



European Training Foundation

GEORGIA

EDUCATION, TRAINING AND EMPLOYMENT
DEVELOPMENTS 2018



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KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

In late 2017 and mid-2018, Georgia went through two rounds of government restructuring. The first reduced the number of ministries and split up the former Ministry of Sport and Youth Affairs, merging responsibility for youth policy with the Ministry of Education and Science. The restructuring continued in mid-2018, when the Ministry of Culture and Sport was merged with the Ministry of Education and Science. Responsibility for policy on internally displaced persons was moved to the new Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs (MoIDPLHSA). The number of deputy ministers in the new Ministry of Education, Science, Culture and Sport (MESCS) was reduced from seven to five, and changes were made to the senior management of the ministry's subordinate agencies.

The government is in the process of developing a new Labour Market Strategy, which is expected to be approved by the end of 2018. It is also discussing the draft Employment Service Act, which is expected to be adopted in 2019.

The Law on Occupational Health and Safety (OHS) came into force in August 2018, enabling OHS legislation to be developed in line with EU directives and the EU-Georgia Association Agreement.

In September 2018, the parliament adopted a new Law on Vocational Education and Training (VET), which is an important milestone for skills development and VET in Georgia. The VET law is a framework law that allows the government to develop the VET system with a lifelong learning perspective, giving it the flexibility to adjust the legal provisions to the needs of the labour market, economic development and learners. The law will also help better connect VET qualifications with higher education qualifications by ending the 'dead-end' perception of the current VET system.

The National Qualifications Framework (NQF) adopted in 2010 is undergoing substantial conceptual and structural reforms. In 2018, the parliament adopted NQF-related amendments to the Law on Education Quality Development. Implementing the revised NQF legislation will require effective planning and coordination with the quality assurance reforms. It will also require greater capacity at the National Centre for Educational Quality Enhancement to ensure that the NQF stimulates qualification transparency, improved permeability in a lifelong learning perspective, and the necessary interaction between qualifications and the world of work.

The EU project Technical Assistance to VET and Employment Reforms in Georgia (EUVEGE) will end in 2018. The financing agreement on the new European Union Skills4Jobs programme is due to be signed in the last quarter of 2018. The 2019–22 programme will support reforms in employment, skills development and entrepreneurial learning, targeting young people and vulnerable groups in particular.

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

The latest population census, in 2014, revealed that Georgia's population has been shrinking and is currently around 3.72 million people. This indicates that country's population has decreased by more than 1 million, compared to a decade ago¹. Of the total population, 57% live in urban areas, with around 1.1 million people living in the capital, Tbilisi. Ethnic minorities make up 16.2% (602 700 people) of the population, and Azeris and Armenians constitute the largest share.

According to the National Statistics Office of Georgia (Geostat), in 2016, 20% of the entire population was in the 15–29 age category (youth). The share of young people among the general population has been decreasing, indicating that the Georgian population is gradually ageing. The 15–29 age group represented 24% a decade ago². Georgia's population is expected to continue shrinking and ageing, with the share of the population that is 65 and older expected to increase significantly. There are two primary factors that explain the decrease: low natural growth and emigration.

Emigration is a significant phenomenon in Georgia. According to the Geostat data the flow of emigrants from Georgia is increasing in the recent years³. The main destination countries are Russia, Ukraine, Greece, Germany, Spain, the United States and Turkey. Of all emigrants, 32% have a tertiary education⁴. The most striking aspect of emigration is that younger people leave Georgia the most, with the highest rates in the 25–29 age group, followed by 30–34⁵.

Georgia is a lower middle-income country with a growing gross domestic product (GDP) per capita: 8 000 dollars in 2012 to 10 700 dollars in 2017 (USD). In the last five years, Georgia's GDP growth has fluctuated considerably, showing a decrease from 6.4% in 2012 to just 2.8% in 2016. However, the Georgian economy performed well in 2017, with improved GDP growth at 5.0%. This was the result of a stronger external environment, higher private consumption and a consistent macro-fiscal policy framework. The main contributors to GDP in 2016 were services (66.1%), followed by industry (around 25%) and agriculture (9%). Services are the fastest growing sector, led by hospitality and financial services.

The Georgian economy is dominated by small and medium-sized enterprises (SMEs), which make up 94% of enterprises. Most SMEs are concentrated in low value-added activities. Only 10% of SMEs are active in manufacturing⁶. According to the 2016 SME Policy Index, Georgia is a top reformer among the Eastern Partnership countries and it has improved the institutional framework for SMEs. With

¹ Geostat, 2014 General Population Census: Main results, 2016.

² Friedrich Ebert Foundation, Generation in Transition: Youth Study 2016 – Georgia. Available at: <http://www.fes-caucasus.org/news-list/e/generation-in-transition-youth-study-2016-georgia/>.

³ State Commission on Migration Issues, Migration profile of Georgia, 2017. Available at: http://migration.commission.ge/files/migration_profile_2017_eng_final_.pdf

⁴ World Bank, Migration and Remittances Factbook 2016, World Bank, Washington D.C., 2016. Available at: <http://www.worldbank.org/en/research/brief/migration-and-remittances>.

⁵ European Training Foundation, Mapping youth transitions to work in Eastern Partnership countries: Georgia country report, 2018 (forthcoming).

⁶ SME Policy Index: Eastern partner countries, 2016. Available at: <http://www.oecd.org/countries/belarus/sme-policy-index-eastern-partner-countries-2016-9789264246249-en.htm>.

regard to human capital development, the policy index recommended improving entrepreneurial learning by adopting the EU's Entrepreneurship Competence Framework⁷.

In recent years, Georgia has improved the business environment by simplifying administrative regulations, reducing the tax burden, fighting corruption, facilitating free trade, promoting privatisation and establishing a policy partnership platform to build a national lifelong entrepreneurial-learning concept. These efforts are recognised in the World Bank's *Doing business* assessment, which ranked Georgia 9th out of 190 countries⁸.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Georgia's Socio-economic Development Strategy, known as 'Georgia 2020' (2013), highlighted the low level of spending on education as a core problem. In 2013, total public expenditure on education was just 2.5% of GDP. Since 2014, it has steadily increased, reaching 3.83% of GDP in 2017⁹.

Education is mandatory for all children aged 6–14 years and illiteracy in Georgia is minimal. The country has a high gross rate of enrolment in upper secondary education (100.7% in 2016) and a relatively low rate of early school leavers (8.9% in 2017). The educational attainment level of the population (age 15+) is high and has been increasing: 37.6% have a tertiary education, 57.5% are medium skilled and only 4.9% are low skilled (2017 data). In terms of aspirations, high educational attainment has always been a social norm in Georgia.

The school system is divided into elementary (six years, ages 6–12), basic (three years, ages 12–15) and secondary (three years, ages 15–18) or, alternatively, two years of VET. Only students with an upper secondary school diploma can access higher education, and they have to pass unified national examinations to enrol in a state-accredited higher education institution. According to the law on education, minorities may access primary and basic education in their own language (Armenian, Azeri and Russian), despite Georgian being the main language of instruction.

VET is provided by both public and private colleges. Private VET provision is quite significant in Georgia compared to many other countries. There are around 100 authorised educational establishments that provide VET, and around 70% of them are private. However, their student intake constitutes around 34% of total VET students, primarily due to the lack of access to public funding. The current funding arrangements and the obligation to pass the unified national examination to enter public VET institutions can be considered to be discriminatory against vulnerable young people. This is particularly true for those age 15–19, who have reduced access to VET programmes. An analysis of the current enrolment figures reveals that almost 80% of students who are enrolled in publicly financed VET courses are over the age of 20, and in some cases may study on both higher education and VET programmes that are free of charge.

VET is considered a second choice compared with academic pathways that lead to higher education. According to data from the Ministry of Education, Science, Culture and Sport (MESCS), the number of

⁷ Ibid.

⁸ World Bank *Doing business* 2019 (2017). Available at <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Profiles/Country/GEO.pdf>

⁹ <http://uis.unesco.org/country/GE>

VET students has been decreasing, from 17 917 in 2013 to 14 769 in 2017¹⁰. The share of VET students has therefore also decreased from 7.3% in 2013 to 4.4% in 2016 for secondary education, and from 14.6% in 2013 to 8.8% in 2016 for upper secondary education. Increasing enrolment in VET courses to 10% by 2020 is one of three specific 'Georgia 2020' targets for developing a workforce that meets labour market needs.

Public higher education in Georgia includes a total of 50 institutions across the university and technical college systems. There are 28 public colleges and universities in the university system, and 22 technical colleges in the technical college system that provide job-focused instruction, as well as adult education and workforce training. The two systems combined educate more than 450 000 students across diverse programmes of study¹¹.

Despite good quantitative outcomes overall, the quality of education remains an issue in Georgia's general education system, as shown by the results of international student assessments. Georgia was ranked 60 out of 70 participating countries in the Organisation for Economic Co-operation and Development's (OECD) 2015 Programme for International Student Assessment (PISA)¹². The scores for 15 year-olds were 401 in reading, 404 in maths and 411 in science, compared to the OECD averages of 493, 490 and 493 respectively. Girls perform better than boys in all three fields. The share of Georgian students who achieve only the lowest level of proficiency is also concern: 51.7% in reading, 50.8% in science and 57.1% in maths. Nevertheless, Georgia showed progress in these indicators compared to the 2009 PISA results.

2.2 Education and training policy and institutional setting

'Georgia 2020' sets out the priorities and problems that need to be resolved in order to achieve long-term, sustainable and inclusive economic growth. The strategy identifies 'enhancing skills' as one of the three overarching goals for the country's socio-economic development, and defines the reforms needed at all levels of education (primary, secondary and tertiary). It concludes that implementing the strategy should increase the quality of education and access to it at all levels, resulting in greater competitiveness and employability among the labour force, and better skills matching. A new phase of reforms were announced in the 4-Point Government Programme 2016–20 in the areas of economy, education, infrastructure development and public sector management. The education reforms are aimed at better linking vocational education and training (VET) and higher education with the needs of economy to ensure graduates are employable, and to facilitate their transition into work.

At the end of 2017, the Georgian government adopted a new Unified Education and Science Strategy for 2017–21 and associated action plans, which cover all levels of education¹³. There have also been significant changes to education regulation. In 2016, a new law was adopted on early and pre-school education, and the legislation on higher education has also changed. The aim of the amendments was to support the integration of learning and research, and enable the implementation of joint educational programmes.

The VET Development Strategy for 2013–20 reflects the priority given to VET development at national level. It also highlights the need for a more coherent and holistic approach to ensure high quality and

¹⁰ Data refers to the whole public VET sector, irrespective of education level. In absolute numbers, 20 165 VET students were enrolled in all of the authorised public and private VET providers nationwide in 2017.

¹¹ <https://gbpi.org/2017/georgia-higher-education-data-book/>

¹² <https://www.oecd.org/pisa/pisa-2015-results-in-focus.pdf>

¹³ <http://mes.gov.ge/content.php?id=7756&lang=eng>

flexibility in VET. The strategic directions for VET development are further incorporated into the new unified education strategy. In September 2018, the Georgian parliament adopted the new VET law, which was an important milestone for skills development and VET in Georgia. The VET law is a framework law that allows the government to develop the VET system with a lifelong learning perspective, giving it the flexibility to adjust the legal provisions to the needs of the labour market, economic development and learners. Secondary legislation will need to be developed in order for the law to be properly implemented, and international development partners will support the drafting of by-laws and regulations in the coming years.

The Law on Education Quality Development (2010) established a quality assurance framework for all VET providers. The framework envisages two instruments for assuring quality in the VET system: authorisation (licensing educational institutions) and accreditation (quality assurance at programme level). Since 2017, the National Centre for Educational Quality Enhancement (NCEQE) has been revising the legal basis for the Georgian NQF with the support of the European Training Foundation (ETF) and other international partners. In 2018, the parliament adopted the NQF-related amendments to the Law on Education Quality Development. Implementing the revised NQF legislation will require effective planning and coordination with the quality assurance reforms. It will also require greater capacity at the NCEQE to ensure that the NQF stimulates qualification transparency, improved permeability in a lifelong learning perspective, and the necessary interaction between qualifications and the world of work (demand for skills and qualifications).

The MESCS is the main policy making body for education. The Education Management Information System (EMIS), which is a legal entity under the MESCS, is responsible for collecting data and evidence on the entire education system. The NCEQE is responsible for quality assurance at all levels of education. It authorises educational institutions by issuing them with a licence, and accredits educational programmes, including VET qualifications. Some 27 sector committees have been created to develop occupational standards under the NCEQE. However, they suffer from an underrepresentation of enterprises and professional associations, and the predominance of education institutions and experts.

The National Assessment and Examination Centre (NAEC), which is subordinate to the MESCS, aims to improve the quality of education through valid, fair and reliable assessment and research. The NAEC provides a wide range of tests and other instruments to assess achievements and competences, from school exams to certification tests for public servants. It also conducts the PISA survey in Georgia.

The National Centre for Teachers' Professional Development provides in-service training for secondary general and VET teachers and trainers. There are also the Educational and Scientific Infrastructure Development Agency and Office of Resource Officers in Educational Institutions, which deal with school construction and facilities, and provide support services to secondary general and vocational education institutions.

The National VET Council, the main tripartite consultative body on VET policy, operates nine thematic working groups and holds regular meetings. The ETF carried out a review of the council's efficiency, effectiveness and current ways of working as part of the Torino Process in 2016. Feedback from the council members is positive in general, but there is still a long way to go to make it a real platform for VET policy debate and formulation.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges¹⁴

Despite the economic growth over the past decade, the Georgian labour market faces several structural problems, including limited job creation (for highly skilled), a high share of self-employment in subsistence agriculture and a high level of urban unemployment, especially among young people. Informality and its implications (low levels of productivity, low wages, poor working conditions and poor access to social protection) is also a challenge as it accounts for a large share of the Georgian labour market.

Georgia's labour force participation rate is relatively high, especially among older people. The activity rate (aged 15+) slightly decreased from 66.3% in 2016 to 65.5% in 2017. There is a pronounced gender gap of 16.4 percentage points between activity for men (74.6%) and women (58.2%). The gender difference in employment rates is also remarkable, with 11.6 percentage points between men (63.4%) and women (50.8%). The lower female participation rate is partly explained by a lack of childcare opportunities, significant wage disparities between men and women (about 35%), and a lack of flexible employment opportunities.

The overall unemployment rate (aged 15+) has been declining. It dropped from 17.2% in 2012 to 13.9% in 2017. Although people with higher education are more affected by unemployment than lower skilled people (15.5% against 10.5% in 2017), there has been an overall improvement in recent years. The male unemployment rate (15.0%) is higher than for females (12.7%). There are also significant geographical disparities. In 2017, the unemployment rate in rural areas of Georgia was 5.1%, compared to 22.8% in urban areas¹⁵.

Young people face particular challenges in the labour market, and the youth unemployment rate remains high, at 28.9% in 2017, although it has declined in recent years (36.1% in 2012). It is higher for young girls (32.7%) than young boys (26.3%). Youth unemployment by education level shows that unemployment rates are the lowest among the 'low educated' group, while the difference between the 'medium' and 'highly educated' is not significant. This might be explained by agricultural self-employment among the lower educated. Despite their limited numbers, VET graduates generally have higher unemployment rates compared to graduates of general education and higher education¹⁶.

The rate of people not in employment, education or training (NEET) remains high, at 24.8% in 2017, although it has been declining in recent years (from 30.6% in 2012). Young girls are more prone to become NEETs: 28.7% compared to 21.2% for young men in 2017. Less educated young people are less likely to become NEETs, unlike young people with an intermediate education (especially VET graduates) and university graduates who face the highest risk of becoming NEETs¹⁷.

¹⁴ Since 2017, Geostat has been conducting a new, separate labour force survey on a quarterly basis with a revised questionnaire, which follows the Eurostat model and has a bigger sample size (around 6 000 households). All labour market data has been re-weighted by Geostat according to the 2014 census, leading to the adjustment of previously published figures.

¹⁵ European Training Foundation, Skills mismatch measurement in ETF partner countries, Country report: Georgia, 2018 (forthcoming).

¹⁶ European Training Foundation, Mapping youth transitions to work in Eastern Partnership countries: Georgia country report, 2018 (forthcoming).

¹⁷ European Training Foundation, Young people not in employment, education or training (NEET): An overview in ETF partner countries, 2015. Available at: <http://www.etf.europa.eu/web.nsf/pages/NEET ETF partner countries>.

The majority of jobs in Georgia are in the traditional, low-productivity sectors, while only a minority are in modern, high-productivity sectors. The share of employment in sectors with higher productivity and wages (for example, industry and services) has been steadily increasing in the last decade, but subsistence agriculture continues to be a large source of employment. In 2017, 43.2% of employment was in agriculture, 48.8% was in services (up from 45.8% in 2012) and only 8.1% was in industry. The share of self-employment in the Georgian labour market was 51.7% of the workforce in 2017 (down from 56.4% in 2012). Self-employed workers are predominantly in rural areas (typically in agriculture) and are less likely to have access to high quality training and better employment opportunities. Georgia also has a relatively high share of employment related to ‘contributing family workers,’ who typically do unpaid work associated with the agricultural sector.

Skills mismatch is a growing concern in the Georgian labour market. The ETF study¹⁸ found that there is both over-qualification and under-qualification, as people work in jobs that do not necessarily correspond to their education levels. The analysis shows that the highest incidence of over-education in Georgia (30%) is among semi-skilled professions (clerks, service and sales workers, and operators and technicians). This is because a large proportion of people with a tertiary education take lower skilled jobs and work in occupations that do not require a tertiary degree. They are often compelled to accept less skilled jobs because there are not enough jobs that require higher skills.

There is also under-education in semi-skilled professions, probably due to a limited supply of VET graduates. In 2017, the Ministry of Economy and Sustainable Development (MoESD) commissioned a new labour demand survey with a large representative sample (6 000 companies). The survey results reveal that it is difficult to fill blue-collar vacancies, particularly in food processing and related occupations, and those requiring stationary-plant and related operators. This is a direct reflection of the recruitment problems facing the manufacturing sector. The low qualification level among jobseekers and employees makes it necessary to seek workers from abroad in many cases. The survey also showed that the main challenges that businesses faced when filling vacancies were the applicants’ lack of qualifications and experience, and their salary demands.

3.2 Employment policy and institutional setting

The ‘Georgia 2020’ strategy sets out an overall policy framework for employment and the labour market, and recognises the need to improve how the labour market functions. It sets out several activities to: develop labour market intelligence; ensure effective communication between employers and jobseekers; develop public and private job mediation services; create a system for retraining unemployed people and jobseekers; and launch programmes to promote self-employment and entrepreneurial activities. The 4-Point Government Programme 2016–20 focuses primarily on the employability of young people. It aims to create better links between skills development and labour market needs, the economic development agenda and sectors that could create employment opportunities.

The EU-Georgia Association Agreement, including the Deep and Comprehensive Free Trade Area, was signed in 2014. It requires labour and employment legislation to be adapted to European standards, including those on: decent work; employment policy; active labour market policies (ALMPs); occupational health and safety; social dialogue; social protection; social inclusion of people

¹⁸ European Training Foundation, Skills mismatch measurement in ETF partner countries, Country report: Georgia, 2018 (forthcoming).

with disabilities and from minority groups; gender equality and anti-discrimination laws. The signing of the agreement was a turning point in labour law.

The labour market strategy 2015–18 remains the key strategic document that outlines the major focus areas for labour market policy in Georgia. The EU's EUVEGE project supported the government to design the new labour market strategy and action plan for 2019–22, which is expected to be adopted by the end of 2018.

After a long preparation and consultation process led by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs (MoIDPLHSA), a Law on Occupational Health and Safety was adopted by the Georgian parliament in March 2018. Despite some strong opposition from businesses, several fatal accidents in the construction and mining sectors put pressure on the government the law was later adopted. It was meant to reflect EU Framework Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work. However, some aspects of the adopted law were criticised as being less effective, such as application of the law only to workplaces classified as hard, harmful and hazardous, and the weak sanctioning system for large companies. Discussions are still ongoing on whether some amendments to the law are still needed.

There is still an inadequate legislative base for implementing ALMPs in Georgia. The MoIDPLHSA has drafted the Employment Service Act with the support of the EUVEGE project and it will be discussed further in the Tripartite Social Partner Commission. The draft law has been particularly criticised by employers, who would have an obligation to report vacancies to the employment offices. The Act is expected to be adopted in 2019 at the earliest.

The development of employment services is still in its early stages in Georgia. The EU twinning project, which ended in 2017, drew up a New Service Model (NSM) for the operations of the Employment Department at the Social Service Agency (SSA), which is to be transformed into a fully-fledged public employment service. The NSM introduces jobseeker profiling and emphasises the importance of career guidance and intermediary services, and the MoIDPLHSA and the SSA are working to scale it up nationwide.

The SSA leads and coordinates the activities of the Employment Support Services (ESS) at national and regional level. It has a network of 10 regional centres and 69 district branches throughout Georgia in all municipalities, which provide social and employment support services. Staff capacity and a lack of human, administrative and financial resources, particularly at regional and district level, are still a major constraint on the expansion of employment services in Georgia. The SSA offices provide career guidance services, organise job fairs, arrange internships in companies and provide support to disabled people through a subsidised employment scheme.

Since 2015, Georgia has implemented four rounds of the State Programme on the Training and Retraining of Jobseekers. The programme has not been very effective so far, resulting in low employment rates for retrained jobseekers: 10% in 2015, 11% in 2016 and 13% in 2017. Analyses by the ETF and the EUVEGE project confirmed that there are serious flaws and inflexibility in the planning and delivery of retraining courses, which significantly reduces the current programme's impact and relevance. The issues have been raised with the MoIDPLHSA and the SSA, and the future EU programme will address them to make the retraining programme more relevant, timely and effective. There is a need to design and implement more diverse ALMPs in Georgia to make employment services more comprehensive for jobseekers.

In 2017, the function of providing labour market information was transferred to the MoESD with the objective of obtaining updated information on labour market trends, career guidance and occupational profiles. The Labour Market Information System (LMIS) Division of the MoESD coordinates the labour demand survey. It produced the first *Labour Market Analysis* report in 2017, which is published on the LMIS website (www.labour.gov.ge). The MoESD is also planning to launch a number of skills surveys with a sectoral focus. The Prime Minister's office has also tasked the MoESD with producing a national skills forecast. The ETF and EUVEGE project have organised a number of expert meetings in 2018 to discuss how the MoESD could engage in this exercise by following international practices and methodologies.

In 2014, the MoESD created two new institutions, Enterprise Georgia (EDA) and the Georgian Innovation and Technology Agency to provide financial and technical assistance for entrepreneurship, innovation and export promotion, and to support the growth of SMEs. The SME Development Strategy 2016–20 aims to make it easier for SMEs to access financing, improve entrepreneurial learning, encourage innovative entrepreneurship and promote exports. EDA ran a pilot initiative in 2016–17 to analyse skills needs and gaps at sector level, and work is underway to continue to improve skills intelligence to inform companies and training providers.

Including social partners in the policymaking process also remains an important issue. The Georgian Trade Union Confederation and Georgian Employers' Association have been closely engaged, particularly in drafting the Framework Law on Occupational Health and Safety, transposing EU directives and amending the Labour Code.

The EU has supported Georgia through the EUVEGE project, which ended in November 2018. In cooperation with the ETF, the EU has also engaged in a policy dialogue with the government to define the policy matrix and performance indicators for the new budget support programme. The financing agreement on the new Skills4Jobs programme was due to be signed in the last quarter of 2018, allowing the disbursement of the first fixed tranche of 4 million euro by the end of 2018. The 2019–22 programme will support reforms in employment, skills development and entrepreneurial learning, targeting young people and vulnerable groups in particular.

Other development partners also continue to support Georgia with VET and labour market reforms. The German government approved a new dual VET project, which will run pilot projects in different economic sectors. The Swiss Development Agency approved follow-up funding for the United Nations Development Programme to continue its skills development project in agriculture. The World Bank is in the process of negotiating a large project to be financed by the UK Good Governance Fund, which will focus on continuing VET professional development for teachers and managers, and providing grants for partnerships between VET schools and industry. The World Bank also plans to prepare a new comprehensive education and skills project in 2019, with an emphasis on innovation, technology, and the application of knowledge and skills to boost productivity and innovation in Georgia. In 2018, the International Labour Organisation launched a new project called Inclusive Labour Market for Job Creation in Georgia, which is financed by the Danish government. It aims to improve Georgia's capacity to enforce and respect labour laws and international labour standards, and to promote youth entrepreneurship and responsible business conduct.

In spite of the government's efforts, limited capacity and a lack of professionals remain major concerns in the implementation and sustainability of reforms. More support is needed for capacity development and institution building, not only in the capital, Tbilisi, but throughout the country. Skills development actions should be better linked to the economic development agenda and sectors that could create

employment opportunities. They should also target vulnerable groups such as young people, the rural population and the long-term unemployed.

STATISTICAL ANNEX - GEORGIA

Annex includes annual data from 2012, 2016 and 2017 or the last available year (data update on 03/09/2018)

	Indicator	2012	2016	2017	
1	Total Population (000)	3739.3	3728.6	3726.4	
2	Relative size of youth population (age group 15-24) (%)	21.2	18.9	18.2	
3	Youth Dependency ratio (%)	27.0	28.6	29.1	
4	Old Dependency ratio (%)	21.2	22.2	22.5	
5	Global Competitive Index	Rank	88	59	67
		Score	4.0	4.3	4.3
6	GDP growth rate (%)	6.4	2.8	5.0	
7	GDP per capita (PPP) (current international \$)	8026.5	10004.5	10698.7	
8	GDP by sector (%)	Agriculture added value	8.8 (2011)	9.0	M.D.
		Industry added value	23.8 (2011)	24.9	M.D.
		Services added value	67.4 (2011)	66.1	M.D.
9	Poverty headcount ratio at \$3.2 a day (2011 PPP) (% of population)	26.5	17.1	M.D.	
10	Gini index (%)	38.8	36.5	M.D.	
11	Educational attainment of adult population (aged 25-64 or 15+) (%) ⁽¹⁾	Low	4.0	3.3	4.9 ⁽²⁾
		Medium	59.1	57.4	57.5 ⁽²⁾
		High	36.9	39.3	37.6 ⁽²⁾
12	Gross enrolment rates in secondary education (%)	96.5 (2013)	104.3	M.D.	
13	Share of VET students in secondary education (%)	7.3 (2013)	4.4	M.D.	
14	Gross enrolment rates in upper secondary education (%)	90.4 (2013)	100.7	M.D.	
15	Share of VET students in upper secondary education (%)	14.6 (2013)	8.8	M.D.	
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	51.7 (2015)	N.A.
		Mathematics	N.A.	57.1 (2015)	N.A.
		Science	N.A.	50.8 (2015)	N.A.
17	Total	M.D.	M.D.	1.6	

	Indicator		2012	2016	2017
	Participation in training/lifelong learning (age group 25-64) by sex (%)	Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.
18	Early leavers from education and training (age group 18-24) by sex (%)	Total	7.6	6.7	8.9 ⁽²⁾
		Male	9.3	6.7	8.3 ⁽²⁾
		Female	6.0	6.7	9.4 ⁽²⁾
19	Activity rates by sex (aged 15+) (%)	Total	65.6	66.3	65.8 ⁽²⁾
		Male	77.3	77.4	74.6 ⁽²⁾
		Female	55.9	56.7	58.2 ⁽²⁾
20	Employment rates by sex (aged 15+) (%)	Total	54.3	57.1	56.7 ⁽²⁾
		Male	63.3	64.5	63.4 ⁽²⁾
		Female	46.9	50.6	50.8 ⁽²⁾
21	Unemployment rates by sex (aged 15+) (%)	Total	17.2	14.0	13.9 ⁽²⁾
		Male	18.2	16.6	15.0 ⁽²⁾
		Female	16.1	10.9	12.7 ⁽²⁾
22	Unemployment rates by educational attainment (aged 15+) (%)	Low	8.4	10.7	10.5 ⁽²⁾
		Medium	16.0	13.0	13.5 ⁽²⁾
		High	21.1	16.1	15.5 ⁽²⁾
23	Youth unemployment rates by sex (aged 15-24) (%)	Total	36.1	33.2	28.9 ⁽²⁾
		Male	34.6	34.6	26.3 ⁽²⁾
		Female	38.7	30.4	32.7 ⁽²⁾
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)		42.3	43.2	M.D.
25	Long-term unemployment rate (aged 15+) (%)		7.5.	6.2	5.8 ⁽²⁾
26	Incidence of self-employment (%)		56.4	53.0	51.7 ⁽²⁾
27	Share of the employed in a public sector (%)		17.3	15.8	16.6 ⁽²⁾
28	Employment by sector (%)	Agriculture	46.9	43.7	43.2 ⁽²⁾
		Industry	7.2	7.2	8.1 ⁽²⁾
		Services	45.8	49.1	48.8 ⁽²⁾
29	Employment in the informal sector		M.D.	M.D.	M.D.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%)	Total	30.6	25.9	24.8 ⁽²⁾
		Male	23.6	21.7	21.2 ⁽²⁾

	Indicator	2012	2016	2017
	Female	37.4	30.5	28.7 ⁽²⁾
31	Public expenditure on education (as % of GDP)	2.9	3.8	M.D.
32	Public expenditure on education (as % of total public expenditure)	9.5	12.2	M.D.
33	Skill gaps (%)	9.9 (2013)	N.A.	N.A.
34	The contribution of SMEs to GDP (value added, %) ^{(3) (4)}	55.4	58.4	M.D.
35	The share of SMEs in employment (%) ^{(3) (4)}	68.3	67.3	64.0

Sources:

3, 4, 6, 7, 8, 9, 10 – The World Bank, World Development Indicators database

5 – World Economic Forum

1, 2, 11, 17, 18, 19, 20, 21, 22, 23, 25, 26, 27, 28, 30, 31, 32, 34, 35 – National Statistics Office of Georgia

16, 33 – OECD Statistical database

24 – ILOSTAT

12, 13, 14, 15 – UNESCO, Institute for Statistics

Legend:

N.A. = Not Applicable

M.D. = Missing Data

Note:

(1) Data refer to active population

(2) Break in series

(3) The statistical definition of SME has been changed – data for all reported data points relate to SMEs that include enterprises up to 250 people employed (annual average) and the average annual turnover up to 60 million.

(4) ETF calculation

ANNEX: INDICATORS' DEFINITIONS

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, legal or registered residents can be considered.
2	Relative size of youth population (age group 15-24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth Dependency ratio (%)	The ratio of younger dependants (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old Dependency ratio (%)	The ratio of older dependants (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape providing inside into the drivers of countries' productivity and prosperity. It expressed as scores on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population, and converted to international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from Agriculture, Industry and Services.
9	Poverty headcount ratio at \$3.2 a day (2011 PPP) (%)	The percentage of the population living on less than \$3.20 a day at 2011 international prices.
10	Gini index (%)	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13	Share of VET students in secondary (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET)
14	Gross enrolment rates in upper secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET)

	Description	Definition
16	Low achievement in reading, maths and science – PISA (%)	The share of 15-years-olds falling to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	The share of persons aged 25–64 who stated that they received education or training in the four weeks preceding the (LFS) survey.
18	Early leavers from education and training (age group 18-24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 level 0–3C short for data up to 2013 and to ISCED 2011 level 0–2 for data from 2014 onwards.
19	Activity rates by sex (aged 15+) (%)	Activity rates represent the labour force as a percentage of the population of working age.
20	Employment rates by sex (aged 15+) (%)	Employment rate represents persons in employment as a percentage of the population of working age.
21	Unemployment rates by sex (aged 15+) (%)	Unemployment rate represents unemployed persons as a percentage of the labour force.
22	Unemployment rates by educational attainment (aged 15+) (%)	Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
23	Youth unemployment rates by sex (aged 15-24) (%)	Youth unemployment rate represents young unemployed persons aged (15-24) as a percentage of the labour force (15-24).
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25	Long-term unemployment rate (age 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26	Incidence of self-employment (%)	The share of self-employed as a proportion of total employment. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27	Share of the employed in a public sector (%)	The share of employed in a public sector as a proportion of total employment.
28	Employment by sector (%)	The share of employed in Agriculture, Industry and Services.
29	Employment in the informal sector	Share of persons employed in the informal sector in total non-agricultural employment.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group and sex who is not employed and not involved in further education or training.
31	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.

	Description	Definition
32	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
33	Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34	The contribution of SMEs to GDP (%)	The share of value added from small and medium businesses (SMEs).
35	The share of SMEs in employment (%)	The share of persons employed in small and medium businesses.

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