With Persons with Disabilities: UN Flagship Report on Disability and Development 2018*. New York.

UN Women (2018). *Women's Economic Inactivity and Engagement in the Informal Sector in Georgia: Causes and consequences*. Tbilisi.

__________ (2019). P*rogress of the world's women 2019–2020: Families in a changing world*. New York.

__________ (2020a). *Analysis of the Gender Pay Gap and Gender Inequality in the Labour Market in Georgia*. Tbilisi.

__________ (2020b). *Country Gender Equality Profile of Georgia*. Tbilisi.

UNICEF (2018a). UNICEF in Georgia Newsletter. No. 1 (No. 20). Tbilisi.

__________ (2018b). The Well-Being of Children and their Families in Georgia: Georgia Welfare Monitoring Survey Fifth Stage 2017. Welfare Monitoring Survey Series, Survey Analysis No. 5. Tbilisi.

__________ (2019). Press Release: UNICEF welcomes the adoption of the historic Code on the Rights of the Child in Georgia. Tbilisi, 20 September.

WHO (2018). *Quality of primary health care in Georgia*. Copenhagen: WHO Regional Office for Europe.

WHO, and World Bank (2018). *World Report on Disability.* Geneva: WHO; Washington, D.C.: World Bank.

World Bank (2019). *World Development Report 2019: The Changing Nature of Work*. Available at https://www.worldbank.org/en/publication/wdr2019. Accessed on 22 February 2020.

World Bank Group (2019). *Poverty & Equity Brief: Georgia*.

Yeo, Rebecca, and Karen Moore (2003). Including Disabled People in Poverty Reduction Work: "Nothing About Us, Without Us". World Development, vol. 31, No. 3, pp. 571–590. Available at https://doi.org/10.1016/S0305-750X(02)00218-8.

Contact:

ILO Office for Eastern Europe and Central Asia
Decent Work Technical Support Team
Petrovka st. 15, office 23
107031 Moscow, Russia
T: +7 495 933 08 10
F: +7 495 933 08 20
E: moscow@ilo.org
ilo.org/moscow