

# GEORGIA

**EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2020**

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# KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

(SEPTEMBER 2019–AUGUST 2020)

In 2019 and 2020 the Georgian government appointed new ministers to key ministries dealing with education, training and employment. Staff changes also took place in the positions of deputy ministers and heads of government agencies. Georgia created two new agencies in 2019, the Youth Agency and the State Employment Support/Promotion Agency (SESA), and plans to establish a new National Agency of Vocational Skills (Skills Georgia) in 2021. All of these players are important for strengthening the implementation capacity of education, training and employment policies in Georgia in the years to come.

A great deal of progress has been made, particularly in the area of labour and employment legislation and policy implementation. At the end of 2019 the government adopted a new national Labour Market and Employment Strategy 2019–2023 and its associated Action Plan 2019–2021. The Law on Employment, which underpins active labour market policies and contributes to the operations of SESA, was adopted in July 2020. A new Law on Occupational Health and Safety (OHS) was adopted in 2019 to align the previous one with the EU acquis as per the EU–Georgia Association Agreement. In September 2020 Georgia’s parliament adopted an important labour law reform package. By offering much greater protection to workers, the reforms mark a major step forward to bringing Georgia’s labour legislation into line with the relevant international labour standards of the ILO and EU Directives and striking a better balance between the rights and interests of workers and employers.

The new Law on Vocational Education and Training, which was adopted in September 2018, is now in implementation, and the Ministry of Education, Science, Culture and Sport (MoESCS) is actively engaged in developing secondary legislation in cooperation with development partners.

The Covid-19 pandemic has had an impact on the policy implementation of VET, labour market and employment strategies, and the operations of newly established agencies such as SESA. The provision of VET qualification programmes was temporarily suspended during the lockdown and biannual enrolments were merged into one in 2020. However, the Georgian government has actively sought to mitigate the impact of the crisis on its reform programmes with the help and financial assistance of the international community including the EU.

Implementation of the EU Skills4Jobs Programme is underway. The programme supports reforms in employment, skills development and entrepreneurial learning, targeting young people and vulnerable groups in particular. Other development partners, such as the World Bank, the Asian Development Bank and USAID, provide substantial financial support for the reform of the Georgian education sector including VET.

In spite of the government’s efforts, however, limited capacity, staff turnover and a lack of professionals remain major concerns in the implementation and sustainability of reforms. Skills development actions need to be linked to the economic development agenda and

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

# 1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Georgia has a population of almost 3.73 million people, a figure that has decreased by more than a million over the past decade<sup>1</sup>. Some 57% of the population live in urban areas, with 1.1 million in the capital of Tbilisi. The share of youth among the general population has been decreasing, indicating that the Georgian population is gradually ageing. The relative size of the youth population (aged 15–24) declined from 20.8% in 2013 to 17.7% in 2019. Two primary factors explain the decrease: low natural growth rates and emigration.

Emigration is an important phenomenon in Georgia: the stock of 746 000 emigrants abroad represents 16% of the country's population (2013 data)<sup>2</sup>. According to the same source, 32% of emigrants have tertiary education. Their main destination countries have been Russia, Ukraine, Greece, Germany, Spain, the United States and Turkey. The United Nations Department of Economic and Social Affairs gave a figure of 838 400 Georgian citizens living abroad in 2015<sup>3</sup>, just over 50% of them women (423 000). The most striking point about emigration is that it is mainly young people who leave Georgia. Emigration is highest in the age group 25–29, followed by those aged 30–34 and those in the even younger group (aged 20–24)<sup>4</sup>.

Georgia is a lower middle-income country with a growing gross domestic product (GDP) per capita, which increased from USD 8 000 in 2012 to USD 11 400 in 2018. Over the past five years Georgia's GDP growth has fluctuated considerably, falling from 7.2% in 2011 to only 2.7% in 2016. However, after catching up in 2017, the Georgian economy continued to perform well in 2019, with GDP growth standing at 5.1%. The main contributors to GDP in 2019 were services (60.4%), followed by industry (20.0%) and agriculture (6.2%). Services are also the fastest growing sector, with hospitality and financial services leading the way.

The Covid-19 pandemic has had a major impact on Georgia's economy in 2020<sup>5</sup>. While the health impact of the pandemic has been well contained, the country's external position has deteriorated as tourism revenues have come to a virtual standstill. Preliminary data suggest a tentative recovery in domestic demand beginning in June. Growth is expected to contract by 5% in 2020, partly reflecting a more severe slowdown in the second quarter of 2020 and a more protracted recovery in external demand. Given pervasive uncertainty about the pandemic, downside risks dominate the economic outlook. In August 2020 the EU signed a Memorandum of Understanding with Georgia on macro-financial assistance for 150 million euro to limit the economic fallout from the pandemic. For Georgia, the policy conditions relate to strengthening public finance management, governance, sector reforms and labour market policies. In 2020 the EC has also signed a Covid-19 Resilience Contract for Georgia<sup>6</sup> for 75 million euro to contribute to the comprehensive Anti-Crisis Economic Plan of the

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<sup>1</sup> 2014 General Population Census, Main Results, Geostat 2016

<sup>2</sup> World Bank, *Migration and Remittances Factbook 2016*, World Bank, Washington, DC, 2016: <http://www.worldbank.org/en/research/brief/migration-and-remittances>

<sup>3</sup> United Nations Department of Economic and Social Affairs, *Trends in International Migrant Stock: Migrants by Destination and Origin* (United Nations database, POP/DB/MIG/Stock/Rev.2015), 2015: <http://www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml>

<sup>4</sup> European Training Foundation (ETF), *Mapping Youth Transitions to Work in the Eastern Partnership Countries: Georgia Country Report*, 2017; data from Geostat

<sup>5</sup> <https://www.imf.org/en/News/Articles/2020/09/15/pr20293-georgia-imf-staff-concludes-virtual-visit>

<sup>6</sup> [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c\\_2020\\_4959\\_f1\\_annex\\_en\\_v1\\_p1\\_1086547.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/c_2020_4959_f1_annex_en_v1_p1_1086547.pdf)

Georgian government. The Georgian government has implemented a number of relief and support measures to combat the impact of the pandemic on SMEs and the population, such as:

- the Co-financing Mechanism for the Small, Medium & Family Hotel Industry to support family-owned hotels and a deferral of property and income taxes for enterprises engaged in the tourism industry
- value-added tax (VAT) refunds
- state subsidies for every retained job
- VAT exemptions for imports of medical goods
- financial assistance (GEL 1200 in overall assistance for a period of six months at GEL 200 per month) for employees who have lost their jobs or been put on unpaid leave
- social programmes for the population, such as delays in loan service payments for individual customers, delays in utility payments and advance payment of pensions
- a credit guarantee scheme for businesses

According to an analysis carried out by the Policy and Management Consulting Group (PMCG)<sup>7</sup>, five sectors are expected to be the most severely affected by the pandemic in 2020: arts, entertainment and recreation; accommodation and food services; transport and storage; wholesale and retail trade; and other services. On the other hand, the following sectors are expected to be the least affected (and some might even grow): information and communications; human health and social activities; professional, scientific and technical activities; public administration; and mining. In the negatively impacted sectors, a fall in employment is almost inevitable. In the spring of 2020 PMCG estimated in its optimistic scenario that there would be a 6.3% decrease in the total number of employed people in Georgia.

The Socio-economic Development Strategy of Georgia (2014), which is also called Georgia 2020, sets inclusive economic development as the government's main objective. The strategy is based on increasing the amount of jobs, innovation and competitiveness in the private sector and pursuing human resources development, including a demand-oriented labour force. The government's Freedom, Rapid Development and Welfare programme 2018–2020, which was adopted in July 2018, confirms the continuation of the same priorities, namely the importance of economic growth, employment and education policies for the country.

In recent years Georgia has continuously improved the business environment for all enterprises (including SMEs) by simplifying administrative regulations, reducing the tax burden, fighting corruption, facilitating free trade, promoting privatisation and initiating a policy partnership platform to build a national lifelong entrepreneurial learning concept. The World Bank's Doing Business assessment of 2020 ranked Georgia 7th out of 190 countries. It was the only lower middle-income country to be recognised as a top performer in ease of doing business<sup>8</sup>.

To seize all the opportunities offered by the Deep and Comprehensive Free Trade Area with the EU, the government of Georgia will have to strengthen the support provided to exporting SMEs, including through targeted financing tools. Expanding the links between foreign direct investment (FDI) and

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<sup>7</sup> PMCG Research, *The Impact of COVID-19 on the Georgian Economy: Economic Outlook and Indicators*, Issue 116/2020

<sup>8</sup> <https://www.doingbusiness.org/en/reports/global-reports/doing-business-2020>

domestic businesses, beyond pilot projects, is also of crucial importance for improving FDI inflows and increasing the competitiveness of Georgian SMEs.

## 2. EDUCATION AND TRAINING

### 2.1 Trends and challenges

Georgia 2020 highlights 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 3.8% of GDP in 2017 and remaining at the same level in 2018. The share of expenditure on VET has also been increasing and in 2018 amounted to 2.8% of the total budget of the Ministry of Education, Science, Culture and Sport (MoESCS). Despite the rising spending on education in recent years, the level remains significantly below average for the region and is far from the ambitious target set by the government for 2022: 6% of GDP.

Education is mandatory in Georgia for all children aged 6–14 years and illiteracy in the country is minimal. The school system is divided into elementary (six years, ages 6–12), basic (three years, ages 12–15) and lastly 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.

The country has a high net rate of enrolment in upper secondary education (95.8% in 2019), a high gross enrolment rate in tertiary education (63.2% in 2019)<sup>9</sup> and a relatively low rate of early school leavers (9.3% in 2019). The educational attainment level of the population (aged 15+) is high and has been increasing: 34.6% are high-skilled, 58.9% are medium-skilled and only 6.5% are low-skilled (2019 data). In terms of aspirations, high educational attainment has always been a social norm in Georgia.

According to the 2014 census, 16.2% of the country's population (602 700 individuals) are from ethnic minorities, with Azeris and Armenians constituting the largest share. According to the legislation on education, minorities may have primary and basic education in their own language (Armenian, Azeri or Russian), but the main language of instruction is Georgian. Roughly 90% of students receive general education in Georgian, 5% in Azeri, 3% in Armenian and 3% in Russian<sup>10</sup>. In VET, individuals from minority groups can take the VET entrance test in their own language and then enrol in a Georgian language module in order to be able to follow a vocational programme.

VET is provided by both public and private colleges. Private VET provision is quite significant in Georgia compared to many other countries. There are 119 VET providers, of which 87 are VET colleges (20 public and 67 private), 23 are higher education institutions (14 public and 9 private) and 9 are general education schools (all private)<sup>11</sup>. The student intake of private providers is lower than that of public providers, primarily owing to the lack of access to public funding. However, the situation is changing and the MoESCS has revised the funding scheme so that accredited private providers also have access to public funding. The government aims to expand the network of public VET institutions and there are now ten new VET colleges under construction and six under refurbishment.

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<sup>9</sup> <http://uis.unesco.org/country/GE>

<sup>10</sup> European Training Foundation (ETF), *Mapping Youth Transitions to Work in the Eastern Partnership Countries: Georgia Country Report*, 2017; data from Geostat

<sup>11</sup> Education Management Information System/EMIS, 2019

Development partners such as the Asian Development Bank (ADB) and the German development bank KfW are involved in supporting the construction of new centres of excellence and the refurbishment and upgrading of facilities in existing institutions. The new institutions are expected to improve the outreach of VET and access to VET among the rural population.

The VET system also faces challenges in terms of its relevance to labour market needs and its lack of attractiveness. VET is still considered a second choice behind academic pathways that lead to higher education. Enrolment in VET programmes has been decreasing. The share of VET students in upper secondary education fell from 14.6% in 2013 to 8.0% in 2018. Increasing the enrolment in VET courses to 10% by 2020 is one of three specific targets of Georgia 2020 to develop a workforce that meets labour market needs. However, the target now appears unachievable. This is also due to the Covid-19 crisis, which forced the ministry to cut the biannual enrolment and merge two enrolments into one. As a result, the enrolment of new VET students in 2020 is lower than in 2019. In 2019 the MoESCS launched a new adult education programme to provide short-term upskilling courses in priority occupations. The new programme is part of Georgia's effort to give an impetus to lifelong learning (LLL). The participation rate in LLL remains very low in Georgia and dropped from 1% in 2018 to 0.8% in 2019.

Recent analyses have shown that young people's attitudes towards vocational education have been changing. While they acknowledge that not everyone needs to enrol in higher education and that VET is a potential option, they also state that employers' attitudes create barriers, because the latter tend to undervalue individuals with a vocational education diploma. For this reason, even those who would like to enrol in VET might be discouraged and instead seek entry to university<sup>12</sup>. VET programmes have until now been 'dead ends' and do not enable students to continue their studies in higher education. This issue will be addressed by the new VET law. In 2019 the MoESCS adopted a regulation aimed at integrating the learning outcomes for the middle level of secondary school into secondary vocational education programmes. New pilot projects in this field are under way at seven VET colleges.

The results of some international student assessments in which Georgia has taken part point to quality problems in basic education. For three consecutive rounds in 2010, 2015 and 2018, the results of the OECD's PISA tests<sup>13</sup> show the share of 15-year-olds who can achieve only the lowest level of proficiency (OECD, 2019). Although Georgia improved its results from 2010 to 2015, the fact that more than half of Georgian students achieved only the lowest level of proficiency was worrying. In addition, the most recent PISA 2018 results have deteriorated, with the share of lowest achievers rising to 64% in reading, 61% in science and 64% in mathematics. The country ranked 70th out of 79 countries participating in the PISA 2018 test. Weakness in these key competences will have an effect on young people's lives and limit their further learning capacity, whether they leave education or continue studying in VET or higher education.

## 2.2 Education and training policy and institutional setting

Georgia 2020 identifies 'skills enhancement' as one of the three overarching goals for the country's socio-economic development, and defines the reforms that will be needed at all levels of education (primary, secondary and tertiary). It concludes that implementing the strategy should increase the quality of education and access at all levels, resulting in greater competitiveness and employability

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<sup>12</sup> Friedrich Ebert Foundation (FES), *Generation in Transition: Youth Study Georgia 2016*: <http://library.fes.de/pdf-files/bueros/georgien/13150.pdf>

<sup>13</sup> [https://www.oecd-ilibrary.org/education/pisa-2018-results-volume-i\\_5f07c754-en](https://www.oecd-ilibrary.org/education/pisa-2018-results-volume-i_5f07c754-en)



among the labour force and better skills matching. A new phase of reforms, which was announced in the Four Point Government Programme 2016–2020, addresses the economy, education, infrastructure development and public-sector management. The education reforms seek to link VET and higher education more effectively to the needs of the economy in order to ensure that graduates are employable and to facilitate their transition into work. While implementing the reform strategy, Georgia has put an emphasis on engaging in and developing partnerships with the private sector (including work-based learning schemes and dual programmes), expanding the network of VET providers to increase VET access particularly among the rural population, and introducing upskilling and reskilling courses for adults. The targets to increase and even double the participation rate in VET are yet to be achieved in the coming years, because the whole VET system is now occupied with piloting and implementing systemic changes as per the provisions of the new VET law adopted in 2018. Where Georgia has been particularly successful in recent years is in attracting generous international assistance and donor funding to back up the implementation of its education reform strategy.

Georgia's approval of the VET Development Strategy for 2013–2020 reflects the priority given to VET development at the national level and the push for a more coherent and holistic approach to VET aimed at high quality and flexibility. The VET strategy has been implemented in line with its objectives and accompanied by increasing EU and international support. The strategic directions of VET development are also incorporated into the Unified Education and Science Strategy for 2017–2021, which is the main guiding document for the entire education sector<sup>14</sup>. The EU's Public Administration Reform (PAR) programme has appointed an expert to advise and assist the MoESCS in the process of updating the education strategy. The new strategy will be developed through 2021 to cover the period 2022–2030. In September 2018 the Georgian parliament adopted the new framework VET law, which is an important milestone for skills and VET development based on a lifelong learning perspective. The MoESCS is actively engaged in further development of secondary legislation to facilitate the implementation of the law. International development partners will assist the ministry in drafting bye-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). In 2019 new legal acts were adopted to regulate the National Qualifications Framework (NQF). Implementation of the revised NQF legislation requires effective planning and coordination with the quality assurance reforms, as well as improved capacity at the National Centre for Educational Quality Enhancement (NCEQE) to ensure that the NQF promotes transparency of qualifications, improved permeability within a lifelong learning perspective, and the necessary interaction between qualifications and the world of work (demand for skills and qualifications). These tasks will be supported by the new EU twinning project with the NCEQE that was launched in July 2019.

The MoESCS is the main policymaking body for education. The Education Management Information System (EMIS), which is a legal entity under the MoESCS, 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. It also coordinates the work of sector committees to develop occupational standards under the NCEQE. The National Assessment and Examination Centre (NAEC), which is subordinate to the MoESCS, aims to improve the quality of education through valid, fair and reliable assessment and research. The NAEC provides a wide range

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<sup>14</sup> <http://mes.gov.ge/content.php?id=7756&lang=eng>

of tests and other instruments to assess achievement and competences, ranging 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. The Educational and Scientific Infrastructure Development Agency deals with school construction and facilities.

Boosting public–private partnerships (PPP) is a key priority of the Georgian VET strategy. In 2020 the MoESCS presented the concept of a national agency for vocational skills, or Skills Georgia, which the government aims to establish in 2021 as a PPP institution. The rationale for the new agency is to address the following challenges in Georgia: reduce centralised governance by which most decisions are taken by national government structures without consulting local government and private-sector stakeholders; enhance the government's limited capacity to engage private-sector partners and coordinate a joint effort to develop and rebrand the VET sector; rectify the immature and fragmented nature of Georgia's industry and agriculture as well as weak and unsustainable membership in sectoral business associations; and overcome a lack of trust and traditions of cooperation within Georgia's private sector, on one hand, and between Georgian businesses, the government and education providers, on the other hand. The agency will be an operational arm of the ministry and various functions of VET and skills development will be transferred to the agency both from the ministry and from the NCEQE. The agency's main objectives are to develop vocational qualifications as per the needs of employers; enhance work-based learning; develop the institutional capacity of organisations involved in VET; widen the network of VET institutions; expand accessibility to VET; and enhance the attractiveness of VET. The agency will have a multi-stakeholder board that includes, for example, representatives from the private sector, business associations and government agencies.

In general, VET governance is centralised, but it is moving towards a hybrid model characterised by the increased involvement of social partners and VET providers in policy implementation. The National VET Council is the main tripartite consultative body on VET policy. Membership on the council is divided equally between the government and social partners, including civil society. The MoESCS suspended the council's operations in the summer of 2019 owing to the lack of interest and commitment among non-governmental members. As a result, Georgia is looking for different social partnership models at the system level that could support more effective, results-oriented cooperation with social partners. The new board of Skills Georgia could act as a platform to revive social dialogue on skills development and replace the National VET Council.

Social partners are also involved in the validation of occupational and educational standards through sector committees. Some 27 sector committees have been created to develop occupational standards under the NCEQE. However, their membership suffers from an under-representation of enterprises and professional associations and a predominance of educational institutions and experts. At the sectoral level, Georgia needs to continue its efforts to make the VET system more demand-led and responsive to the needs of industry. Developments so far have focused mainly on correcting the mismatch between the skills needs of industry and the skills that are provided by existing VET programmes. It is clear that Georgia needs effective arrangements for sector committees, which should be empowered and resourced to play a key role in skills development, especially for strategically important economic sectors. Skills Georgia will take over these functions and coordinate the work of sector skills organisations.

Social partners also participate in VET college management through supervisory boards. At the local level there is an expectation that industry representatives should be more involved in VET provision by providing work-based learning (WBL) and dual-type apprenticeships, organised in partnership between enterprises and VET providers. In recent years WBL and dual education have attracted a

great deal of attention. Regardless of the form that the sectoral bodies take, they will have a potentially important intermediary role to play in the implementation of WBL arrangements.

In 2019 the Authorisation Board of Vocational Education Institutions was formed on the principle of public–private partnership. The private sector has participated in, for example, developing dual education programmes. Over 600 students enrolled in such programmes in the period 2016–2019 and roughly 30 students completed a programme in 2019. As part of the autumn intake in 2019, applicants were able to enrol in a dual education programme without professional testing and the selection was carried out on the basis of a successful interview (competition) with a partner/private company. The new Youth Agency created in September 2019 aims to create a full ecosystem in which youth can get support through the services of a variety of organisations and public institutions. Currently the agency has 45 permanent staff and 30 contracted experts, with a total budget of GEL 5 million. The stakeholders in the ecosystem include all the relevant ministries for youth, as well as the youth centres in municipalities, youth organisations, youth NGOs and youth workers. Their role is policymaking rather than service delivery, so they fund NGOs and youth workers to implement youth services. The agency has drafted a new youth strategy and works on the promotion of non-formal education (with a particular focus on competences based on the EU's eight key competences) and hobby education. The agency also has a certified training programme for youth workers and an online platform for youth to register and obtain different types of information or services. The agency is one of the beneficiaries of the ongoing EU budget support programme.

## 3. LABOUR MARKET AND EMPLOYMENT

### 3.1 Trends and challenges<sup>15</sup>

A long-term analysis of labour market indicators shows gradual improvement over the last decade, marked by rising activity and employment rates and a decreasing unemployment rate. Despite the sustained economic growth of the past decade, however, the Georgian labour market continues to have three structural problems: 1) limited job creation (for highly skilled workers); 2) a high share of self-employment in subsistence agriculture; and 3) a high level of urban unemployment, especially among young people. Roughly speaking, half of the total employment is in the services sector, 40% in agriculture and 10% in manufacturing. The employment share of services has been increasing in the last decade at the expense of shrinking agricultural employment<sup>16</sup>.

Informality, together with 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+) decreased from 65.2% in 2013 to 62.9% in 2019. There was a pronounced gender gap of 18.1 percentage points between the activity rates for men (72.6%) and women (54.5%) in 2019. The gender difference in employment rates is also significant, with 14.3 percentage points between the employment rates for men (63.3%) and women (49.0%) in 2019. The

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<sup>15</sup> 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 have been reweighted by Geostat according to the 2014 census, resulting in the adjustment of previously published figures.

<sup>16</sup> European Training Foundation (ETF), *Policies for Human Capital Development: Georgia, An ETF Torino Process Assessment*, ETF, Turin, 2020. Available at: [https://www.etf.europa.eu/sites/default/files/2020-03/04\\_trp\\_etf\\_assessment\\_2019\\_georgia.pdf](https://www.etf.europa.eu/sites/default/files/2020-03/04_trp_etf_assessment_2019_georgia.pdf)

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, falling from 16.9% in 2013 to 11.6% in 2019. The unemployment rate is higher for males (12.8%) than for females (10.1%). There are also significant geographical disparities. In 2017 the unemployment rate in rural areas of Georgia was 5.1%, compared with 22.8% in urban areas<sup>17</sup>. Although people with higher education are still slightly more affected by unemployment than individuals with lower skills (11.29% against 10.91% in 2019), there has been an overall improvement in recent years, with the unemployment rate for higher educated individuals falling from 20.6% in 2013.

Young people face particular challenges in the labour market. The youth unemployment rate remains high, standing at 30.4% in 2019, but it has declined in recent years (it was 38.9% in 2013). It is higher for young women (32.9%) than for young men (28.9%). Youth unemployment by educational level shows that rates are lowest for the group with low levels of education, while the difference between the rates among those with medium and high levels 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 than graduates of general education and higher education<sup>18</sup>. The proportion of young people not in employment, education or training (NEETs) remains high and actually increased from 24.8% in 2017 to 26.9% in 2018 before declining again to 26.0% in 2019. However, the trend is downward in recent years (from 29.9% in 2013). Young women are more prone to becoming NEETs, with a rate of 29.1% compared with 23.3% for young men in 2019. Young people with lower levels of education 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 NEETs<sup>19</sup>.

The majority of jobs in Georgia are in traditional, low-productivity sectors, whereas 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 over the past decade, but subsistence agriculture continues to be a large source of employment. In 2018, 38.2% of employment was in agriculture, 48% was in services (up from 45.5% in 2013) and only 13.9% was in industry. The share of self-employment in the Georgian labour market remains high at 49.7% of the workforce in 2018 (down from 57.2% in 2013). 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 people classed as 'contributing family workers', who typically do unpaid work associated with the agricultural sector.

Skills mismatch is a growing concern in the Georgian labour market. An ETF study<sup>20</sup> found that there is both over-qualification and under-qualification, as people work in jobs that do not necessarily correspond to their educational levels. The analysis also 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 those with tertiary education take

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<sup>17</sup> European Training Foundation (ETF), *Skills Mismatch Measurement in ETF Partner Countries, Country Report: Georgia*, 2018

<sup>18</sup> European Training Foundation (ETF), *Mapping Youth Transitions to Work in Eastern Partnership Countries: Georgia Country Report*, 2018

<sup>19</sup> 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>

<sup>20</sup> European Training Foundation, *Skills Mismatch Measurement in ETF Partner Countries, Country Report: Georgia*, 2018

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 owing to a limited supply of VET graduates. In 2017 the Ministry of Economy and Sustainable Development (MoESD) commissioned a labour demand survey with a large representative sample of 6 000 companies. The survey results revealed 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 in many cases to seek workers from abroad. The survey also showed that the main challenges that businesses face when filling vacancies are applicants' lack of qualifications and experience and their salary demands.

### 3.2 Employment policy and institutional setting

Georgia 2020 sets out an overall policy framework for employment and the labour market, and recognises the need to improve how the labour market functions. It also identifies 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 Four Point Government Programme 2016–2020 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.

A new national Labour Market and Employment Strategy 2019–2023 and its associated Action Plan 2019–2021 received approval at the end of 2019. The strategy was a condition for EU microfinance support. The Labour Market and Employment Strategy is the key strategic document that outlines the major areas of focus for labour market policy in Georgia. The new Law on Employment, which was adopted by Parliament in July 2020, outlines the country's employment policy and underpins the work of the new State Employment Support/Promotion Agency (SESA). The Law on Employment was developed with substantial EU expertise, which was provided by TA and twinning projects.

The Law on Employment is expected to contribute to the creation of more accessible, more effective employment services for citizens and better matching between skills and jobs in the country. Moreover, the adoption of the law is key for the success of the EU Programme on Skills Development and Matching for Labour Market Needs. Parliament acknowledged that all of the essential recommendations made by the EU were reflected in the text of the law. As a compromise, however, the enactment of Article 33, which requires recipients of social benefits to register as unemployed, was postponed for a two-year period.

On 29 September 2020, Parliament adopted an important labour law reform package. By offering much greater protection to workers, the adoption of the reforms, which were developed with extensive support from the ILO, marks a major step forward to bringing Georgia's labour legislation into line with the relevant international labour standards of the ILO and EU Directives and striking a better balance between the rights and interests of workers and employers. SESA was established in December 2019 to implement Georgia's active labour market policy and provide quality employment services, including the development of temporary and legal employment opportunities abroad (circular labour migration). The activities of SESA target employers, jobseekers and other stakeholders and it operates under the Ministry of Internally Displaced Persons, Labour, Health and Social Affairs (MIDPLHSA). SESA, which became operational on January 2020, has its own annual budget (GEL 4 million) and a total staff of 102 people. Of this total, 51 staff members will be field-based in the regions, while the remaining 51

will be in Tbilisi, both in offices and the headquarters. Eighteen staff members have transferred to the new agency from the former Employment Programme Department of the Social Service Agency (SSA), while the remaining staff will be new hires.

The old employment support structure, which was made up of 69 territorial SSA offices, has been disbanded and SESA has a new structure with ten regional centres, each of which is supposed to cover an entire region. There will also be another five territorial units in Tbilisi. They will use the former offices of the SSA, which still supports SESA in the work of registering jobseekers. SESA headquarters will be at the MIDPLHSA. All new SESA offices will provide a new model of employment services after their staff have been trained by the EU TA in 2020. The limited number of offices may reduce the outreach of services, particularly in rural areas, so the accessibility of services to the population can be an issue. SESA plans to develop a strategy to increase outreach, while it also negotiates with the Ministry of Justice to use the latter's 70 community centres in the regions to register jobseekers. As regards the training and retraining of jobseekers (for which GEL 2 million have been allocated), SESA is transferring VET provision to the Ministry of Education, Science, Culture and Sport and will focus on the direct provision of core skills training.

In addition, SESA will cooperate with municipalities on public works, with the Ministry of Economy and Sustainable Development (MoESD) on entrepreneurship programmes, and with other line ministries on rural development programmes. SESA aims to be an interlocutor among different institutions and opportunities for jobseekers. The agency will have a special unit on labour migration, which may send emigrants to the EU into countries that have signed bilateral labour agreements with Georgia.

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 labour market demand analysis. In 2017 it produced the first Labour Market Analysis report, which is published on the LMIS website<sup>21</sup>. Although the current website is already impressive and includes a number of key elements, LMIS requires further development and regular updating. The MoESD plans to analyse job vacancies by sectors and occupations using data received from private and public job portals (subject to data sharing). In 2019 the MoESD conducted a skills survey in the construction sector<sup>22</sup>. The survey results showed the composition of educational background of the construction sector workforce, which included 43% with secondary education, 33.9% with VET and 23.1% with higher education. Of these employees, 50.5% work in small enterprises, 31.9% work in medium-sized enterprises and 17.5% work in large enterprises. According to the survey the workforce in the sector increased by 10% compared to 2018 and 7% of the surveyed companies planned to recruit more staff. As regards their investments and cooperation in skills development, only 18% of companies reported organising training for their staff and only 3% had contacts with VET providers. The prime minister's office has tasked the MoESD with producing a national skills forecast.

The EU–Georgia Association Agreement, including the Deep and Comprehensive Free Trade Area, was signed in 2014. The Association Agreement requires labour and employment legislation to be adapted to European standards, including standards on decent work, employment policy, active labour market policies, occupational health and safety, social dialogue, social protection, social inclusion of people with disabilities and those from minority groups, and gender equality and anti-discrimination laws. The signing of the agreement was a turning point in Georgia's labour law.

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<sup>21</sup> <http://www.lmis.gov.ge>

<sup>22</sup> <http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.ashx?Type=Survey&ID=14be3988-37fd-4ad7-a818-2ae47e233eee>

The Organic Law of Georgia on Occupational Safety, which was adopted in February 2019 and came into force in September 2019, extended the mandate of labour inspectors to include unannounced inspections in all sectors. The draft Law of Georgia on Labour Inspection is to be submitted to Parliament in 2020. The ultimate goal is to make the Labour Inspectorate into an independent body that is ready for the effective implementation of labour rights, with regional offices at least in Batumi and Kutaisi, for example. There are ongoing consultations with employers and workers' unions on issues related to labour legislation.

The labour inspection budget doubled in 2020 with a plan to increase the number of inspectors to 100 in 2020. The Labour Inspections Management System (LIMS), which is an internal electronic business management system, is now operational. The EU has stressed the need to further promote labour rights. For example, the Labour Inspectorate should be further strengthened to fully cover labour rights in line with international labour standards.

Although the Occupational Health and Safety (OSH) Law was adopted by the Georgian parliament in March 2018 and entered into force in August 2018, its limited scope was criticised for not being in line with the EU Framework Directive and the EU approach to occupational health and safety in general. The law was also made less effective by its limited application to workplaces, which are classified as hard, harmful and hazardous, and by its weak sanctioning system, which is applicable only to large companies. A new version of the OSH Law<sup>23</sup> was adopted in 2019 in order to better align the old law with the EU acquis.

The SME Development Strategy 2016–2020 aims to make it easier for SMEs to access financing, improve entrepreneurial learning, encourage innovative entrepreneurship and promote exports. Enterprise Georgia (EDA) and the Georgian Innovation and Technology Agency provide financial and technical assistance for entrepreneurship, innovation and export promotion, and support the growth of SMEs. EDA ran a pilot initiative in 2016 and 2017 to analyse skills needs and gaps at sector level, and work is underway on improving 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 involved, particularly in drafting the OSH Law, transposing EU directives and amending the Labour Code. In cooperation with the ETF, the EU has also engaged in policy dialogue with the Georgian government to define the policy matrix and performance indicators for the new budget support programme. In November 2018, a financing agreement on the new Skills4Jobs programme was signed, formally launching the programme. The 2019–2022 programme will support reforms in employment, skills development and entrepreneurial learning, targeting young people and vulnerable groups in particular. In 2019 the EU Delegation, through a competitive bidding process, contracted two twinning projects and a technical assistance team. A formal launch conference of the EU programme was organised jointly with the ETF in October 2019. The programme also includes a large grant scheme to support partnerships at sectoral, regional and institutional level. Six grant contracts were concluded by the EU in August 2020.

Other development partners also provide generous support to Georgia in order to implement education, VET and labour market reforms. In 2018 the German government approved a new dual VET project that will run pilot schemes 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. In 2019 the World Bank launched a large project, financed by the UK Good Governance Fund, that will focus on continuing VET professional development for teachers

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<sup>23</sup> <https://www.moh.gov.ge/uploads/files/2019/Failebi/08.06.2019.pdf>

and managers. The World Bank also approved an innovation, inclusion and quality project for Georgia in order to expand access to pre-school education and improve the quality of education and learning environments in secondary general and higher education. The USD 128 million project (which includes a loan of USD 102.7 million) will run until 2026. In 2018 the International Labour Organization launched a new project financed by the Danish government to foster an inclusive labour market for job creation in Georgia. The project aims to improve Georgia's capacity to enforce and respect labour laws and international labour standards and promote youth entrepreneurship and responsible business conduct. The project extensively supported the government's efforts to revise and develop a labour legislation package, which was adopted at the end of September 2020.

The Asian Development Bank (ADB) has given a loan of USD 100 million to the education sector, which includes a budget support policy loan of USD 80 million and an investment loan of USD 20 million for the VET sector, which is co-financed by the government for USD 17 million. The ADB programme has three objectives: 1) improve the quality of VET in priority economic sectors; 2) increase VET access and inclusiveness; and 3) strengthen the institutional framework with private-sector participation.

In 2021 USAID will give USD 24 million to launch a new Industry-led Workforce Skills Development programme that has three components: a) strengthening private-sector engagement in skills development; b) establishing long and short-term high-quality training programmes; and c) replicating proven training programmes in rural areas outside of Tbilisi. The German development bank KfW will provide a loan of 20 million euro and a grant of 3 million euro to establish vocational centres of excellence.

Georgia's reform implementation capacity faces challenges not only from the ongoing pandemic and resulting resource constraints but also from the staff turnover of professionals in government agencies and limited institutional capacity outside the capital. New agencies are now being set up to advance skills development and employment reforms in the country and deliver for vulnerable groups in the population, but they are yet to become fully operational.

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Recent ETF Country Intelligence Products:

- [Mapping of Covid-19 impact on education and training](#)
- [ETF Torino Process Assessment](#)
- NQF Inventory Country Page <https://openspace.etf.europa.eu/nqf-inventories>



# STATISTICAL ANNEX - GEORGIA

Annex includes annual data from 2010, 2015, 2018 and 2019 or the last available year.

	Indicator	2010	2015	2018	2019	
1	Total population ('000) <sup>(1)</sup>	3,786.7	3,725.3	3,726.5	3,720.4	
2	Relative size of youth population (age group 15–24 and age in the denominator 15–64, %) <sup>(1) c</sup>	22.3	19.4	18.0	17.7	
3	GDP growth rate (%)	6.2	3.0	4.9	5.1	
4	GDP by sector (%)	Agriculture added value	8.5	7.8	6.8	6.2
		Industry added value	16.9	19.2	19.9	20.0
		Services added value	63.1	62.0	60.3	60.4
5	Public expenditure on education (as % of GDP)	M.D.	M.D.	M.D.	M.D.	
6	Public expenditure on education (as % of total public expenditure)	M.D.	M.D.	M.D.	M.D.	
7	Adult literacy (%)	M.D.	M.D.	M.D.	M.D.	
8	Educational attainment of adult population (aged 25–64 or 15+) (%) <sup>(2)</sup>	Low <sup>(3)</sup>	8.2	5.4	6.6	6.5
		Medium <sup>(4)</sup>	58.7	60.4	59.1	58.9
		High <sup>(5)</sup>	33.1	34.2	34.3	34.6
9	Early leavers from education and training (aged 18–24) (%)	Total	M.D.	5.8	9.6	9.3
		Male	M.D.	6.8	9.7	9.6
		Female	M.D.	4.7	9.5	8.9
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	M.D.	95.1	100.8	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	M.D.	9.0	8.0	M.D.	
12	Tertiary education attainment (aged 30–34) (%)	47.1	44.9	44.1	M.D.	
13	Participation in training/lifelong learning (age group 25–64) by sex (%)	Total	M.D.	0.6	1.0	0.8
		Male	M.D.	0.7	M.D.	M.D.
		Female	M.D.	0.6	M.D.	M.D.
14	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	51.7	N.A.	N.A.
		Mathematics	N.A.	57.1	N.A.	N.A.
		Science	N.A.	50.8	N.A.	N.A.
15	Total	63.3	66.8	63.9	62.9	

	Indicator		2010	2015	2018	2019
	Activity rate (aged 15+) (%)	Male	73.8	77.2	73.6	72.6
		Female	54.4	57.9	55.6	54.5
16	Inactivity rate (aged 15+) (%)	Total	36.7	33.2	36.1	37.1
		Male	26.2	22.8	26.4	27.4
		Female	45.6	42.1	44.4	45.5
17	Employment rate (aged 15+) (%)	Total	52.3	57.4	55.8	55.7
		Male	59.7	65.2	63.4	63.3
		Female	46.0	50.7	49.3	49.0
18	Employment rate by educational attainment (% aged 15+)	Low <sup>(3)</sup>	32.1	30.9	31.9	30.5
		Medium <sup>(4)</sup>	54.7	60.1	57.1	56.6
		High <sup>(5)</sup>	58.0	61.6	62.8	63.9
19	Employment by sector (%)	Agriculture	48.0	43.9	38.9	38.2
		Industry	10.6	11.0	14.1	13.9
		Services	41.4	45.2	47.0	48.0
20	Incidence of self-employment (%)		58.8	53.5	49.2	49.7
21	Incidence of vulnerable employment (%)		57.4	52.1	47.2	47.7
22	Unemployment rate (aged 15+) (%)	Total	17.4	14.1	12.7	11.6
		Male	19.1	15.6	13.9	12.8
		Female	15.5	12.4	11.2	10.1
23	Unemployment rate by educational attainment (aged 15+) (%)	Low <sup>(3)</sup>	9.3	8.5	10.0	10.9
		Medium <sup>(4)</sup>	16.3	13.4	12.8	11.8
		High <sup>(5)</sup>	21.4	16.1	12.9	11.2
24	Long-term unemployment rate (aged 15+) (%)		8.1	6.2	5.1	M.D.
25	Youth unemployment rate (aged 15–24) (%)	Total	37.9	33.8	29.9	30.4
		Male	35.1	31.7	26.7	28.9
		Female	42.7	37.6	35.3	32.9
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	Total	M.D.	26.6	26.9	26.0
		Male	M.D.	21.0	23.2	23.3
		Female	M.D.	32.8	31.0	29.1

Last update: End of August 2020

#### Sources:

**Indicators** 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 25, 26 – GEOSTAT, National Statistics Office of Georgia (data received).

**Indicators** 10, 11 – UNESCO, Institute for Statistics

**Indicator** 14 – OECD Statistical database

**Indicators** 1, 2, 3, 4 – The World Bank, World Development Indicators database

#### Notes:

Data from the Integrated Household Survey recalculated according to 2014 general population census (2010–2016); LFS – the sampling frame is the 2014 Population Census Database (2017).

(1) The values shown are mid-year estimates.

(2) Data refer to active population.

(3) LOW: lower secondary education and less

(4) MEDIUM: upper secondary education, vocational programmes and secondary professional programmes

(5) HIGH: higher professional programme, bachelor's, master's and doctoral programmes

(6) Expert/ETF calculations based on Geostat data

(7) Unreliable

#### Legend:

C = calculated data

N.A. = Not Applicable

M.D. = Missing Data

## ANNEX: DEFINITIONS OF INDICATORS

	Description	Definition
1	Total population ('000)	The total population is estimated as the number of people having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15–24) (%)	This is the ratio of the youth population (aged 15–24) to the working-age population, usually aged 15–64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from Agriculture, Industry and Services. Agriculture corresponds to ISIC divisions 1–5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	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 (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage 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 (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can both read and write a short simple statement on his/her everyday life, and understand it. Generally, 'literacy' also encompasses 'numeracy' – the ability to make simple arithmetic calculations.
8	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. This is usually measured in terms of the highest educational programme successfully completed, which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.

	Description	Definition
9	Early leavers from education and training (age group 18–24) (%)	Early leavers from education and training are defined as 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 survey. Lower secondary education refers to ISCED 1997 levels 0–2 and 3C short (i.e. programmes lasting under two years) for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	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.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case, upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30–34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30–34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5–6 up to 2013 and ISCED 2011 level 5–8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25–64) (%)	Participants in lifelong learning refers to persons aged 25–64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing to reach level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed people. The inactive population consists of all people who are classified as neither employed nor unemployed.
16	Inactivity rate (aged 15+) (%)	The inactivity/out of the labour force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all people who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed people by the population of the same age group. Employed people are all people who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated. Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0–2), Medium (ISCED level 3–4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8).

	Description	Definition
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data are presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. employers + own-account workers + contributing family workers) as a proportion of the total employed.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the own-account workers and contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work (had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are considered: low (ISCED level 0–2), medium (ISCED level 3–4) and high (ISCED 1997 level 5–6, and ISCED 2011 level 5–8).
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of people in the total active population who have been unemployed for 12 months or more, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15–24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed people aged 15–24 by the total population of the same age group.
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15–24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the four weeks preceding the survey. Data are expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

## LIST OF ACRONYMS

ADB	Asian Development Bank
EDA	Enterprise Georgia
EMIS	Education Management Information System
ETF	European Training Foundation
FDI	Foreign direct investment
GDP	Gross domestic product
ILO	International Labour Organization
ISIC	International Standard Industrial Classification
KfW	Kreditanstalt für Wiederaufbau (a German development bank)
LFS	Labour force survey
LMIS	Labour Market Information System
MoESCS	Ministry of Education, Science, Culture and Sport
MoESD	Ministry of Economy and Sustainable Development
NAEC	National Assessment and Examination Centre
NCEQE	National Centre for Educational Quality Enhancement
NEET	Not in employment, education or training
NQF	National Qualifications Framework
OSH	Occupational Safety and Health
PISA	Programme for International Student Assessment
SME	Small and medium-sized enterprises
SESA	State Employment Support/Promotion Agency
SSA	Social Service Agency
VET	Vocational education and training
WBL	Work-based learning

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