



European Training Foundation

# GEORGIA

EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2019



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# KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

(SEPTEMBER 2018–AUGUST 2019)

The restructuring and merger of government agencies and ministries in Georgia in 2018 raised concerns about the capacity of the reduced number of staff to cope with ongoing reforms. The Ministry of Education, Science, Culture and Sport (MESCS) recognised the importance of strengthening its coordination role in education reforms and appointed a deputy minister responsible for vocational education and training (VET) and higher education, in addition to the one in charge of general education. Another positive new development is the government's intention to establish a National Employment Agency as a result of the merger of the former Employment Programme Department of the Social Service Agency (SSA) and the Livelihood Agency responsible for internally displaced persons (IDPs).

The Employment Service Act has been drafted and the Ministry of IDPs, Labour, Health and Social Affairs (MIDPLHSA) is planning to submit it to parliament by the end of 2019, once the National Employment Agency has been established and is operational. The government has elaborated a new Labour Market and Employment Strategy for 2019–2023. The strategy is expected to be approved as soon as the restructuring of the agencies has been completed. This legal act has faced a great deal of resistance, particularly from employers, and the ministry expects that the National Employment Agency, once operational, would help this law to pass without major objections.

The Occupational Safety and Health (OSH) framework law entered into force in August 2018 and new amendments have been submitted to parliament to ensure that the legislation is aligned with EU directives and the Association Agreement. A new twinning project that started in October 2019 will support the MIDPLHSA in approximation of labour legislation.

The new VET law entered into force in October 2018. The law aims to improve the quality and flexibility of the VET system by establishing a flexible connection between general, vocational and higher education, eliminating the dead-end nature of VET pathways and opening new opportunities in terms of access and participation in VET. The new law still requires a large number of by-laws and regulations to be passed before it is fully operational.

In 2019 new legal acts regulating the National Qualifications Framework (NQF) were adopted. Implementation of the revised NQF legislation requires effective planning and coordination with quality assurance reforms, as well as improved capacity at the National Centre for Educational Quality Enhancement (NCEQE). These tasks will be supported by the new twinning project with the NCEQE, which was launched in July 2019.

The EU budget support programme on skills development and matching for labour market needs has launched technical assistance and two twinning projects to provide expertise for government agencies and other stakeholders. In 2019 the monitoring exercise of the programme conducted by the ETF confirmed that overall reform progress is on track. However, the new labour force survey (LFS) data gave some alarming signals: the proportion of young people not in employment, education or training (the NEETs rate) in 2018 had increased by more than 2% from the previous year, to 26.9%, and the lifelong learning participation rate dropped from 1.6% to 1.0%. These issues were raised with the government and more attention will be needed in coming years to reverse the negative trend. The EU programme, together with other development partners, will support Georgia in this area.

# 1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Georgia has a population of almost 3.73 million people, a figure that has decreased by more than 1 million over the past decade<sup>1</sup>. Some 57% of the population live in urban areas, 1.1 million in the capital, 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 (15–24 age group) decreased from 20.8% in 2013 to 17.8% in 2018. There are two primary factors explaining 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 (data for 2013)<sup>2</sup>. According to the same source, 32% of emigrants are tertiary educated. The 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 (20–24 years)<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, showing a decrease 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 2018, with GDP growth at 4.7%. The main contributors to GDP in 2018 were services (58.4%), followed by industry (22.6%) and agriculture (6.7%). Services are also the fastest growing sector, with hospitality and financial services leading the way.

According to the analysis conducted by the Georgian Foundation for Strategic and International Studies<sup>5</sup>, 53% of the jobs were created spontaneously<sup>6</sup> and 27% were generated by the private sector in 2015. This reflects a traditional economic structure in which a large share of agricultural workers are self-employed, in a sector that is not producing high-quality jobs. Thus, the Georgian economy is dominated by small and medium-sized enterprises (SMEs), which in 2010 constituted 96% of all active enterprises. In 2015 SMEs accounted for 20.8% of GDP and 43.1% of employment<sup>7</sup>.

The Socioeconomic Development Strategy of Georgia (2014) – Georgia 2020 – sets inclusive economic development as the main objective of the government. The notion is based on the increasing number of jobs, innovation and competitiveness in the private sector, as well as human resources development, including a demand-oriented labour force. The new Government Programme 2018–2020 – Freedom,

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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> Georgian Foundation for Strategic and International Studies (GFSIS), *Structure of Unemployment and Structural Unemployment in Georgia*, 2016.

<sup>6</sup> Spontaneously created jobs include the self-employed in agriculture, small traders, taxi drivers, etc., which do not require a formal or high qualification.

<sup>7</sup> SME Development Strategy of Georgia 2016–2020.

rapid development and welfare – adopted in July 2018, confirms the continuity of the same priorities, namely the importance of economic growth, employment and education policies for the country.

In recent years Georgia has 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 Doing Business assessment of 2019 ranked Georgia 6th out of 190 countries. It was the only lower middle-income country that was 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 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 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 3.8% 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 MESCS. Despite the rising education spending in recent years, it remains significantly below the average levels in the region.

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 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 (95.95% in 2018), a high gross enrolment rate in tertiary education (60.33% in 2018)<sup>9</sup> and a relatively low rate of early school leavers (9.6% in 2018). The educational attainment level of the population (age 15+) is high and has been increasing: 34.3% are high skilled, 59.1% are medium skilled and only 6.6% are low skilled (2018 data). In terms of aspirations, high educational attainment has always been a social norm in Georgia.

According to the 2014 population 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 education law, minorities may have primary and basic education in their own language (Armenian, Azeri or Russian), despite Georgian being the main language of instruction. Around 90% of students receive general education in Georgian, 5% in Azeri, 3% in Armenian and 3% in Russian<sup>10</sup>. In VET, individuals

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<sup>8</sup> World Bank Doing Business 2019:

[https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report\\_web-version.pdf](https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf)

<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.

from minority groups can take the VET entrance test in their own language and can 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 MESCS is working on revising the funding scheme so that accredited private providers also have access to public funding. The VET system also faces challenges in terms of its relevance to labour market needs and lack of attractiveness. VET is 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 8.8% in 2017. Increasing the 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. This currently appears to be unachievable, or at least very challenging.

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 could be an option, they also state that employers' attitudes create barriers, as 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 could seek entry to university instead<sup>12</sup>. VET programmes are currently 'dead ends' and do not permit students to continue their studies in higher education. This issue will be addressed by the new VET law. New pilot projects that integrate general education content with VET are also under way.

Despite overall good quantitative outcomes, the quality of education remains an issue in Georgia's general education system, as evidenced by the results of international student assessments. Georgia was ranked 60 out of 70 participating countries in the OECD 2015 Programme for International Student Assessment (PISA)<sup>13</sup>. The scores for 15-year-olds were 401 in reading, 404 in mathematics and 411 in science, compared to OECD averages of 493, 490 and 493, respectively. Girls performed better than boys in all three fields. One worrying factor is the sheer number of Georgian students who achieved only the lowest level of proficiency (51.7% in reading, 57.1% in mathematics and 50.8% in science). Nevertheless, Georgia showed progress in these indicators compared to the PISA 2009 results.

## 2.2 Education and training policy and institutional setting

Georgia 2020 identifies 'enhancing skills' as one of the three overarching goals for the country's socioeconomic 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 was announced in the Four Point Government Programme 2016–2020 in the areas of the economy, education, infrastructure development and public sector management. The education reforms are aimed at better linking VET

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

<sup>12</sup> Friedrich Ebert Foundation (FES), *Generation in Transition: Youth Study Georgia 2016*: <http://www.fes-caucasus.org/news-list/e/generation-in-transition-youth-study-2016-georgia/>

<sup>13</sup> <https://www.oecd.org/pisa/pisa-2015-results-in-focus.pdf>

and higher education to the needs of the economy to ensure that graduates are employable, and to facilitate their transition into work.

The approval of the VET Development Strategy for 2013–2020 reflects the priority given to VET development at national level and the push for a more coherent and holistic approach to VET aimed at high quality and flexibility. The strategic directions of VET development are further incorporated into the new Unified Education and Science Strategy for 2017–2021, which is the main guiding document for education<sup>14</sup>. In September 2018 the Georgian parliament adopted the new framework VET law, which is an important milestone for skills and VET development within a lifelong learning perspective. The law requires further development of secondary legislation that will facilitate the implementation of the law. International development partners will be assisting the MESCS in drafting by-laws and regulations in 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 regulating the NQF were adopted. Implementation of the revised NQF legislation requires effective planning and coordination with the quality assurance reforms, as well as improved capacity at the NCEQE to ensure that the NQF stimulates 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 MESCS is the main policymaking 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. It 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 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. The Educational and Scientific Infrastructure Development Agency deals with school construction and facilities.

In general, VET governance is centralised, though it is moving towards a hybrid model characterised by increased involvement of social partners and VET providers in policy implementation. The National VET Council is the main tripartite consultative body on VET policy. It consists of an equal membership of government and social partners, including civil society. The MESCS suspended the operations of the council in summer 2019 owing to the lack of interest and commitment from non-governmental members. As a result, Georgia is looking for different social partnership models at system level that could support more results-oriented and effective cooperation with social partners.

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, they suffer from an under-representation of enterprises and professional associations, and a predominance of educational institutions and experts among their members. At the

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

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 industry's skills needs 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.

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.

## 3. LABOUR MARKET AND EMPLOYMENT

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

Despite the economic growth over the past decade, the Georgian labour market faces several structural problems, including limited job creation (for highly skilled workers), a high share of self-employment in subsistence agriculture and a high level of urban unemployment, especially among young people. 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 63.9% in 2018. There is a pronounced gender gap of 18 percentage points between the activity rates for men (73.6%) and women (55.6%) in 2018. The gender difference in employment rates is also significant, with 14.1 percentage points between the employment rates for men (63.4%) and women (49.3%) in 2018. 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, falling from 16.9% in 2013 to 12.7% in 2018. The unemployment rate is higher for males (13.9%) than for females (11.2%). 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>16</sup>. Although people with higher education are more affected by unemployment than individuals with lower skills (12.9% against 10.0% in 2018), there has been an overall improvement in recent years, as the unemployment rate for higher educated fell from 20.6% in 2013.

Young people face particular challenges in the labour market. The youth unemployment rate remains high, at 29.9% in 2018, although it has declined in recent years (38.9% in 2013). It is higher for young girls (35.3%) than for young boys (26.7%). Youth unemployment by educational level shows that rates

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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 has been reweighted by Geostat according to the 2014 census, leading to the adjustment of previously published figures.

<sup>16</sup> European Training Foundation (ETF), *Skills Mismatch Measurement in ETF Partner Countries, Country report: Georgia*, 2018.

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>17</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, although it has been declining in recent years (from 29.9% in 2013). Young girls are more prone to becoming NEETs, with a rate of 31.0% compared with 23.2% for young men in 2018. 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>18</sup>.

The majority of jobs in Georgia are in 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 over the past decade, but subsistence agriculture continues to be a large source of employment. In 2018, 38.9% of employment was in agriculture, 52.8% was in services (up from 45.5% in 2013) and only 8.3% was in industry. The share of self-employment in the Georgian labour market was 49.2% 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. The ETF study<sup>19</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 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 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 to seek workers from abroad in many cases. The survey also showed that the main challenges that businesses face when filling vacancies is 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

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<sup>17</sup> European Training Foundation (ETF), *Mapping Youth Transitions to Work in Eastern Partnership Countries: Georgia Country Report*, 2018.

<sup>18</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>19</sup> European Training Foundation, *Skills Mismatch Measurement in ETF Partner Countries, Country Report: Georgia*, 2018.

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.

The Labour Market Strategy 2015–2018 remains the key strategic document that outlines the major focus areas for labour market policy in Georgia. A new Labour Market and Employment Strategy for 2019–2023 has been developed and is to be adopted in 2019. The MIDPLHSA has drafted the Employment Service Act with the support of the EUVEGE project (EU-funded Technical Assistance to VET and Employment Reforms in Georgia), and this is expected to go to parliament once the restructuring of the public employment service function is complete. The draft law has been particularly criticised by employers, who would have an obligation to report vacancies to the employment offices.

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 for the operations of the Employment Department at the SSA. The SSA leads and coordinates the activities of the employment support services at national and regional level. Its network of 10 regional centres and 69 district branches throughout Georgia's municipalities provides 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. In spring 2019 the ministry proposed removing the Employment Department of the SSA, merging it with the Livelihood Agency responsible for IDPs and renaming the new body the National Employment Agency. It is expected that the network of regional and territorial SSA office staff working on employment support services will also be transferred to the new agency. In June 2019 the ministry announced that it plans to recruit new staff for the agency and to restructure the network of territorial offices.

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>20</sup>. Although the current website is already impressive and includes a number of key elements, LMIS requires further developments and regular updating. The MoESD plans to analyse job vacancies by sectors and occupations through data received from private and public job portals (subject to data sharing). The MoESD is also planning to launch a number of skills surveys with a sectoral focus. 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. It requires labour and employment legislation to be adapted to European standards, including those 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 labour law.

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<sup>20</sup> [www.labour.gov.ge](http://www.labour.gov.ge)

Although the OSH Law was adopted by the Georgian parliament in March 2018 and entered into force in August 2018, its limited scope was criticised as not being in line with the EU Framework Directive and 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 is currently under discussion in the Georgian parliament, having passed its first and second readings in December 2018. The aim is to better align the OSH Law to the EU *acquis* by making some amendments and extending its application to all sectors of economic activity in 2019.

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 2016–17 to analyse skills needs and gaps at sector level, and work is under way 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. 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 signed in November 2018, 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, which started working in the third quarter of 2019. In addition, the programme includes a large grant scheme to support partnerships at sectoral, regional and institutional level.

Other development partners also provide generous support to Georgia 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 and managers. The World Bank also approved the innovation, inclusion and quality project for Georgia, with the objective of expanding access to pre-school education and improving the quality of education and learning environments in secondary general and higher education. The USD 128 million project (which includes a USD 102.7 million loan) will run until 2026. In 2018 the International Labour Organization (ILO) launched a new project financed by the Danish government, inclusive labour market for job creation in Georgia. 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 long-term unemployed individuals.

# STATISTICAL ANNEX - GEORGIA

Annex includes annual data from 2013, 2017 and 2018 or the last available year.

	Indicator	2013	2017	2018	
1	Total Population (,000)	3,718.4	3,726.4	3,729.6	
2	Relative size of youth population (age group 15-24, %)	20.8	18.2	17.8	
3	GDP growth rate (%)	3.4	4.8	4.7	
4	GDP by sector (%)	Agriculture added value	8.2	6.9	6.7
		Industry added value	20.9	22.6	22.6
		Services added value	59.1	57.6	58.4
5	Public expenditure on education (as % of GDP)	3.1	3.8	3.8	
6	Public expenditure on education (as % of total public expenditure)	10.5	12.7	12.7	
7	Adult literacy (%)	M.D.	99.6 (2014)	M.D.	
8	Educational attainment of adult population (aged 25-64 or 15+) (%) <sup>(1)</sup>	Low <sup>(3)</sup>	6.7	7.3 <sup>(2)</sup>	6.6
		Medium <sup>(4)</sup>	59.8	58.5 <sup>(2)</sup>	59.1
		High <sup>(5)</sup>	33.5	34.2 <sup>(2)</sup>	34.3
9	Early leavers from education and training (aged 18-24) (%)	Total	5.8	8.9 <sup>(2)</sup>	9.6
		Male	6.5	9.4 <sup>(2)</sup>	9.7
		Female	5.2	8.3 <sup>(2)</sup>	9.5
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	90.4	102.5	M.D.	
11	Share of VET students in upper secondary education (ISCED level 3) (%)	14.6	8.8	M.D.	
12	Tertiary education attainment (aged 30-34) (%)	42.1	44.6 <sup>(2)</sup>	44.1	
13	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	0.4 <sup>(6)</sup>	1.6 <sup>(2)</sup>	1.0
		Male	0.4 <sup>(6)</sup>	M.D.	M.D.
		Female	0.4 <sup>(6)</sup>	M.D.	M.D.
14	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.
15		Total	65.2	65.8 <sup>(2)</sup>	63.9

	<b>Indicator</b>		<b>2013</b>	<b>2017</b>	<b>2018</b>
	Activity rate (aged 15+) (%)	Male	76.6	74.6 <sup>(2)</sup>	73.6
		Female	55.4	58.2 <sup>(2)</sup>	55.6
16	Inactivity rate (aged 15+) (%)	Total	34.8	34.2 <sup>(2)</sup>	36.1
		Male	23.4	25.4 <sup>(2)</sup>	26.4
		Female	44.6	41.8 <sup>(2)</sup>	44.4
17	Employment rate (aged 15+) (%)	Total	54.1	56.7 <sup>(2)</sup>	55.8
		Male	62.1	63.4 <sup>(2)</sup>	63.4
		Female	47.3	50.8 <sup>(2)</sup>	49.3
18	Employment rate by educational attainment (% aged 15+)	Low <sup>(3)</sup>	30.3	36.1 <sup>(2)</sup>	31.9
		Medium <sup>(4)</sup>	57.1	57.9 <sup>(2)</sup>	57.1
		High <sup>(5)</sup>	58.3	62.4 <sup>(2)</sup>	62.8
19	Employment by sector (%)	Agriculture	47.1	43.2 <sup>(2)</sup>	38.9
		Industry	7.4	8.1 <sup>(2)</sup>	8.3
		Services	45.5	48.8 <sup>(2)</sup>	52.8
20	Incidence of self-employment (%)		57.2	51.7 <sup>(2)</sup>	49.2
21	Incidence of vulnerable employment (%)		55.9	49.6 <sup>(2)</sup>	47.2
22	Unemployment rate (aged 15+) (%)	Total	16.9	13.9 <sup>(2)</sup>	12.7
		Male	19.0	15.0 <sup>(2)</sup>	13.9
		Female	14.6	12.7 <sup>(2)</sup>	11.2
23	Unemployment rate by educational attainment (aged 15+) (%)	Low <sup>(3)</sup>	13.0 <sup>(7)</sup>	10.5 <sup>(2)</sup>	10.0
		Medium <sup>(4)</sup>	15.3	13.5 <sup>(2)</sup>	12.8
		High <sup>(5)</sup>	20.6	15.5 <sup>(2)</sup>	12.9
24	Long-term unemployment rate (aged 15+) (%)		7.3	5.8 <sup>(2)</sup>	5.1
25	Youth unemployment rate (aged 15-24) (%)	Total	38.9	28.9 <sup>(2)</sup>	29.9
		Male	38.6	26.3 <sup>(2)</sup>	26.7
		Female	39.5	32.7 <sup>(2)</sup>	35.3
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	Total	29.9	24.8 <sup>(2)</sup>	26.9
		Male	24.9	21.2 <sup>(2)</sup>	23.2
		Female	35.0	28.7 <sup>(2)</sup>	31.0

Last update: 28/08/2019

#### Sources:

Indicator 1, 2, 5, 6, 8, 9, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26 – GEOSTAT, National Statistics Office of Georgia

Indicators 7, 10, 11 – UNESCO, Institute for Statistics

Indicator 14 – OECD Statistical database

Indicators 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) Data refer to active population

(2) Break in series

(3) LOW: Lower secondary education and less;

(4) MEDIUM: Upper secondary education, vocational program and secondary professional program;

(5) HIGH: Higher professional program, Bachelor, Master and Doctor Programme.

(6) Expert/ETF calculations on Geostat data

(7) Unreliable

#### Legend:

N.A. = Not Applicable

M.D. = Missing Data

## 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, 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 population aged 15 years and over who can both read and write with understanding a short simple statement on his/her everyday life. 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 with respect to the highest educational programme successfully completed which is typically certified by a recognized qualification. Recognized 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 leaving from education and training is 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 with duration less than 2 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 education), 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) (%)	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 consists of 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 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 persons. The inactive population consists of all persons 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 persons who are classified as neither employed nor unemployed.
17	Employment rate (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.
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 consider: 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 is presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) which is 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 persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons 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 persons as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed persons 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 unemployed persons since 12 months or more in the total active population, 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 persons 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 is 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.

## TABLE OF ABBREVIATIONS

EDA	Enterprise Georgia
EMIS	Education Management Information System
EUVEGE	EU-funded Technical Assistance to VET and Employment Reforms in Georgia
FDI	Foreign direct investment
GDP	Gross domestic product
ILO	International Labour Organization
ISIC	International Standard Industrial Classification
LFS	Labour force survey
LMIS	Labour Market Information System
MESCS	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 enterprise
SSA	Social Service Agency
VET	Vocational education and training
WBL	Work-based learning

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