



GEORGIA

EDUCATION, TRAINING AND EMPLOYMENT
DEVELOPMENTS 2017



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KEY EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS IN GEORGIA

The lack of an effective and good quality system of skills development, which would match skills with the labour market demand, is identified as bottleneck that hinders Georgia's competitiveness and economic development. Thanks to the increased attention of the new four-point government strategy 2016-20, where education and vocational education and training (VET) are among the key pillars, the performance of the system is improving. Employment support services are being expanded to other regions beyond the capital, but they still require a substantial capacity building and commitment to make them accessible and operational.

The government has ambitious plans to increase enrolments in VET through a more active engagement of the private sector in both provision and funding. New schemes are developed for work-based learning and dual education with the support of international partners. The Government has been increasing funding for VET over the last years but the overall participation remains low. Besides targeting young people, the Ministry of Education and Science (MoES) has established a Department for Adult Education and plans to launch new initiatives to support training and retraining of adults as of 2018. Currently lifelong learning (LLL) is at a very low level of 0.42%.

New legislation is being developed for both VET and employment. The draft VET law which aims to introduce new pathways to higher education is expected to be approved before the end of 2017. The draft Employment Service Act which has been discussed in the Tripartite Partnership Committee has faced a lot of criticism from employers and politicians, which promote liberal economic and labour policies. Therefore, the Ministry of Labour, Health and Social Affairs (MoLHSA) estimates that the act will not be adopted before 2019. The Safety and Health at Work (OSH) framework law is expected to be adopted shortly, which will reinforce the transposition of EU directives in this field.

Georgia so far lacks a holistic vision for the education system, which would link all its levels and types. Intermediation and matching between labour supply (education/training and lifelong learning) and labour demand (economic/private sector development) and skills anticipation and matching mechanisms are limited. The skills anticipation function and the labour market information unit was transferred from the MoLHSA to the Ministry of Economy and Sustainable Development (MoESD) in June 2017. The Unit published its first Labour Market Analysis in October and plans to continue publications annually. In the future, the skills development actions should be better aligned with the economic development and sectors with a job-creation potential and supported by social partnerships. Entrepreneurship remains an important aspect for the future developments.

The limited (human) capacity of the government's agencies, particularly in the area of employment and labour market, continues to be a significant shortcoming, which could hamper the implementation of government strategies. In addition, Georgia needs further donor support and capacity development to sustain the labour market and employment reforms in the years to come. In 2017, the EU initiated preparations for the new large-scale Programme on Skills Development and Matching for Labour Market Needs in Georgia (approx. EUR 51 million), which is expected to start in 2018. The objective of the programme is to improve employability in selected regions by making relevant skills-matching services accessible, expanding lifelong learning provision and developing entrepreneurial learning and entrepreneurship training opportunities. The Programme will have a substantial budget support component, as well as a number of complementary measures, which will contribute to the implementation of Government strategies. It will target youth and women specifically and focus on supporting the implementation of reforms at regional level.

1. Key demographic and economic characteristics

The latest population census conducted in 2014 revealed that Georgia's population has been shrinking and it currently has 3.7 million people. This indicates that country's population has decreased by more than 1 million, compared to a decade ago.¹ A total of 57% of the population live in urban areas, with 1.1 million in the capital Tbilisi. According to Geostat, every fifth person in Georgia falls into the youth 15-29 age category (20% of the entire population in 2016). The share of youth among the general population has been decreasing, indicating that the Georgian population is gradually aging. A decade ago, the same age group represented 24%.² There are two primary factors explaining the decrease: low natural growth rates and emigration.

Emigration is a significant phenomenon in Georgia, with a stock of 746 thousand emigrants abroad, representing 16% of its population (data for 2013).³ 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. On the other hand, the United Nations Department of Economic and Social Affairs gave a stock of 838,400 Georgian citizens living abroad in 2015.⁴ Just over 50% of these emigrants were female (423,000). The most striking point about emigration is that younger generations tend to leave the most frequently. Emigration is highest in the 25-29 age group, followed by those who fall between 30-34 and 20-24.⁵ According to the ETF migration survey (2013), 42% of potential migrants were in the 18-30 age group.⁶

According to the 2014 population census in Georgia, 16.2% (602,700 individuals) of the population are 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 and Russian), despite Georgian being the main language of instruction. 90% of students receive general education in Georgian, 5% in Azeri, 3% in Armenian and 3% in Russian.⁷ In VET, minorities can take the VET entrance test in their own language, they can then enrol first in a Georgian language module in order to follow further a vocational programme.

Georgia is a lower middle-income country with a growing GDP per capita (USD 7,300 in 2011 to USD 10,000 in 2016). In the last five years Georgia's GDP growth has fluctuated considerably, showing a decrease from 7.2% in 2011 to only 2.7% in 2016. The main contributors to GDP in 2016 were services, followed by industry (25.4%) and agriculture (9.3%). Services are also the fastest growing sector with hospitality and financial services at the top. Mining and quarrying had also an upward growth trend in recent years; however, it dropped drastically in 2016.

According to the analysis done by the Georgian Foundation for Strategic and International Studies (GFSIS)⁸, 53% of the jobs were created spontaneously⁹ and 27% were generated by the private sector in 2015. This refers to a traditional structure of the economy, with a large share of self-employed in agriculture, which 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

¹ 2014 General Population Census, Main Results, Geostat 2016

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

³ World Bank (2016), Migration and Remittances Factbook 2016, World Bank Washington D.C. Available at: <http://www.worldbank.org/en/research/brief/migration-and-remittances>

⁴ United Nations Department of Economic and Social Affairs (2015): Trends in International Migrant Stock: Migrants by Destination and Origin (United Nations database, POP/DB/MIG/Stock/Rev.2015), see: <http://www.un.org/en/development/desa/population/migration/data/estimates2/estimates15.shtml>

⁵ ETF (2017), Mapping Youth Transitions to Work in the Eastern Partnership Countries: Georgia Country Report (forthcoming publication), the data is from Geostat.

⁶ ETF (2013), Georgia migration country report, available at: http://www.etf.europa.eu/web.nsf/pages/Migration_and_skills_Georgia

⁷ ETF (2017), *ibid.*

⁸ Georgian Foundation for Strategic & International Studies (GFSIS) (2016), Structure of Unemployment and Structural Unemployment in Georgia

⁹ Spontaneously created jobs include the self-employed in agriculture, small traders, taxi drivers, etc., which do not require a formal or high qualification.

enterprises. In 2015, their contribution to GDP amounted to 20.8%, and to employment, 43.1%. 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. These efforts are recognised in the World Bank 'Doing Business' assessment, which ranked Georgia 9th country in the ease of doing business assessment among 190 countries.¹⁰

In June 2014, Georgia adopted an overarching Strategy on Socio-Economic Development – “Georgia 2020”. The strategy reviews cross-cutting topics relevant for inclusive economic growth and identifies mechanisms for human resources development including a demand-oriented labour force. The strategy reviews reforms needed at all levels of education (primary, secondary and tertiary) and concludes that as a result of the strategy implementation, the quality and access to education should increase at all levels resulting in increased competitiveness and employability of the labour force and better skills matching. A new phase of reforms was announced in the four-point government programme 2016-20 in the areas of the economy, education, spatial arrangement and public management. The new programme emphasises young people and their employability as a primary target and skills development actions to better link to labour market needs, the economic development agenda and prospective sectors that can create employment opportunities. It aims to link VET and higher education better with the needs of the economy to secure the employability of graduates and facilitate their transition to work.

According to the SME Policy Index 2016¹¹, Georgia is a top reformer among the Eastern Partnership (EaP) countries, and it has improved the institutional framework of SMEs. In the area of human capital development, the Policy Index recommended improving entrepreneurial learning by adopting the EU's entrepreneurship key competence framework. In 2014, the Ministry of Economy and Sustainable Development (MoESD) created two new institutions, Enterprise Georgia (EDA) and Georgian Innovation and Technology Agency (GITA) to provide financial and technical assistance for entrepreneurship, innovation and export promotion and support the growth of SMEs. The SME Development Strategy 2016-20 aims to facilitate access to finance for SMEs, improve entrepreneurial learning, encourage innovative entrepreneurship and export promotion. A pilot initiative was carried out to analyse skills needs and gaps at sector level by the EDA in 2016, but the work needs to continue to improve skills intelligence to inform companies and training providers.

2. Education and training

2.1 Trends and challenges

Education is mandatory for all children aged 6–14 years in Georgia and illiteracy 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, VET (two years). Only students with an upper secondary school diploma have access to higher education, and they have to pass unified national examinations to enrol in a state-accredited higher education institution. The country has a high rate of enrolment in upper secondary education (94.8% in 2015) and a low rate of early school leavers (7.8% in 2015). The educational attainment level of the population (aged 15+) is high and increasing: 36.3% have tertiary education, 63.5% are medium skilled and only 3.5% are low skilled. The higher education system included 133,000 students, 70% of which attend public universities with more women than men enrolling (60%) in 2016, according to Geostat. In terms of aspirations, high educational attainment has always been a social norm in Georgia.

¹⁰ See the latest report of the World Bank Doing Business 2018 (2017), <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Profiles/Country/GEO.pdf>

¹¹ OECD, EU, EBRD, ETF (2015), SME Policy Index: Eastern Partner Countries 2016 - Assessing the implementation of the Small Business Act for Europe, http://www.etf.europa.eu/web.nsf/pages/SME_Policy_Index_Eastern_Partners_2016

Despite overall good quantitative outcomes, the quality of education remains an issue in Georgia's general education system, 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). The scores of 15-year olds were 401 in reading, 404 in maths and 411 in science compared to OECD averages of 493, 490 and 493 respectively. Girls perform better than boys in all three fields. A worrying factor is a sheer number of Georgian students who achieve only the lowest level of efficiency (51.7% in reading, 50.8% in science, and 57.1% in maths). Nevertheless, Georgia showed progress in these indicators compared to the 2009 PISA results.

Vocational education and training in Georgia is provided through public as well as private VET colleges. Compared to many other countries, the role of private VET provision is quite significant. Out of 143 authorised educational establishments, which provide VET, 107 of these are private providers. Their student intake is, however, lower corresponding to 34% of total VET students primarily due to the lack of access to public funding. The VET system also faces challenges in terms of relevance to labour market needs and a lack of attractiveness. VET is considered a second choice compared with academic pathways, leading to higher education. Although enrolment in VET programmes has been increasing, the overall participation rate remains very low. VET programmes are currently 'dead ends' and do not permit students to continue their studies in higher education. This issue will be addressed in the new VET law that is under preparation.

The share of VET students has been increasing and amounted to 4.5% in 2015 in lower secondary education, and to 9.0% in upper secondary. According to the Ministry of Education and Science (MoES) data, the number of students enrolled in VET was 12,876 in 2012, while in 2016 it reached 19,536. If students wish to enrol in publicly financed VET programmes, they have to pass the unified national examination to be eligible for voucher funding. The private accredited VET providers do not currently receive government funding, even though they are, in some cases, the only providers of VET in certain fields, such as nursing and medical care. The MoES plans to abolish this rule as of 2018 onwards, making all authorised providers eligible for the publicly financed voucher scheme. The current funding arrangements and the obligation to pass the unified national examination can be considered discriminatory for private providers and for the vulnerable youth, in particular aged 15–19, who have reduced access to enrolment in VET programmes. An analysis of the current enrolment figures shows that almost 80% of students who are enrolled in publicly financed VET courses are actually adults (over the age of 20), who, in some cases, may study in both higher education and VET programmes free of charge. 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. The other two relate to reaching 80% of enrolment in preschool education and reducing the unemployment rate to 12%, which was already achieved in 2016 (11.8%).

Recent analyses show that the attitude of young people towards vocational education has been changing. While they acknowledge that not everybody needs to enrol in higher education and VET could be an option, they also state that employer attitudes pose a barrier as they tend to undervalue vocational education diplomas. For this reason, even those who would like to go to VET might be discouraged and seek entry into the university (FES, 2016). However, the changing attitude towards vocational education is reflected in the VET enrolment rate.

2.2 Education and training policy and institutional setting

Important steps were taken in 2010 when the VET legislation of 2007 was substantially amended, a comprehensive national qualifications framework was adopted, an education quality assurance framework was implemented and multi-stakeholder governance (National VET Council) was established. The amended VET law (2010) defines the levels of vocational education: levels 1–3 at upper secondary level and levels 4–5 at post-secondary level. From 2013, students wishing to enrol in VET with a public provider must pass the unified VET admission test (passing an examination is not required for entry to private VET institutions unless defined in their internal regulations). According to Georgian legislation, no distinction is made between initial VET and continuing VET. The MoES has

drafted a new VET law, which aims to make the changes inspired by ongoing reforms and pilot initiatives, notably to introduce pathways to higher education. Its submission to the Parliament has been delayed but it is expected before the end of 2017.

The approval of the VET Development Strategy for 2013–20 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 National VET Council, the main tripartite consultative body for VET policy, operates nine thematic working groups, and has activated its work through regular meetings and working groups. The ETF carried out a review of the efficiency and effectiveness of the council and its current modus operandi as part of the Torino Process. Feedback from the council members is positive in general, but there is still a long way to go to make the National VET Council a real platform for VET policy debate and formulation.

Legislation on education quality enhancement, which was passed in 2010, brought in a quality assurance framework for all VET providers, implemented by the MoES and the National Centre for Education Quality Enhancement (NCEQE). The framework envisages two instruments for assuring quality in VET system performance, namely authorisation (educational institution licensing) and accreditation (quality assurance at the programme level). Some 27 sector committees have been created to develop occupational standards under the NCEQE, but they suffer from an underrepresentation of enterprises and professional associations and from the corresponding predominance of education institutions and experts. In 2017 the NCEQE has been revising the legal basis for the Georgian Qualifications Framework (GQF) with the support of the ETF and other international partners. The ETF has conducted a baseline analysis of the NQF implementation including an inventory of qualifications in both VET and HE with a recommendation how they can be linked to the revised GQF.

The Georgia 2020 strategy highlighted the low level of spending on education as a core problem. In 2013 total expenditure on education represented 2.5% of GDP and total expenditure on VET was 0.05% of GDP. In 2014 the share of total expenditure on education increased by 0.1%, while the share of expenditure on VET increased 2.5 times. It continued to rise in 2015 and 2016.¹² Despite rising education spending in recent years, it remains significantly below the average levels in the region. The physical infrastructure of education is underinvested, while vocational teachers continue to be poorly paid. In 2016, the MoES together with the National Centre for Teachers' Professional Development (NCTPD), drafted a new regulation on VET teachers' remuneration and career development. If the document is adopted, it is expected to improve their status and salary, as well as to motivate young people to choose a VET teaching career.

In the context of optimising data collection on education, the MoES abolished the EMIS as a separate legal entity and transferred the function to the Ministry. In addition, in October 2017, the MoES decided to establish a new department on adult education to coordinate and manage lifelong learning policies. Currently the MoES is in the process of developing a new strategy for the entire education system.

3. Labour market and employment

3.1 Trends and challenges

Despite the economic growth of the past decade, the Georgian labour market features several structural problems: (i) limited (high-skilled) job creation; (ii) a high share of self-employment in subsistence agriculture in rural areas and (iii) a high level of urban unemployment, especially for youth. The majority of jobs are concentrated in traditional, low-productivity sectors, limiting the demand for high-educated workers. The subsistence-type agriculture, accounting for a significant proportion of the underemployment in the country, continues to be the largest source of employment, with a share

¹² ETF (2017), Torino Process 2016-2017 – Georgia, http://www.etf.europa.eu/web.nsf/pages/TRP_2016-17_Georgia

of 50.9% in 2014 (although down from 53.0% in 2011). It is followed by services, with 39.1% (up from 37.1% in 2011) and industry with a 10% share. The share of self-employment in the Georgian labour market was 57.2% of the workforce in 2015 (down from 61.6% in 2011).

Georgia's activity rate (aged 15+) is increasing and has become comparable with some EU countries, at 67.5% in 2016 (65.2% in 2011). There is however a pronounced gender gap between the activity rate for men (78.2%) and that of women (58%). The gender difference in employment rates is also significant: men (67.1 %) and women (52.9 %). The unemployment rate (aged 15+) has been declining, from 15.1% in 2011 to 11.8% in 2016. While the share of self-employment has been decreasing, there has been an increase in waged employment from 34% to 42% in the same period, which is a positive sign. While the overall unemployment rate is relatively low (11.8% in 2016), there is a significant geographical disparity - reaching 21.4% in Tbilisi and 15.1% in the Ajara region. This is explained by the predominance of subsistence agriculture as the main source of employment in other regions, pointing to severe under-employment. Youth faces particular challenges on the labour market, which is illustrated by a very high unemployment rate of 30.5%, with the Ajara region reaching 41.5%. While in terms of youth unemployment there are no major gender disparities, young females are more prone to be NEETs (not in employment education or training) - 33.2% against 23.2% for young males. Less educated young people are less likely to become NEETs; rather, it is young people with an intermediate education (especially VET graduates) and university graduates who face the highest risk of becoming NEETs.¹³

Although people with tertiary education are more affected by unemployment than the low skilled (14.2% against 8.9%), an overall improvement of the situation is noticeable. The unemployment rate of the highly skilled has decreased by 6.3% since 2011. Nevertheless, the demand for graduates is limited in agriculture and trade. A STEPS skills study carried out by the World Bank in 2014¹⁴ indicates that the most important skills that young (under 30) workers often lack are technical competences and problem-solving skills. This refers to both university and high-school graduates. For example, close to 70% of employers say that university graduates have limited knowledge of English, over 50% say they lack leadership skills and 40% say that they lack creativity and critical thinking. Youth unemployment by education level also shows that unemployment rates are the lowest among the "low educated" group, while the difference between the "medium" and "highly educated" is not significant¹⁵. This might be explained by agricultural self-employment of the low-educated. In general, VET graduates, despite their limited numbers, face the highest unemployment compared to the graduates of medium general education and higher education. However, in 2016 these trends have been slightly reversed and the unemployment rate of VET graduates equals that of the medium-educated youth with general education. Higher education graduates have the lowest unemployment rates (22.9%).¹⁶

While private sector growth is positive, the GFSIS study shows that most of the jobs created in Georgia do not require high-level qualifications (e.g. graduate diplomas). Interestingly, the unemployment rate of the individuals falling under ISCO 4-9 groups (e.g. clerical and support workers, craft and related trade workers, plant and machine assemblers and elementary workers) is 45.7% lower than the national average, while the ISCO group 2 (professionals) has a 20.8% higher unemployment rate than the national average.¹⁷ The labour demand survey commissioned by the Ministry of Labour, Health and Social Affairs (MoLHSA) in 2015 confirms the same trend: positions for which employers mostly experience labour shortages are waiters, janitors, cooks, medical professionals, journalists and representatives of elementary positions. However, the same survey results prove that the labour shortages for elementary positions are mostly due low and unattractive

¹³ ETF (2015), Young People Not in Employment, Education or Training (NEET): An Overview in ETF Partner Countries, <http://www.etf.europa.eu/web.nsf/pages/NEET ETF partner countries>

¹⁴ World Bank (2014) – STEP Skills Measurement Survey in Georgia

¹⁵ ETF (2017), Mapping Youth Transitions to Work in the Eastern Partnership Countries: Georgia Country Report (forthcoming publication).

¹⁶ ETF (2017), *ibid.*

¹⁷ Georgian Foundation for Strategic & International Studies (GFSIS) (2016), Structure of Unemployment and Structural Unemployment in Georgia

wages. The companies interviewed identified the skills mismatch (lack of relevant skills for a job), the lack of applicants, and salary requirements as the biggest obstacles to hiring. The Ministry of Economy and Sustainable Development (MoESD), which since June 2017, has been responsible for the labour market information system, has commissioned a new labour demand survey with a large representative sample (6000 companies) with results available by the end of 2017.

In spite of the efforts made by the government, the lack of professionals and limited capacity remain major concerns for the implementation and sustainability of reform actions. More support is required for capacity development and institution building in employment and labour market, not only in the capital, Tbilisi, but also throughout the country. Skills development actions should be better linked to the economic development agenda and to prospective sectors that can create employment opportunities, and should target vulnerable groups such as young people, the rural population and long-term unemployed individuals. These challenges will be addressed and supported by the upcoming EU Programme on Skills Development and Matching for Labour Market Needs which is due to start in 2018.

3.2 Employment policy and institutional setting

The Georgia 2020 strategy, which sets out an overall policy framework for employment and the labour market, recognises the need to improve labour market functioning. It defines several activities to be carried out in order to institutionalise labour market research, develop labour market intelligence, ensure effective communication between employers and jobseekers, develop public and private job mediation services, create a system for retraining unemployed individuals and jobseekers, and launch programmes to promote self-employment and entrepreneurial activities. Moreover, the EU–Georgia Association Agreement including the Deep and Comprehensive Free Trade Area signed in 2014 requires labour and employment legislation to be adapted to European standards (for example, on decent work, employment policy, ALMPs, health and safety at work, social dialogue, social protection, social inclusion of people with disabilities and from minority groups, gender equality and anti-discrimination laws).

Implementation of the active labour market policy in Georgia lacks the necessary legislative base. The draft “Employment Service Act” has been prepared with the support of the EU technical assistance project and the MoLHSA has taken it further to discuss in the Tripartite Social Partner Commission. The draft law has been highly criticised particularly by employers, which would have an obligation to report on vacant jobs to the employment offices. The draft law also suggests the establishment of an unemployment insurance scheme. Besides employers, the draft law is likely to face a lot of criticism from politicians, who continue promoting liberal economic and labour policies. In October 2017, the Ministry informed the ETF mission that the Act is unlikely to be adopted before 2019.

According to the EU-Georgia Association Agreement (AA) there is a long list of EU Directives to be transposed by Georgia, mainly related to labour legislation (e.g. employee representation and consultation in the workplace, collective redundancies, working time, equal treatment between men and women, equal treatment of racial/ethnic origin, etc.) and on the occupational health and safety (OHS). The Labour Code is being amended accordingly. As regards OSH, the draft law is at more advanced stage as it has been sent to the Parliament and it is expected to be adopted shortly. The Georgian Government cannot approve the draft regulations transposing EU directives on OSH until the framework law is adopted. These delays are negatively affecting the functioning of the labour inspectorate as these laws and directives represent the legal base for its operation. In the beginning of 2017 there was an escalation of labour related conflicts in Georgia.

The 2015-18 labour market strategy remains the key strategic document which outlines the major areas of direction of the labour market policy in Georgia. This document reflects the strategic vision of the country concerning the employment policy and focuses on several key areas which directly refer to the association agreement in issues such as the EU directives on labour law amendments and OSH, development of employment services, institutionalisation of the labour market research (hence,

improving the skills anticipation and matching), as well as the design and implementation of the Active Labour Market Programmes (ALMPs) in Georgia. Georgia receives substantial donor support for implementing and reforming these VET and labour market strategies. The major international donor is the EU with an Employment and VET Sector Reform Contract (2014–17): EUR 20 million in direct budget support and EUR 7 million in complementary measures (technical assistance, twinning and a grant scheme). The technical assistance component of the programme (EUVEGE) has been extended until November 2018.

The development of employment services is still in a nascent phase in Georgia. The EU twinning project, which finished in January 2017, elaborated a New Service Model (NSM) for operations of the Employment Department at the Social Service Agency (SSA), which should in the future transform into a fully-fledged Public Employment Service. The NSM introduces profiling of the job-seekers and emphasises the importance of career guidance services and job intermediations. The MoLHSA and the SSA plan to scale it up nationwide in coming years. SSA particularly leads and coordinates the activities of the Employment Support Services (ESS) at national and regional level. It has a network of 10 regional centres and 69 district branches throughout Georgia in all municipalities amounting to 70 territorial units which provide social and employment support services. The capacity of staff as well the lack of human, administrative and financial resources, particularly at regional and district level, remain a major constraint to expand the employment services in Georgia.

Apart from career guidance services, Georgia has launched three rounds of the State Programme on Training and Retraining of Job-seekers in 2015, 2016 and 2017. However, no information was made available on the effectiveness of the programme until recently. The first monitoring results of 2016 programme showed that only 10% of the training graduates were employed after six months of the course. The ETF field visit to a number of regions in September 2017 confirmed that the planning and delivery of the retraining courses have serious shortcomings and the lack of flexibilities which significantly reduce the impact and relevance of the retraining programme. The issues have been raised with the MoLHSA and SSA and the current EUVEGE as well as the future EU Programme will address them to make the retraining programme more relevant, timely and effective. Besides the retraining programme, the SSA offices organise job fairs, provide internships in companies and help the disabled with a subsidised employment scheme. There is need to design and implement more diverse ALMPs in Georgia to make the employment services more comprehensive for job-seekers.

Skills mismatch remains a critical issue on Georgian labour market. The Labour Market Information System (LMIS) function was transferred in June 2017 from the Department of Labour and Employment Policy at the MoLHSA to the MoESD. The function is currently run by a team of three specialists. They have succeeded to produce the first Labour Market Analysis report which is published on the LMIS website www.labour.gov.ge (currently only in Georgian). The LMIS division in the MoESD coordinates the implementation of the nationwide labour demand survey and will also do the analyses of the results. The MoESD reports that they intend to launch a number of skills surveys in years to come which may also have a sectoral focus, depending on the needs. They aim to identify the list of occupations in most demand, which would be a priority for the first government-financed retraining programmes for jobseekers. The LMIS division has recently also been tasked by the Prime Minister's office to produce a first national skills forecast. It has requested expertise from the current EUVEGE and the ETF to engage in this exercise.

Inclusion of social partners in the policy-making process remains an important issue. The Georgian Trade Union Cooperation (GTUC) and Georgian Employers' Association (GEA) have been closely engaged particularly in the process of elaboration of the draft OSH Framework Law, transposition of EU directives and amendments to the Labour Code.

ANNEXES

Statistical annex Georgia¹⁸

This annex reports annual data from 2011 and 2016 or the last available year

Indicator		2011	2016
1	Total Population (000)	4469.2	3720.4
2	Relative size of youth population (age group 15-24) (%) ⁽¹⁾	22.3	18.9
3	Youth Dependency ratio (%)	24.8	25.8
4	Old-age Dependency ratio (%)	20.8	20.6
5	Global Competitive Index	Rank	88
		Score	4.0
6	GDP growth rate (%)	7.2	2.7
7	GDP per capita (PPP) (current international \$)	7315.1	9996.9
8	GDP by sector (%)	Agriculture added value	8.8
		Industry added value	23.8
		Services added value	67.4
9	Poverty headcount ratio at \$3.10 a day (2011 PPP) (% of population) ⁽²⁾	36.8	25.3 (2014)
10	Gini index (%) ⁽³⁾	43.0	40.0
11	Educational attainment of adult population (aged 15+) (%) ⁽¹⁾ (6)	Low	4.4
		Medium	61.6
		High	34.0
12	Gross enrolment rates in secondary education (%)	88.1 (2009)	103.7 (2015)
13	Share of VET students in secondary education (%)	1.5 (2009)	4.5 (2015)
14	Gross enrolment rates in upper secondary education (%)	83.1 (2009)	94.8 (2015)
15	Share of VET students in upper secondary education (%)	2.9 (2009)	9.0 (2015)
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.
		Mathematics	N.A.
		Science	N.A.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	M.D.
		Male	M.D.
		Female	M.D.
18	Early leavers from education and training (age group 18-24) by sex (%) ⁽¹⁾⁽⁴⁾	Total	8.7
		Male	9.7
		Female	7.7
19	Activity rates by sex (aged 15+) (%)	Total	65.2
		Male	76.5
		Female	55.8
20	Employment rates by sex (aged 15+) (%)	Total	55.4
		Male	63.7
		Female	48.5

¹⁸ Data update on 12/09/2017

Indicator		2011	2016	
21	Unemployment rates by sex (aged 15+) (%)	Total	15.1	11.8
		Male	16.7	14.2
		Female	13.1	8.8
22	Unemployment rates by educational attainment (aged 15+) (%) ⁽¹⁾	Low	7.1	8.9
		Medium	13.4	10.7
		High	20.5	14.2
23	Youth unemployment rates by sex (aged 15-24) (%) ⁽¹⁾	Total	35.6	30.5
		Male	33.3	31.1
		Female	39.6	29.0
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	M.D.	42.7 (2015)	
25	Long-term unemployment rate (aged 15+) (%) ⁽¹⁾	M.D.	5.1 (2015)	
26	Incidence of self-employment (%) ⁽¹⁾	61.6	57.3	
27	Share of the employed in a public sector (%)	16.0	14.9	
28	Employment by sector (%)	Agriculture	M.D.	50.9 (2014)
		Industry	M.D.	10.0 (2014)
		Services	M.D.	39.1 (2014)
29	Employment in the informal sector	M.D.	M.D.	
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%) ⁽¹⁾⁽⁴⁾	Total	31.5 ⁽⁵⁾	27.9
		Male	25.1 ⁽⁵⁾	23.2
		Female	37.6 ⁽⁵⁾	33.2
31	Public expenditure on education (as % of GDP)	2.70	1.98 (2012)	
32	Public expenditure on education (as % of total public expenditure)	9.27	6.71 (2012)	
33	Skill gaps (%)	N.A.	9.9 (2013)	
34	The contribution of SMEs to GDP (%) ^{(1) (7)}	21.8	20.8 (2015)	
35	The share of SMEs in employment (%) ^{(1) (7)}	45.6	43.1 (2015)	

Sources:

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

5 – *World Economic Forum*

1, 2, 10, 11, 18, 19, 20, 21, 22, 23, 27, 30, 34, 35 – *National Statistics Office of Georgia*

16, 33 – *OECD Statistical database*

24, 25, 26, 28 – *ILOSTAT*

12, 13, 14, 15, 31, 32 – *UNESCO, Institute for Statistics*

Legend:

N.A. = Not Applicable

M.D. = Missing Data

Note:

⁽¹⁾ ETF calculation

⁽²⁾ Estimated from individual consumption data.

⁽³⁾ Gini coefficient by total incomes.

⁽⁴⁾ Preliminary data

⁽⁵⁾ Participation in training not considered.

⁽⁶⁾ Data refer to the active population aged 25-64.

⁽⁷⁾ Data related to SMEs include enterprises up to 100 people employed (annual average).

Internal notes on the differences in reported data between the Employability fiche 2016 and 2017:

- World Bank data update – 8
- Geostat data update – 10
- Change of the indicator definition - 11

Annex: Indicator definitions

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, legal or registered residents can be considered.
2	Relative size of youth population (age group 15-24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth Dependency ratio (%)	The ratio of younger dependents (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old-age Dependency ratio (%)	The ratio of older dependents (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape providing inside into the drivers of countries' productivity and prosperity. It expressed as scores on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population, and converted to international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from Agriculture, Industry and Services.
9	Poverty headcount ratio at \$2 a day (PPP) (%)	The percentage of the population living on less than \$2.00 a day at 2005 international prices.
10	Gini index (%)	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13	Share of VET students in secondary (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET)
14	Gross enrolment rates in upper secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET)
16	Low achievement in reading, maths and science – PISA (%)	The share of 15-years-olds falling to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	The share of persons aged 25–64 who stated that they received education or training in the four weeks preceding the (LFS) survey.
18	Early leavers from education and training (age group 18-24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 level 0–3C short for data up to 2013 and to ISCED 2011 level 0–2 for data from 2014 onwards.
19	Activity rates by sex (aged 15+) (%)	Activity rates represent the labour force as a percentage of the population of working age.
20	Employment rates by sex (aged 15+) (%)	Employment rate represents persons in employment as a percentage of the population of working age.
21	Unemployment rates by sex (aged 15+) (%)	Unemployment rate represents unemployed persons as a percentage of the labour force.
22	Unemployment rates by educational attainment (aged 15+) (%)	Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
23	Youth unemployment rates by sex (aged 15-24) (%)	Youth unemployment rate represents young unemployed persons aged (15-24) as a percentage of the labour force (15-24).

	Description	Definition
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25	Long-term unemployment rate (age 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26	Incidence of self-employment (%)	The share of self-employed as a proportion of total employment. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27	Share of the employed in a public sector (%)	The share of employed in a public sector as a proportion of total employment.
28	Employment by sector (%)	The share of employed in Agriculture, Industry and Services.
29	Employment in the informal sector	Share of persons employed in the informal sector in total non-agricultural employment.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group and sex who is not employed and not involved in further education or training.
31	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
32	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as % of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
33	Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34	The contribution of SMEs to GDP (%)	The share of value added from small and medium sized businesses (SMEs).
35	The share of SMEs in employment (%)	The share of persons employed in small and medium sized businesses.

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