



# Millennium Development Goals in Georgia



2014





GEORGIA NATIONAL REPORT  
ON PROGRESS TOWARDS ACHIEVING THE

# MILLENNIUM DEVELOPMENT GOALS

September 2014

This report has been prepared by the Government  
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AIDS – Acquired Immune Deficiency Syndrome	MENRP – Ministry of Environment and Natural Resources Protection
ANC – Antenatal Care	MICS – Multiple Indicator Cluster Survey
ART – Antiretroviral Treatment	MMR – Maternal Mortality Rate
BSEC – Black Sea Economic Cooperation Organization	MMS – Maternal Mortality Survey
CEDAW – Convention on Elimination of All Forms of Discrimination against Women	MPs – Members of Parliament
CEE/CIS – Central Eastern Europe/ Commonwealth of Independent States countries	MRA - The Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia
CENN – Caucasus Environmental NGO Network	MSM – Methylsulfonylmethane
CO2eq – Carbon Dioxide equivalent	NAP – National Action Plan
CoM – The Covenant of Mayors	NAPR – National Agency of Public Registry
CRC – Convention on the Rights of a Child	NBG – National Bank of Georgia
DCFTA – Deep and Comprehensive Free Trade Agreement	NCDC – National Center for Disease Control
DCU – Donor Coordination Unit	NCDCPH – National Center for Disease Control and Public Health
DHS – Durable Housing Solutions	NCEQE – National Center for Educational Quality Enhancement
DST – Drug Susceptibility Test	NDP – National Policy Dialogue
EE – Environmental Education	NEAP-2 – Second National Environmental Action Programme of Georgia 2012-2016
EECA – Energy Efficiency and Conservation Authority	NIMD – Netherlands Institute for Multiparty Democracy
EECCA – Eastern Europe, Caucasus and Central Asia	ODA – Official Development Assistance
EMIS – Education Management Information System	ODS – Ozone Depleting Substance
ENIC – English National Investment Company	OECD – Organization for Economic Co-operation and Development
ENQA – European Association for Quality Assurance in Higher Education	PDO – Public Defender's Office
EUWI – European Water Initiative	PHC – Primary Health Care
FDI – Foreign Direct Investments	PIRLS – Progress in International Reading Literacy Study
FP – Family Planning	PISA – Programme for International Student Assessment
FX – Foreign Exchange	PLWH – People Living with HIV
GDP – Gross Domestic Product	PWIDs – Person with Intellectual Disability
GERAMOS – Georgian Reproductive Age Mortality Study	RAMOS – Reproductive Age Mortality Study
GERHS – Georgian Reproductive Health Survey	RH – Reproductive Health
GHG – Greenhouse Gas	SDR – Special Drawing Rights (Of International Monetary Fund)
GNI – Gross National Income	SEN – Special Educational Needs
GUAM – Organization for democracy and Economic development	SSA – Social Service Agency
HCFC – Hydro chlorofluorocarbon	TB – Tuberculosis
HDI – Human Development Index	TIAR – Total Induced Abortion Rates
HIV – Human Immunodeficiency Virus	TIMSS – Trends in International Mathematics and Science Study
HPMP – Hydro chlorofluorocarbon Phase-Out Management Plan	TSA – Targeted Social Assistance
ICT – Information and Communication Technology	TVET – Technical and Vocational Education and Training
IDPs – Internally Displaced Persons	U5MR – Under-5 Mortality Rate
IDUs – Injecting Drug Users	UHC – Universal Health Care
IFC – International Finance Corporation	UHP – Universal Healthcare Program
IFI – International Financial Institutions	UN – United Nations
IMR – Infant Mortality Rate	UNCT – The United Nations Country Team
ITU – International Telecommunication Union	UNDP – United Nations Development Program
IUCN – International Union for Conservation of Nature	UNECE – United Nations Economic Commission for Europe
IVWC – International Vehicle Weight Certificate	UNESCO – The United Nations Educational, Scientific and Cultural Organization
IWRM – Integrated Water Resources Management	UNFPA – The United Nations Population Fund
KfW – Kreditanstalt Für Wiederaufbau (German Development Bank)	UNICEF – The United Nations Children's Fund
LEDS – Low Emission Development Strategy	USAID – United States Agency for International Development
LTE – Long Term Evolution	VAT – Value Added Tax
MoES – Ministry of Education and Science of Georgia	VET – Vocational Education and Training
MCV – Measles Containing Vaccine	VU – Vulnerable
MDG – Millennium Development Goals	WB – World Bank
MDR – Multi-Drug Resistant	WHO – World Health Organization
MDR-TB – Multi-Drug Resistant Tuberculosis	WPS NAP – National Action Plan on Women, Peace and Security





## FOREWORD

The Millennium Development Goals (MDGs) have served as an important roadmap for the betterment of lives worldwide. The Goals to defeat hunger, promote equality, expand education, protect environment and improve healthcare have set a global agenda for mobilizing nations towards this worthy task. In today's turbulent world the MDGs are more important than ever, and as we track their progress we are reminded both of the privilege and the complexity of the task of improving people's lives. Importantly, these goals expand accountability of governments beyond their countries, creating a truly global community.

Currently, Georgia is going through historic changes. With the signing of the Association Agreement with the European Union in June 2014, Georgia made a big step towards fully reclaiming its membership of a common European family based on shared principles of democracy, humanity, human dignity and equality. We believe that these principles are the cornerstone of prosperity and are key drivers of our development efforts. At the same time, the Agreement brings important economic benefits to the country, offering business access to the EU's single market, which can further ensure Georgia's rapid economic growth. This milestone has put Georgia in a better position than ever to demonstrate our progress towards the MDGs and contribute to the upcoming Sustainable Development Goals – a new agenda for further development. The National Human Rights Strategy and the Human Rights Action Plan along with the Socio-Economic Development Strategy 2020



are additional roadmaps for Georgia to accelerate the country's further development.

The current MDG Report highlights Georgia's progress towards attaining the goals. A number of initiatives and reforms recently introduced by the Government of Georgia have largely echoed the aspirations of the MDGs. Our universal healthcare program, social protection schemes and micro-nutrient supplementation programs, more accessible pre-school, as well as vocational education, more balanced Labor Code, the land-poor-farmers assistance project supporting rural population in establishing sustainable farms, and the "Made in Georgia" initiative targeted at stimulating small and medium entrepreneurship are to name a few. Still, much remains to be done and in the coming months and years the Government of Georgia will be focusing on sustainable development to accelerate the progress towards providing real opportunities and improving the living standards of its citizens. The MDG Report represents a good baseline for this important endeavor.

In conclusion, I would like to thank everyone who has contributed to the development of this report. The report is the result of excellent cooperation between the Government, development partners and Civil Society Organizations and just another example of what can be achieved when we unite towards a common purpose. By persevering with this joint effort, I am confident that we can contribute to the building of a more prosperous, educated and secured world.

**Irakli Garibashvili**  
Prime Minister of Georgia



At the September 2000 Millennium Summit in New York, 191 nations – including Georgia – committed themselves to reaching crucial development goals and targets by the year 2015. These goals and targets help governments to better monitor human development, enhance the mobilization and allocation of national resources, and strengthen partnerships for development.

In this context, I am very pleased to introduce the third Millennium Development Goals Report for Georgia. This Report is the result of a strong collaboration, led by the Government of Georgia, that included the range of relevant Government entities, members of civil society, UN agencies, and others concerned to ensure the success of development efforts in Georgia.

The United Nations acknowledges Georgia' progress and dedicated efforts in achieving the MDGs and remains committed to support the country efforts towards further improvements. With most MDGs achieved, more precise attention should now be given to further enhance the quality and sustainability of the country's progress, and the equal coverage and availability to the rural and urban population, both men and women.

This report is a call to all stakeholders, including the Government of Georgia, the business community and civil society, to make concerted efforts to make sure that the development goals set out in the Millennium Declaration are achieved by Georgia by 2015.

A handwritten signature in black ink, appearing to be 'Niels Scott'.

**Niels Scott**  
UN Resident Coordinator in Georgia





# MDG RESULTS AT A GLANCE

## MDG 1. Eradicate Extreme Poverty

**1.1. Target 1:** Halve the Number of the People under the Poverty Line by 2015

**1.2. Target 2:** Halve the Number of the People suffering undernourishment by 2015

**1.3. Target 3:** Socio-Economic Rehabilitation and Civil Integration of Internally Displaced Persons and the Victim of Conflicts and Natural Disasters

- ▶ The poverty headcount has decreased considerably, falling from 21% to 14.8%. Extreme poverty has declined as well, falling from 6.7% in 2010 to 3.7% in 2012 and poverty severity has fallen.
- ▶ There has been a declining trend in extreme poverty among children from 9.4% in 2011 to 6% in 2013.
- ▶ Prevalence of underweight in children is low.
- ▶ Ministry of Internally Displaced Persons from Occupied Territories, Accommodation and Refugees of Georgia provided housing to more than 2100 families, which makes about 8000 persons. Currently, out of the overall 28 528 IDP families that were provided with Durable Housing Solutions (DHS) - 15 441 families were transferred living spaces into their private ownership.
- ▶ The new Government has made commitment to lead and coordinate the livelihood support efforts that will ensure the transition of IDPs from their dependence on state assistance to self-reliance.

## MDG 2. Ensure coherence of Georgian educational systems with educational systems of developed countries through improved quality and institutional set up

**2.1. Target 4:** Transformation of school education into 12-year cycle and inclusion into the International Systems of School Education Quality Assessment

**2.2. Target 5:** Ensure establishment of accreditation system for tertiary education institutions; achievement of institutional coherence with modern tertiary education systems

**2.3. Target 6:** Ensure the transformation of vocational education into the one focused on labour market needs; facilitate the establishment of institutional support to private sector development in vocational education

**2.4. Target 7:** Ensure the function of inclusive and integrated educational programmes; incorporate the principles of inclusive education into the national study programmes

- ▶ The preschool education is accessible for 46% of children comparing to 26% in 2003.
- ▶ Preschool education became free.
- ▶ Achievement of institutional coherence with modern school education systems has been achieved by transforming school education system into 12-year cycle.
- ▶ Establishment of the National Assessment and Examination Centre ensured the consistency of national assessment systems with international standards where international studies (such as TIMSS, PIRLS and PISA) are conducted in Georgia to help identify system gaps for improved planning and delivery for students.
- ▶ The set of education indicators have been revised to comply with international suggested indicators.
- ▶ In 2013 187 educational programs were granted accreditation, of which 51% were higher education institutions.
- ▶ A new model for enrolment and financing of vocational students had been developed that gives an opportunity to everyone to acquire any desired profession without any charge. Simultaneously, projects for establishment and development of 26 new vocational educational institutions were developed in order to increase the geographic accessibility for vocational education.
- ▶ From 2012 Inclusive Education became compulsory for all public schools of Georgia. Currently, all schools in Georgia are supplied with knowledge and skills necessary to provide welcoming environment to children with special educational needs (SEN) and disabilities.
- ▶ The Ministry of Education and Science has created different guides for teachers such as "Inclusive Education", "Learning Methods for Mentally Disorders", "Learning Methods for Hearing Disorders", "Learning Methods for Visual Disorders" and "Sport for Special Education Need Pupils". National Center for Teacher Professional Development Implements Special Teacher training programs.

### MDG 3. Promote Gender Equality and Empower Women

**3.1. Target 8:** Ensure gender equality in employment

**3.2. Target 9:** Ensure equal access to activity in the political domain and all levels of management

- ▶ The Labor Code includes anti-discrimination and protection clauses. Amendments to the Code that are in force from 1 January 2014 concern official leave during pregnancy, child-birth, and child-care. These amendments implicate the increase of leave from existing 477 calendar days to 730 calendar days, out of that paid leave increased from existing 126 calendar days to 183 calendar days. Also, the state compensation for all the paid 183 calendar days has increased to GEL 1,000 (USD 625) in comparison to GEL 600 (USD 375) for the previously mandated 126 calendar days.
- ▶ In 2011 a voluntary quota for women's participation in political party lists was adopted and offered an additional 10% in budgetary financing for a party that included at least 2 representatives of different sex in every 10 candidates on the election party list.
- ▶ As a result of the Parliamentary elections in October 2012, 17 women won the seats out of 150 MPs, making 11% of the members. In the Parliament of 2008 convocation women made only 6.4%. Around 15% of single mandate nominations from all parties were women, compared to 12% in 2008. As a result, in the current Parliament there have been elected 7 women as majoritarian MPs to represent single-mandate election districts of different regions of Georgia, compared to 1 in 2008 and 2 in 2004.
- ▶ In 2013 the Prime Minister appointed Assistant on Human Rights and Gender Equality Issues in his apparatus that will substantially contribute to gender equality and women's empowerment policy in Georgia.
- ▶ 49 gender focal points were appointed at the municipal level charged with the responsibility to ensure that all its actions promote and protect gender equality and women's empowerment.
- ▶ In 2013 a Gender Equality Department was established as a standing unit within the Public Defender's Office that has elaborated Action Plan for 2014-2015 as well as Strategy for better mainstreaming gender into the PDO's work.

### MDG 4. Reduce Child Mortality

**4.1. Target 10:** Reduce by two-thirds the under-five mortality rate between 2000 and 2015

- ▶ According to official demographic statistics (GeoStat), Georgia has substantially reduced under-5 mortality rate per 1000 live birth from 24.9 in 2000 to 13.0 in 2013.
- ▶ Since 2000 the country has steadily maintained over 90% coverage for the first Measles Containing Vaccine (MCV), reported 93% coverage by the end of 2012 and reached 96.5% in 2013.

### MDG 5. Improve Maternal Health

**5.1. Target 11:** Reduce by three-quarters the maternal mortality ratio, between 2000 and 2015

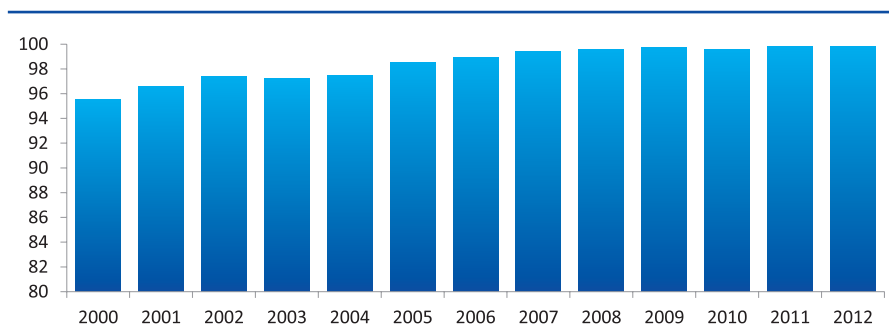
- ▶ Maternal mortality rate per 100,000 live birth is reduced from 49.2 in 2000 to 22.9 in 2012.

Maternal mortality rate:

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Official statistics	49.2	58.7	42.2	49.9	43.1	23.4	23.0	20.2	14.3	52.1	19.4	27.6	22.9

- ▶ Proportion of births attended by skilled health personnel is increasing steadily reaching almost 100%.

Proportion of births attended by skilled medical personnel:



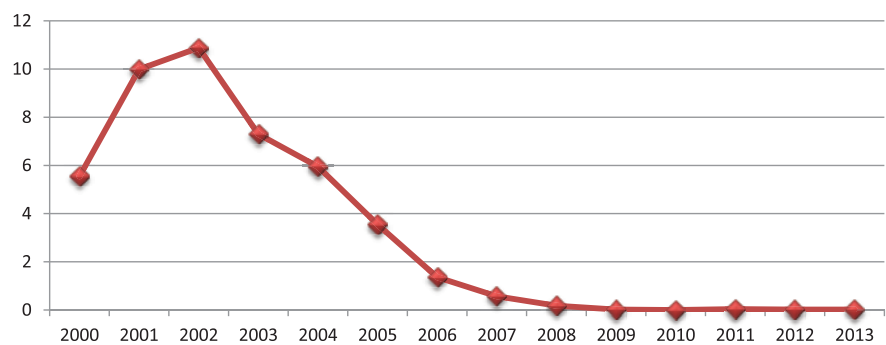
**MDG 6. Combat HIV/AIDS, Malaria and Other Diseases**

6.1. Target 12: Halt the spread of HIV/AIDS and reverse it by 2015

6.2. Target 13: Halt the spread of malaria and other major diseases, start the reversing process by 2015

- ▶ Georgia is among low HIV prevalence (estimated adult prevalence: 0.3%) countries. As of December 1, 2013, number of people living with HIV (PLWH) officially registered is 4 084.
- ▶ Georgia remains the only Eastern European country that has achieved and maintains universal access to Antiretroviral Treatment.
- ▶ Incidence of Malaria is reduced from 5.5 in 2002 to 0.02 in 2013.

Incidence of malaria per 100000 population:



- ▶ The new TB cases per 100,000 population decreased from 96.5 in 2000 to 84.1 in 2012 and the prevalence in the same period fell from 133.4 to 110.9.

**MDG 7. Ensure Environmental Sustainability**

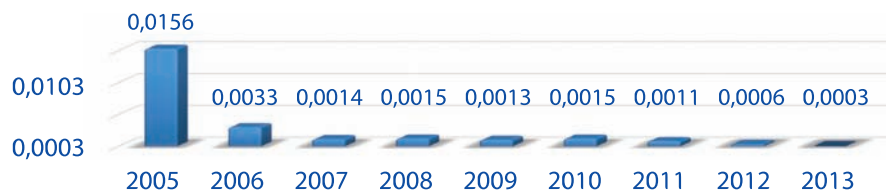
7.1. Target 14: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

7.2. Target 15: Halve the proportion of people without sustainable access to safe potable water

7.3. Target 16: Harmonisation of the housing sector with international standards, including the development of social tenure component

- ▶ Greenhouse Gas (GHG) emissions in 2011 have constituted only 14.27 million t CO<sub>2</sub>eq (about 29% of 1987 level). Per capita GHG emissions constituted 3.19 t CO<sub>2</sub>eq in 2011, or 2.9 times less than the same one in 1987 (9.38 t CO<sub>2</sub>eq/capita).
- ▶ Appropriate legislation to control ozone depleting substances is established. Georgia is in a full compliance with control measures under the Montreal Protocol.

Consumption of ODS:



- ▶ In 2014, total area of Protected Areas comprises 8.62% of the country's territory. In recent years it has doubled (600.59 ha) compared to the 2004 coverage (265.85 ha).
- ▶ "Spatial Planning and Construction Code of Georgia" is based on the best European experience that will facilitate harmonization of spatial planning and construction legislation with European and international norms.

## MDG 8. Global Partnership for Development

8.1. Target 17: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

8.2. Target 18: Deal comprehensively with the debt problems through national and international measures in order to make debt sustainable in the long term

8.3. Target 19: Ensure improved accessibility to Information and Communication Technologies countrywide, minimise digital inequality between urban and rural areas

- ▶ In July 2014 Georgia ratified EU-Georgia Association Agreement including the Deep and Comprehensive Free Trade Agreement (DCFTA). DCFTA entered into force in September 2014.
- ▶ In 2013, Georgia recorded highest economic freedom score ever. Georgia joined “mostly free” category of countries, upgrading from “moderately free” one. According to the Heritage Foundation, Georgian economy scored 72.2 making the country as the 21st freest in 2013 with improvements in 6 out of the 10 economic freedoms, namely in public finance management, investment freedom, monetary freedom and property rights. Georgia ranked 12th out of 43 countries in Europe, and its score is well above the regional average.
- ▶ National Bank of Georgia (NBG) has carried out reforms to improve the regulatory framework of the financial system, to advance the methods for international reserve management and to provide more efficient and reliable payment systems for interbank operations. Significant efforts have been devoted to the improvement of monetary policy framework.
- ▶ Since September 2006 Georgia abolished import duties on almost 85% of goods and reduced the number of import duties from 16 to only 3 – 0%, 5% and 12%.

### External Debt:

External Debt:								
in million USD	2006	2007	2008	2009	2010	2011	2012	2013
External Public Deb	1,697	1,790	2,691	3,382	3,937	4,201	4,357	4,202
Government External Debt Service (% of Exports)	21.0%	8.9%	5.6%	12.2%	8.9%	8.0%	5.8%	9.4%
Disbursements of ODA Loans	16.1	12.1	14.8	34.7	21.6	36.3	55.4	69.4
o/w Untied Loan Disbursements	16.1	12.1	10.6	28.3	21.6	35.4	43.0	50.2

### UN E-Government Survey 2014:

Government Survey 2014				
	Rank 2014	Rank 2012	Rank 2010	Rank 2008
E-Government	56	72	100	90
E-Participation	49	66	127	135

- ▶ According to the World Bank Doing Business Survey in the Registering Property category Georgia has been ranked number one for the last 3 years.
- ▶ Number of important e-services have been introduced, including e-filing of and electronic access to technical records at the State Archive of Georgia, E-Declaration via Video Call function at the Revenue Service of Georgia, E-Auction services for state procurement and state property acquisition, E-Budgeting of the State Budget of Georgia, well-developed Online Payment System, etc.

## INTRODUCTION

As a signatory of the Millennium Declaration, Georgia has started fulfilling its commitments to integrate the Millennium Development Goals within its national development strategies, and report periodically on the status of their attainment. In 2004 the country launched its baseline MDG Report that customized the globally set goals and targets to the Georgian context followed by the progress report in 2005. As the 2015 deadline is rapidly approaching, it is important than ever to look at the progress made towards the global development goals and how Georgia coped with the challenges from the standpoint of its national context.

The following Progress Report has a descriptive character evaluating the Georgia's performance in MDG-related areas. The report is built on the latest available data which mostly covers the period from 2000 to 2013. It should be emphasized however, that the work on the report revealed a number of problems caused by the lack of an adequate and reliable information base. Georgia has improved in both the coverage and quality of official statistics in recent years, but there are still number of problems to overcome in terms of frequency, reliability and periodicity of statistics based on internationally recognized standards. Efforts should continue to upgrade the Georgian statistics system which will allow closer monitoring for the attainment of the goals enunciated in the UN Millenium Declaration and, hence, to create a more refined system of reporting.

The process of report preparation was directed and coordinated by the Administration of the Government of Georgia, namely Donor Coordination Unit (DCU) of the Policy Analysis, Strategic Planning and

Coordination Department. The report has benefited from valuable inputs, comments and feedback from various organizations, such as line ministries, the Parliament of Georgia, National Statistics Office of Georgia, Data Exchange Agency, the National Bank, civil society organizations and development partners like the UN Agencies, World Bank and others, who have provided essential support through professional data and expert analysis in the fields corresponding to their expertise. Ministry of Labour, Health and Social Affairs of Georgia has become the key contributor to this report given the exceptional role of the Ministry towards attaining the MDGs.

The report has been based on a series of discussions taken place at the Administration of the Government of Georgia with the leadership of the DCU during the period of May - July 2014. Several working groups had been set up generating active participation of Government Institutions, development partners and Civil Society Organizations. The report was circulated among the Civil Society Organizations for final review.

The report relies on various studies and surveys, such as 2013 Human Development Index of UNDP, the 2014 Rule of Law Index by the World Justice, the World Bank's Poverty Assessment Report 2014, 2013 Economic Freedom Index by the Heritage Foundation, the World Bank/IFC Doing Business Report 2013, UNICEF Multiple Indicator Cluster Survey, PISA OECD, Higher Education in Georgia by European Commission, "Developing Intra-party Democracy from a Gender Perspective", Intra-party Democracy and Local Governance, NIMD Georgia.



## Acknowledgements

The Administration of the Government of Georgia would like to express its greatest gratitude to the organizations and individuals involved in the elaboration of the document. The report benefitted from the general direction and input provided by The United Nations Country team in Georgia and Georgian Permanent Mission to the UN in New York at the time the

DCU started to serve as a liaison to facilitate communication and follow up of sections to be covered in this report. This report also follows on a previous baseline report which was elaborated by the Ministry of Labour, Health and Social Affairs of Georgia aimed at National Voluntary Presentations for the UN Economic and Social Council Annual Ministerial Review.

## Principal contributors to the document were:

CENN  
 Data Exchange Agency  
 Gender Equality Council of the Parliament of Georgia  
 IDP Women Association "Consent"  
 Ministry of Labour, Health and Social Affairs of Georgia  
 Ministry of Economy and Sustainable Development of Georgia  
 National Statistics Office of Georgia (GeoStat)  
 Ministry of Internally Displaced Persons from Occupied Territories, Accommodation and Refugees of Georgia  
 Ministry of Education and Science of Georgia  
 Ministry of Environment and Natural Resources Protection of Georgia  
 Ministry of Regional Development and Infrastructure of Georgia  
 Ministry of Energy of Georgia  
 Ministry of Finance of Georgia  
 Ministry of Foreign Affairs of Georgia  
 National Bank of Georgia  
 Office of the Prime Minister's Assistant on Human Rights and Gender Equality Issues  
 Public Defender's Office of Georgia  
 The World Bank  
 UNICEF  
 UN Women  
 UNDP  
 UNFPA  
 WHO  
 Women's Information Center  
 Young Economists Association

The report was prepared and published with the assistance of The United Nations Country Team (UNCT).

## NATIONAL CONTEXT

In 2000 Georgia along with adoption of the Millennium Declaration made a commitment to integrate the Millennium Development Goals (MDGs) within its national development strategies and plans and to periodically report on the status of MDG platform implementation. Attainment of Millennium

Development Goals is much depended on strong commitment and political will, as well as favorable political situation backed up by significant institutional reforms, as well as economic conditions. Progress towards MDGs should be analysed given this country-specific context.

**Table 1 Basic Demographic Data** <sup>1</sup>

	2013	
	Total	Rate
Number of live births and birth rate per 1000 population	57 878	12.9
Natural population growth and rate per 1000 population	9 325	2.1
Number of deaths and mortality rate per 1000 population	48 553	10.8
Migration dynamics and rate per 1000 population	2606	0.6

### Basic Country Information

Georgia – a country in the Caucasus region - is located at the crossroads of Western Asia and Eastern Europe, covering around 70,000 square km, lying on the southern foothills of the Greater Caucasus mountain range and on the south-eastern shores of the Black Sea. It is bordered by Russia to the north, Turkey to the south-west, Armenia to the south and Azerbaijan to the south-east. Georgia has a population of 4.5 million (2013). The country has long been ethnically heterogeneous and 54% of population lives in urban areas.

Georgia is a unitary, democratic republic with the President as the head of state, and the Prime Minister as the head of government. Its legislative branch - the Parliament consists of 150 members, out of them 77 MPs are elected by proportional system through party-lists and 73 majoritarian MPs are elected in single-mandate election districts. All members are elected to four-year terms.

Georgia is a lower-middle-income country<sup>2</sup>. The poverty headcount has decreased considerably, falling from 21% to 14.8%. Extreme poverty has declined as well, falling from 6.7% in 2010 to 3.7% in 2012. The Poverty Gap has reduced from 6.8 to an unprecedented 4.3, the squared poverty has almost diminished in half, though unemployment remains relatively high at 15% as of 2012<sup>3</sup>.

### Country's Commitments to Human Development

Since its independence in 1991 Georgia has ratified core international instruments for human rights, including the Universal Declaration of Human Rights, Convention on the Rights of a Child (CRC), Convention on Elimination of All Forms of Discrimination Against Women (CEDAW), International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.

<sup>1</sup> Source: National Statistics Office;

<sup>2</sup> The World Bank Data & Statistics: <http://econ.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/0,,contentMDK:20421402~menuPK:64133156~pagePK:64133150~piPK:64133175~theSitePK:239419,00.html>;

<sup>3</sup> WB. Georgia Poverty Assessment Report. 2014. <http://documents.worldbank.org/curated/en/2009/04/10503390/georgia-poverty-assessment>

Georgia's HDI value for 2013 is 0.744 - which is in the high human development category - positioning the country at 79 out of 187 countries and UN-recognized territories. Between 2005 and 2013, Georgia's HDI value increased from 0.710 to 0.744, an increase of 4.8 percent or an average annual increase of about 0.58 percent. Case of Georgia proves that what matters is not only the level of income and wealth maximization, but also how that income is used. Georgia shows success in this respect and is among the top five countries with the largest positive difference between GNI per capita and HDI ranks<sup>4</sup>.

In 2013, the Government of Georgia launched its flagship program on Universal Health Care (UHC) that ensured every citizen of Georgia with a basic package of out-patient, in-patient and emergency health services. Stemming from 2012 UN Resolution on UHC and the Global Vision of Universal Health Care by 2030, the program has been another visible demonstration of Georgia's commitment to health-related MDGs and broader human development agenda. International partners, including the World Health Organization (WHO), The World Bank and US Agency for International Development (USAID) have been actively engaged in supporting the country in successful implementation of its UHC endeavour.

### Recent Political Developments

Georgia gained political independence in 1991. As a former soviet republic and a country with the transition economy, Georgia made notable progress in increasing economic and political freedoms and reducing corruption and crime. Georgia's peaceful Rose Revolution in November 2003 resulted in ranging system changes with an aim to eradicate corruption, reduce bureaucracy, enhance qualifications of public servants and boost economic growth. Despite strong rates of economic growth demonstrated during the previous years, the conditions for the major part of the population remained unchanged.

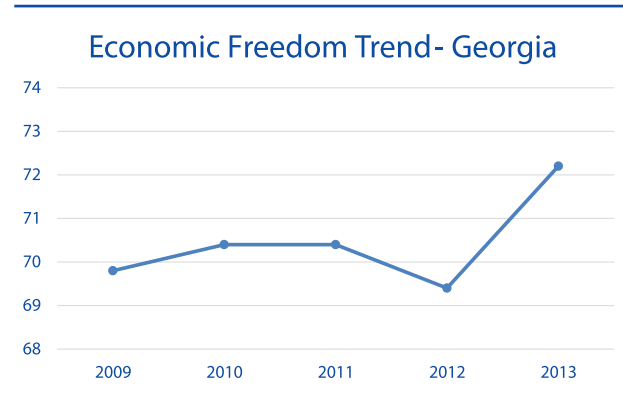
Hit by twin crises – Russian Georgian conflict and world economic downturn in 2008, accompanied by internal political crisis – Georgia started to recover rather quickly with growth rates at almost pre-crisis levels in 2010 and 2011. However, political power remained concentrated in the executive branch at the expense of transparency, inclusiveness, and judicial independence, resulting in the growing dissatisfaction with the ruling party's consolidation of

power. On October 1, 2012, Georgian Dream won the elections, which has been the first one in the South Caucasus resulting in a competitive and peaceful transfer of power. According to observers from the Organization for Security and Cooperation in Europe, the election objectively reflected the will of the people.

After the 2012 elections Georgia took several significant steps towards further democratization, pushing through legislation to strengthen judicial and media independence. The parliament amended Georgia's labour code to bring it in line with international standards and passed a landmark local self-government law. Amendments to media legislation increased the transparency of broadcaster ownership, reduced political influence on the Georgian Public Broadcaster and made the pre-election Must Carry/Must Offer law applicable year-round<sup>5</sup>.

In 2014 Index of Economic Freedom Georgia performed better than ever. According to Heritage Foundation, the Georgian economy has demonstrated a high level of resilience. Georgia remains in "mostly free" category of countries in the 2014 Index. Persistent efforts to eliminate corruption and restore fiscal stability have borne fruit. Access to legal documents has been facilitated, and fiscal consolidation has generated narrowing budget deficits and lower public debt<sup>6</sup>.

Figure 1 Economic Freedom Trend <sup>7</sup>



According to 2013 data, Georgia also ranked the strongest performer within Eastern Europe and Central Asia, with the overall ranking of 31st in the Rule of Law Index. The country leads the region in two dimensions – absence of corruption and "other". Georgia's best performance is in the area of security, where it places 17th overall. In contrast to these positive elements, the country ranks 55th in providing effective checks on the government's power<sup>8</sup>.

<sup>4</sup> UN, [http://www.ungeorgia.ge/eng/news\\_center/in\\_focus?info\\_id=269](http://www.ungeorgia.ge/eng/news_center/in_focus?info_id=269); Explanatory note on the 2014 Human Development Report composite indices.

<sup>5</sup> Freedom House independent media rating, <http://freedomhouse.org/report/nations-transit/2014/georgia>

<sup>6</sup> 2013 Economic Freedom Index, Heritage Foundation, <http://akgul.bilkent.edu.tr/demokrasi/Heritage-economic-freedom-2013.pdf>

<sup>7</sup> Ibid

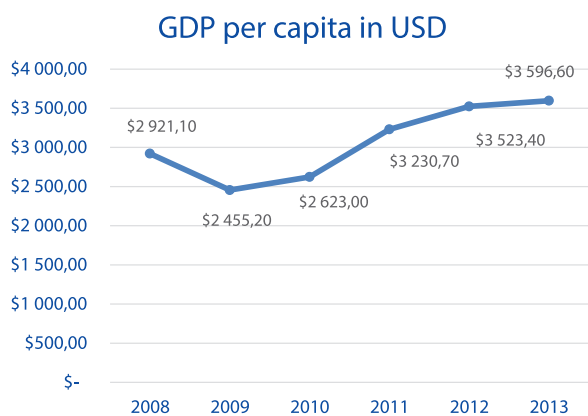
<sup>8</sup> The World Justice Project. The Rule of Law Index 2014 [http://worldjusticeproject.org/sites/default/files/files/wjp\\_rule\\_of\\_law\\_index\\_2014\\_report.pdf](http://worldjusticeproject.org/sites/default/files/files/wjp_rule_of_law_index_2014_report.pdf)

### Economic Context

The governing principle of the country’s strategy for economic development is establishing the necessary conditions for a free private sector operating under a lightweight, efficient and transparent government. With the signage of Association Agreement with the EU, the consistent and effective implementation of policies pursuing common values with the European Union, such as anticorruption policies and improved public service are of the great importance. At the same time, Georgia’s economic policy is targeted at the enhancement of competitiveness, increase of business skills and implementation of the provisions of the EU-Georgia Association Agreement and the Deep and Comprehensive Free-trade Agreement (DCFTA) that are a precondition for not only further deepening Georgia’s European integration process but significant economic growth as well.

In 2013 the real growth of GDP was 3.2% in Georgia. Average annual inflation rate fell, resulting in -0.5% and equaled 2.4 by the end of 2013<sup>9</sup>.

**Figure 2 GDP per capita dynamics** <sup>10</sup>



The WB/IFC „Doing Business 2014“ placed Georgia on 8th place among 189 countries in terms of ease of doing business. Since 2006 Georgia was promoted by 104 steps (112nd place in 2006). According to the WB, Georgia is the Top Improver country Since 2005 in Eastern Europe and Central Asia Region and globally -“With 36 institutional and regulatory reforms since 2005, Georgia has improved in all areas measured by Doing Business”.

Georgia made trading across borders easier by introducing one-stop shop customs clearance zones in such cities as Tbilisi and Poti. Georgia also

strengthened its secured transactions system. A new amendment to its civil code allows a security interest to extend to the products, proceeds and replacements of an asset used as collateral. Georgia has also distinguished itself by following a relatively balanced regulatory reform path. Among a group of 5 top regional improvers, Georgia has improved the most along both dimensions such as reducing the complexity and cost of regulatory processes and strengthening legal institutions.

**Figure 3 Ranking Dynamics in the World Bank’s Doing Business** <sup>11</sup>

### Georgia - Doing Business Index



Georgia scored 4.2 out of 7 in World Economic Forum’s Global Competitiveness Index. Access to financing, inadequately educated workforce and poor work ethic in national labour force still remain a challenge for doing business.

In 2014, Government of Georgia adopted the Socio-Economic Development Strategy of Georgia 2020 – its first strategic document that outlines key targets as well as approaches for the sustainable economic growth. The existence of such document will provide good basis for improved performance and attaining measurable results of economic growth during the upcoming 7 years.

<sup>9</sup> Source: the Ministry of Economy of Georgia [http://www.economy.ge/uploads/meniu\\_publicaciebi/ouer/OUTLOOK\\_ENG\\_\\_2014\\_5.pdf](http://www.economy.ge/uploads/meniu_publicaciebi/ouer/OUTLOOK_ENG__2014_5.pdf)

<sup>10</sup> Source: National Statistics Office of Georgia

<sup>11</sup> The World Bank/IFC Doing Business Report <http://www.doingbusiness.org/-/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB13-full-report.pdf>

# ANALYSES OF INDIVIDUAL MILLENNIUM DEVELOPMENT GOALS

## MDG 1. Eradicate Extreme Poverty

### 1.1. Target 1

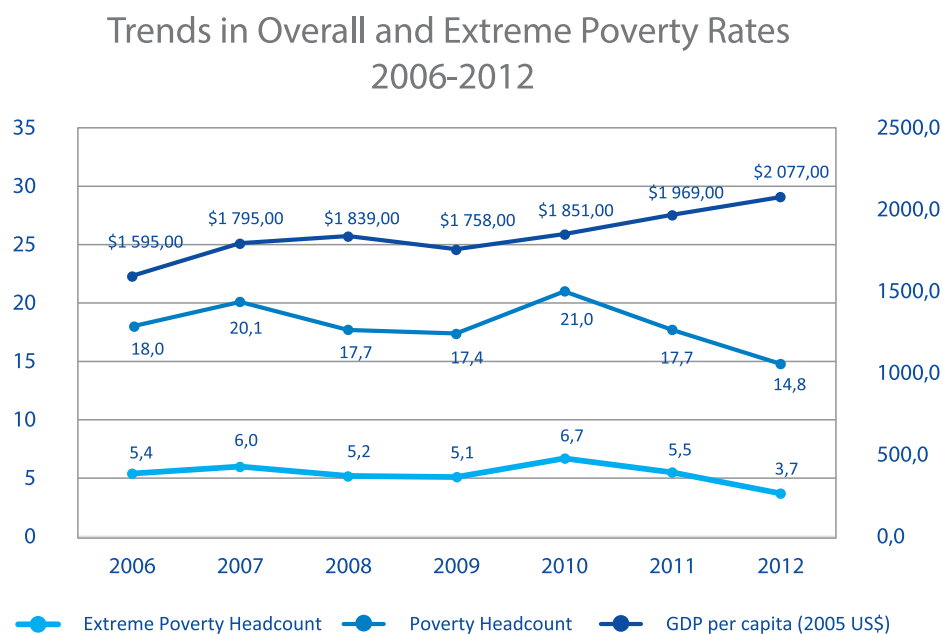
Halve the Number of the People under the Poverty Line by 2015.

Georgia has enjoyed impressive economic growth from the early years of transition largely due to a wide range of reforms. GDP per capita has increased from 690 USD in 2000 to 3597 in 2013. Positive trends in economic development were challenged by the war with Russia in August 2008 and the world economic crisis, though the negative trends have started to reverse in 2010. Georgia's

economy grew by 3.2 % in 2013.

Economic growth was paralleled with progress in poverty reduction. The poverty headcount has decreased considerably, falling from 21% to 14.8%. Extreme poverty has declined as well, falling from 6.7% in 2010 to 3.7% in 2012 and poverty severity has fallen.

Figure 4 Trends in Overall and Extreme Poverty Rates <sup>12</sup>



<sup>9</sup> The World Bank. Georgia Poverty Assessment Report 2014.

Nearly 66 percent of all poor live in rural areas.<sup>13</sup> In 2012, 18.8 percent of rural residents and 10.5 percent of urban residents were poor with 5.34 percent of rural residents facing extreme poverty as compared to 1.96 percent of urban residents. As with overall poverty, the depth of poverty is greater in rural areas than in urban areas. A regional development strategy was introduced in 2010, in order to target Georgia's wide regional disparities. Further in 2013 the Government of Georgia started the local governance reform, targeted at strengthening rural areas of the country and better civic participation in the governance process. The government presented the reform as the key aspect for establishing democracy, solidifying its institutions and eradicating poverty in the country. In October 2013 the Government of Georgia adopted the Organic Law on Local Governance that further expanded the number of self-governing cities and according to which mayors and governors will now be directly elected.

Introduction and continued expansion of social protection schemes provided safety net for socially most vulnerable population groups, including families living under poverty, old-age pensioners and people with disabilities. In 2013 old-age pensions and social allowances have been increased from 2012 baselines by 50% and 100%, respectively. Overall the social allowance for old age pensioners increased 10.7 times from 14 GEL in 2000 to 150 GEL in 2013. Old-age pensions and the Targeted

Social Assistance (TSA) have been the main drivers of poverty reduction in Georgia. However the fiscal burden imposed by Georgia's pension system will require close monitoring as the population ages and there are expectations for future increases of benefit levels.

Despite the progress, both the incidence and severity of poverty remain of great concern to the country. According to UNICEF's 2012 Welfare Monitoring Survey, 77,000 children aged 0-16 years live below USD 1.25 per day and more than 200,000 (one fourth of the total child population) consume less than 60% of medium consumption, which is approximately USD 2 per day. 2013 data from UNICEF supported survey revealed a declining trend in extreme poverty among children from 9.4% in 2011 to 6% in 2013. Children have benefited from doubled social allowances and increase old-age pensions indirectly; however 27% of children continue to live below 60% of the median household income<sup>14</sup>.

Although slightly declining during the last couple of years, unemployment still remains high at 14.6% as of 2013, with estimated youth unemployment exceeding 30% (Table 3). 70% of the population remains economically or socially vulnerable according to the 2012 UNDP study<sup>15</sup>.

**Table 2 Employment and Unemployment** <sup>16</sup>

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Youth Employment rate, aged 15-24, both sexes	29,9	29,1	25,0	28,8	23,1	24,3	23,0	21,4	23,1	22,7	24,2	25,9	27,4	25,4
Employment -to- population ratio, both sexes, percentage	58,5	58,8	56,8	58,6	56,7	55,2	53,8	54,9	52,3	52,9	53,8	55,4	56,8	56,6
Employment -to- population ratio, men, percentage	66,8	67,1	65,1	67,5	64,3	62,6	61,2	63,1	61,1	61,1	61,2	63,7	65,6	64,5
Employment -to- population ratio, women, percentage	51,6	52,0	49,9	51,0	50,2	48,8	47,4	48,1	44,9	45,9	47,5	48,5	49,5	49,8

<sup>13</sup> The population is split almost evenly across rural and urban areas.

<sup>14</sup> UNICEF, Georgia Welfare Monitoring Survey 2012, <http://unicef.ge/115/The-Well-being-of-Children-and-their-Families-in-Georgia---Welfare-Monitoring-Survey-Second-Stage-2011/156>

<sup>15</sup> UNDP, Economic and Social Vulnerability in Georgia 2012, [http://www.ge.undp.org/content/dam/georgia/docs/publications/GE\\_vnerability\\_eng.pdf](http://www.ge.undp.org/content/dam/georgia/docs/publications/GE_vnerability_eng.pdf)

<sup>16</sup> Source: National Statistics Office of Georgia

**Table 3 Employment Rates per Age** <sup>17</sup>

2013												Thousand persons
	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65+	Total
Active (labour force), total	40.8	162.4	197.6	181.3	182.9	201.8	218.4	231.6	192.6	149.7	244.6	2003.9
Employed	23.2	107.6	146.9	145.0	153.4	175.0	193.6	206.9	177.4	141.7	241.2	1712.1
Hired	4.9	53.0	85.0	75.5	71.5	76.5	80.3	79.3	61.2	40.1	30.8	658.2
Self-employed	18.0	52.5	61.2	68.9	80.9	97.8	111.3	127.4	115.1	100.8	209.8	1043.8
Not-identified worker	0.4	2.1	0.7	0.6	1.0	0.7	2.0	0.2	1.1	0.7	0.6	10.0
Unemployed	17.6	54.8	50.7	36.3	29.4	26.8	24.9	24.7	15.2	8.0	3.4	291.8
Population outside labour force	196.9	115.9	65.8	48.7	42.8	32.7	35.4	48.5	46.3	54.1	335.1	1022.3
Unemployment rate (percentage)	43.0	33.8	25.7	20.0	16.1	13.3	11.4	10.6	7.9	5.4	1.4	14.6
Economic activity rate (percentage)	17.2	58.4	75.0	78.8	81.0	86.0	86.0	82.7	80.6	73.4	42.2	66.2
Employment rate (percentage)	9.8	38.7	55.8	63.0	68.0	74.6	76.2	73.9	74.3	69.5	41.6	56.6

**Table 4 Employment trends, Georgia 2000-2012** <sup>18</sup>

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Youth Employment rate, aged 15-24, both sexes	21.2	20.1	27.9	24.6	28.3	28.3	29.3	31.5	35.5	38.7	36.3	35.6	---
Employment -to- population ratio, both sexes, percentage	60.11	58.8	56.8	58.4	56.6	55.2	53.8	54.9	52.3	52.9	53.8	55.4	56.8
Employment -to- population ratio, men, percentage	67.3	67.1	65.1	67.4	64.2	62.6	61.2	63.1	61.1	61.1	61.2	63.7	65.6
Employment -to- population ratio, women, percentage	54.0	52.0	49.9	50.9	50.2	48.8	47.7	48.1	44.9	45.9	47.5	48.5	49.5

<sup>17</sup> Source: National Statistics Office.<sup>18</sup> Source: National Statistics Office.

The Government of Georgia is developing new strategies and economic reforms to promote sustainable economic growth for 2014-2020 cycle. The Social and Economic Development program focuses on encouraging private sector development, enhancement of human capital, better access to finances and local self-governance reforms.

Targeted Social Assistance (TSA) remains the key fiscal instrument to mitigate poverty and the new Strategy aims to expand coverage of the poorest decile from 40 percent to 80 percent of households. At the same time there is far more focus on supporting job creation through private sector development. Looking ahead, a multi-pronged approach that prioritizes job creation and greater labor force participation, especially by women, can ensure sustainable poverty reduction.

The Government of Georgia has an overarching objective to achieve faster, inclusive, and sustainable growth averaging 7 % annually and to reduce GINI coefficient from 0.41 to 0.35 for 2020. The projections are based on the assumption that structural reforms will support rapid growth in investment, employment, and firm productivity and ensure realization of potential benefits associated with the DCFTA in terms of higher exports and FDI.

Georgia must also strengthen the use of quality data to facilitate monitoring and evaluation track and assess poverty and its characteristics, inform policy making, and closely link program performance to poverty reduction objectives. Efforts to improve data quality are ongoing.

## 1.2. Target 2

Halve the Number of the People suffering undernourishment by 2015.

Prevalence of underweight in children remains low. According to the Multiple Indicator Cluster Survey (MICS, 2005)<sup>19</sup> 2.1% of under-5 children were moderately underweight and the share of extremely underweight children was 0.3% (Table 5). Similar results were confirmed by 2009 Georgian National

Nutrition Survey. Even if the underweight prevalence is low, UNICEF 2012 survey revealed high prevalence of micronutrient deficiency among pregnant women and children that the Government started to address through targeted micronutrient supplementation programmes and regulations in 2014.

**Table 5 Prevalence of underweight in children under five (%)<sup>20</sup>**

	Severe underweight	Moderate underweight	None (normal)
<b>Total</b>	14 (0.5%)	25 (0.6%)	2981 (98.8%)
Male	7 (0.4%)	19 (0.9%)	1599 (98.7%)
Female	7 (0.6%)	6 (0.4%)	1382 (99.0%)
<b>Regions</b>			
Tbilisi	3 (0.8%)	1 (0.3%)	360 (98.8%)
Ajara and Guria	2 (0.6%)	1 (0.3%)	337 (99.1%)
Imereti and Racha-Lechkhumi	1 (0.5%)	2 (1.0%)	204 (98.6%)
Kakheti	2 (0.7%)	1 (0.3%)	304 (99.0%)
Kvemo Kartli	2 (0.3%)	8 (1.1%)	751 (98.7%)
Samegrelo	1 (0.4%)	3 (1.1%)	272 (98.6%)
Samtskhe-Javakheti	3 (0.6%)	8 (1.6%)	490 (97.8%)
Shida Kartli and Mtskheta -Mtianeti	0	1 (0.4%)	263 (99.6%)

The UN agencies and the World Bank along with bilateral donors have been playing a key role in keeping policy focus on poverty and on economic and social

vulnerabilities and are supporting the Government's own initiatives to eradicate poverty and hunger.

<sup>19</sup> UNICEF Multiple Indicator Cluster Survey. [http://www.childinfo.org/files/MICS3\\_Georgia\\_FinalReport\\_2005\\_Eng.pdf](http://www.childinfo.org/files/MICS3_Georgia_FinalReport_2005_Eng.pdf)  
<sup>20</sup> Source: Georgian National Nutrition Survey, 2009.



### 1.3. Target 3

#### Socio-Economic Rehabilitation and Civil Integration of Internally Displaced Persons and the Victim of Conflicts and Natural Disasters.

Over 450,000 people in Georgia have been displaced by several waves of conflict. Fighting erupted in the early 1990s in Georgian region South Ossetia and soon after in Abkhazia. More recently in 2008, conflict broke out between Georgia and the Russian Federation over South Ossetia. 22 years have passed since the first wave of conflict but they still remain unresolved and some about 257,127 people are still internally displaced in Georgia: most IDPs originate from Abkhazia and over 60 per cent of them live in the cities of Tbilisi, Zugdidi and Kutaisi.

The principal goal of the government remains to promote the social-economic integration and improved living conditions of IDPs until their safe and dignified return is possible. In order to improve the policy planning process and identify the updated information on the number of IDPs, the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia (MRA) conducted a comprehensive registration of IDPs to confirm the real number that had been resulted in 257,127 IDPs or 85,027 IDP families). The registration took place all over Georgia, although IDPs who temporarily left Georgia and had no opportunity to return in scheduled for registration dates, are not yet registered.

Tbilisi is the city with the highest concentration of IDPs, who have reached certain level of integration during a decade spent there. IDPs have identified income-generation sources in the capital, with

more livelihood opportunities and better access to social services than other parts of the country. Realizing these factors, the current government has decided to offer housing and rehabilitation solutions to those IDPs who are residing in Tbilisi. This solution accommodates the needs of IDPs as one of the most vulnerable category of people in the country in a better way than the previous practice of resettling them in remote places sometimes without their consent, where they did not have any livelihood opportunities and were obliged to leave their accommodations and rent flats back to the places of their previous residence, where they had settled themselves for years.

Recent UNDP study on economic and social vulnerability in Georgia<sup>21</sup> showed that IDPs continue to stay among three the most vulnerable groups, and their vulnerability is related with lack of physical and human (health) resources. The poverty incidents is highest among IDP households. Although the housing is the most accepted crucial need, the livelihoods opportunities are scarce: more than 60% do not own their place of residence and more than 80 per cent do not own land of livestock. Their health situation also is much worse than in regular population (66 % of at least one chronically sick person).

To improve this situation, significant efforts have been made in the direction of IDP housing. Since 2012, the MRA provided housing to more than



<sup>21</sup> UNDP. Economic and Social Vulnerability in Georgia [http://www.ge.undp.org/content/dam/georgia/docs/publications/GE\\_vulnerability\\_eng.pdf](http://www.ge.undp.org/content/dam/georgia/docs/publications/GE_vulnerability_eng.pdf)

2100 families, which makes about 8000 persons. Currently, out of the overall 28,528 IDP families that were provided with Durable Housing Solutions (DHS) - 15,441 families were transferred living spaces into their private ownership and registered their estate in National Agency of Public Registry (NAPR). However, the housing needs are still persistent; 56,499 IDP families remain without DHS, more than 35,000 out of which are in urgent need of housing. In 2013, new criteria for distribution of living spaces were introduced to make process more transparent and understandable, however the work is still underway to achieve full transparency of the process.

In addition to the housing efforts, the Government of Georgia is committed to lead and coordinate the livelihood support in contrast with the previous approach, where the state assistance was mainly limited to direct financial allowances and coverage of communal costs. The livelihood support will contribute to the transition of IDPs from their dependence on state assistance to self-reliance and enhancement of their position in further economic development of the country.

In this context, the development of the State Strategy and Action Plan on IDP Livelihoods targeted at the economic development and better job opportunities for the displaced is an important step

forward. The Strategy is focusing in the areas like support to agricultural activities, better access to finance, capacity increase and access to professional education, job creation and establishment of social enterprises.

Starting from the early 80-90s of the 20th century, numbers of families became the victims of different natural disasters (landslide in Adjara, earthquake in Sachkhere-Chiatura, heavy snow and landslides in Svaneti, and earthquake in Racha-Lechkhumi). About 10 000 families were qualified as the environmental migrants who are eligible for displacement.

During 2004-2009 the state purchased 1096 houses for these families. The process of distribution and purchase of living spaces was based on the individual applications and no normative act regulated the procedures and rules of allocating housing units making this process less transparent and subject of insinuation. In November 2013 the regulatory act was adopted regulating the rules of house distribution and the criteria for application assessment. In 2013 33 living houses were already purchased by state, following the new regulation.

According to the amended Law about internally displaced persons, the people residing in villages directly affected by the conflicts of 1990s and 2008, have been given the opportunity to apply for IDP



status. Even though their living places are on controlled by the Government of Georgia territory, the livelihoods and human security are affected by the occupation.

Situation of population, especially women affected by the conflicts was in focus of attention in 2013 – a special governmental commission was created to resolve problems emerged after the conflicts. One

of decisions allowed youth from conflict affected regions study in high schools and universities free of charge that created additional opportunities for this population. As infrastructure and livelihoods of these regions were severely affected due to the conflicts, special measures were planned and are in the implementation stage, including free lands registration, rehabilitation of roads, water system and gasification.



## MDG 2. Ensure coherence of Georgian educational systems with educational systems of developed countries through improved quality and institutional set up

### 2.1. Target 4

#### Transformation of school education into 12-year cycle and inclusion into the International Systems of School Education Quality Assessment.

Georgia has a strong tradition of education, with almost universal primary school enrolment rates across the country. The country has maintained high primary school enrolment (96%-100%) since 2000. Achievement of institutional coherence with modern school education systems has been achieved by transforming school education system into 12-year cycle. Establishment of the National Assessment and Examination Centre ensured the consistency of national assessment systems with international standards where international studies (such as TIMSS<sup>22</sup>, PIRLS<sup>23</sup> and PISA<sup>24</sup>) are conducted in Georgia to help identify system gaps for improved planning and delivery for students.

However, the quality of education has been a concern. According to the 2011 Trends in International Mathematics and Science Study (TIMSS) study, Georgian eight graders ranked 26th out of 28 participating European countries in maths and science<sup>25</sup>. According to UNESCO, the secondary school gross enrolment ratio increased from 79 per cent in 1999 to 90.1 per cent in 2009-11, with no gender disparity. However, the Committee on the Rights of the Child recently expressed concern about the progressively higher dropout rates in later stages of schooling, particularly in rural areas.

To address the quality of education, number of steps had been taken. The National Center for Educational Accreditation went through reorganization, named as National Center for Educational Quality Enhancement (NCEQE) – the body responsible for the quality of education. It operates in compliance with the Standards and Guidelines for Quality Assurance in the European Higher Education Area. In 2013, the long-term strategic development plan of the NCEQE was developed. The strategy indicates ways of further development of authorization and accreditation mechanisms for educational institutions. In 2013, the Center became an affiliate of the European Association for Quality Assurance in Higher Education (ENQA). This is an important step towards the Center's integration into the Common European Higher Education Area. Since 2012 Georgia has been in-

involved in the implementation of the project entitled "ENIC Capacity Building" initiated by the UK aimed to identify and improve best practice in academic recognition and the assessment of credentials by focusing on learning outcomes when evaluating foreign credentials and share information relating to education systems as well as qualifications. Since 2009 the Ministry of Education and Science (MoES) has been working on the enhancement of the Education Management Information (EMIS) system. The set of education indicators have been revised to comply with international suggested indicators. More focus is paid to out-of-school children. Information about individual students can be recorded at the school-level, and this could be expanded to include at-risk indicators and subsequently the identification and monitoring of students at risk of dropping out. In addition, the EMIS is linked to the civil



<sup>22</sup> Trends in International Mathematics and Science Study, National Center for Education Statistics, USA.

<sup>23</sup> Progress in International Reading Literacy Study, USA.

<sup>24</sup> Programme for International Student Assessment, OECD.

<sup>25</sup> Data is retrieved from TIMSS official web-page [www.timss.bc.edu](http://www.timss.bc.edu).

registry, allowing individual child records in the civil registry to be linked to their student details within the EMIS. This linkage could be used to identify out-of-school children by identifying school age children who are in the civil registry database, but are not recorded in the EMIS. Individual EMIS records also enable students to be tracked when she/he move from one school to another, which might otherwise be incorrectly recorded as a dropout.

Problems with low learning achievements start before children enter primary school. Early learning and preschool education as a foundation to primary education has become one of the top priorities for the

Government of Georgia. As of today, the preschool education is accessible for 46% of children comparing to 26% in 2003. Lack of the standards and programs to be used by municipal authorities remain a challenge to provide better quality of services for children. Recently introduced amendments into the Law on Local Self-Government enable children to access preschool education for free. Nevertheless, the insufficient infrastructure and lack of financial and human resources deprives children from universal access to preschool education. Current efforts of the government to adopt national policy and legislation on universal preschool education will regulate the barriers existing within the system.

## 2.2. Target 5

Ensure establishment of accreditation system for tertiary education institutions; achievement of institutional coherence with modern tertiary education systems.

Mechanisms of quality assurance, including authorization and accreditation, are defined by the adopted law "Development of Quality of Education" in Georgia. Through the authorization mechanism an institution is granted the status of a higher education one if it complies with defined standards in certain areas of performance. The aim of the accreditation mechanism is to enable systematic self-evaluations of higher educational institutions with an ultimate goal to improve the quality of education by having educational programs comply with the standards of accreditation and quality improvement mechanisms. Students are eligible for the state grant only if the program they are enrolled in is accredited by the state. Regulated programs and PhD programs can only be established if the higher educational institution successfully passed accreditation.

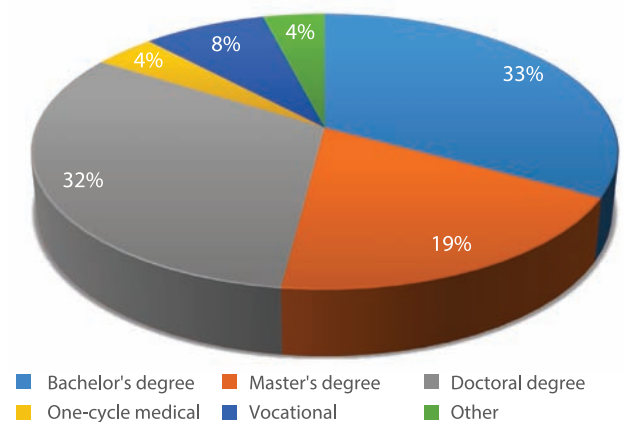
The Ministry of Education and Science has introduced accreditation system for tertiary education institutions in 2009, which establishes clear standards and requirements for learning process and environment. The ongoing education reform process is primarily focused on improving the quality of education and ensuring accessible and affordable education at different levels. Georgia joined Bologna process at Bergen Summit in 2005 and the MoES initiated regulatory amendments to facilitate introduction of the Bologna principles in the higher education system.

In 2013 187 educational programs were granted accreditation. Diagram 2 shows that in 2013 more Bachelor's and PhD programs were accredited than

any others, and almost the same number of each (61 and 60 respectively):

**Figure 5 Accreditation of Educational Programs** <sup>26</sup>

### Accreditation of Educational Programs (2013)



Over the past five years the higher education in Georgia has changed significantly and transformed into the flexible, market-oriented system, with considerable cost-sharing through student fees and a strongly emerging private university sector. The extent to which higher education has moved forward in these new directions and the swiftness of the pace with which it has done so, makes Georgia unique in relation to other countries in the region<sup>27</sup>. However, further internationalization of accreditation process is needed to achieve full coherence with modern educational systems.

<sup>26</sup> National Center for Educational Quality Enhancement [http://eqe.ge/uploads/AboutUs/2013\\_Annual\\_report\\_Eng.pdf](http://eqe.ge/uploads/AboutUs/2013_Annual_report_Eng.pdf).

<sup>27</sup> European Commission. Higher Education in Georgia. [http://eacea.ec.europa.eu/tempus/participating\\_countries/overview/georgia\\_tempus\\_country\\_fiche\\_final.pdf](http://eacea.ec.europa.eu/tempus/participating_countries/overview/georgia_tempus_country_fiche_final.pdf)

### 2.3. Target 6

Ensure the transformation of vocational education into the one focused on labour market needs; facilitate the establishment of institutional support to private sector development in vocational education.

Improvement of the vocational education system has been one of the challenges of Georgia during the decade. In recent years, the system has undergone significant changes targeted at reforming of the sector. In 2012, in order to continue vocational education system reform process Vocational Education and Training Reform Strategy of Georgia (2013-2020) with its action plan (2014-2017) was developed and approved. The aim of the strategy is to improve the attractiveness of vocational education among population of Georgia; enhance quality and effectiveness of the vocational education across the country and increase not just geographical coverage and infrastructure of TVET institutions, but also financial access.

The Ministry of Education and Science of Georgia has been actively working on abovementioned issues since 2013 in several directions. A new model for enrolment and financing of vocational students had been developed that gives an opportunity to everyone to acquire any desired profession without any charge. Simultaneously, projects for establishment and development of 26 new vocational educational institutions were developed in order to increase the geographic accessibility for vocational education. Those vocational educational institutions will be established step by step during the next 5 years. In 2013 the Ministry started implementation of inclusive vocational education. Vocational education is also accessible for prisoners and probationers.

Following the new strategy, vocational education is undergoing fundamental changes. An entirely new

concept of vocational education has been developed with deference to the existing difficulties in the primary and secondary professional education system, the spheres of labour and employment and the prospects for the integration of vocational education in Georgia into the European environment.

The changes under way in the spheres of economics, education and employment necessitate the modernization of vocational education through increased interaction with labour market structures and the establishment of a social dialogue and collaborative efforts with employers. As of today, there are 15 state-owned and 4 co-founded by the Government vocational educational institutions in Georgia. In 2013 "VET Qualifications System Development" program has been introduced with an aim to improve the quality and relevance of the VET programs through the adoption of the labor market-oriented methodologies. The aforementioned program incorporated the development of institutional components for the elaboration of vocational standards and VET programs, updating the standards for 50 occupations and coordination of the development processes of modular educational programs.

Bridging the general gap between the educational institutions and labour market has been further addressed by the Ministry of Education and Science of Georgia through introducing the "Professional Orientation and Career Planning Program" - with an aim to assist pupils of 9th-11th grade in adequate evaluation and development of their opportunities in career choice and prepare them for future employment and self-employment.



## 2.4. Target 7

Ensure the function of inclusive and integrated educational programmes; incorporate the principles of inclusive education into the national study programmes.

Inclusive and Integrated Education has been one of the top priorities for the government of Georgia.

From 2012 Inclusive education became compulsory for all public schools of Georgia. In 2014 has the financing of SEN pupil been improved. In 2014 the Parliament of Georgia made the ratification of the Convention on the Right of People with Disability and was created the strategy and action plan for developing Inclusive Education 2015-2018. In 2014 MoES started to pilot integrated classes for autistic children and for hearing impaired pupil at five public schools of Georgia. Inclusive Education Development Division carries out program "Social Inclusive" for the integration and "Second Chance Education Program" programs for support Roma, vulnerable, minority and out of school children education. - The Ministry of Education and Science (MES) has created different guides for teacher such as "Inclusive Education", "Learning Methods for Mentally Disorders", "Learning Methods for Hearing Disorders", "Learning Methods for Visual Disorders" and "Sport for Special Education Need Pupils". Text books with Brail for visual impaired pupils have been printed. National Center for Teacher Professional Development Implements Special Teacher training programs. 2014 Ilia State University start-

ed Master's program for Special Teachers. The system is in the process of improving the quality of inclusive education in Georgia.

Currently all schools in Georgia are supplied with knowledge and skills necessary to provide welcoming environment to children with special educational needs (SEN) and disabilities. Teacher training programmes on sport and physical education for SEN children have been developed, which enables schools nationally to develop capacity. Up to 120 sport and physical education teachers from 55 pilot schools have been trained and 10 schools in regions of Georgia and 5 schools in Tbilisi has been equipped by adaptive sport facilities for making sport classes equally accessible and beneficial for all students at piloting schools despite of their special needs and or disabilities MES has opened integrated classes for pupils with autistic and hearing problems, also for hospitalized children at Leukemia Centre.

In 2013 more than 50 schools` infrastructure have been adapted and rehabilitated in accordance with standards for students with special needs.



## MDG 3. Promote Gender Equality and Empower Women

### 3.1. Target 8

#### Ensure gender equality in employment.

Since nationalization of MDGs in 2004, there has been significant progress in formulation of legislative and policy frameworks related to gender equality and the advancement of women's rights; a State Concept on Gender Equality (2006), Anti-Domestic Violence law (2006) and its action plans (the most recent covering years 2013-2015), Anti-trafficking law (2006) and its action plans (2013-2014), periodic national action plans to achieve greater gender equality (the most recent 2014-2016), Gender Equality Law (2010) and last but not least the National Action Plan on Women, Peace, and Security (2012-2015) are among the key documents regulating this important issue. The government has also undertaken the obligation to ratify the Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention) in the Domestic Violence Action Plan for 2013-2015.

The progress towards the implementation of this comprehensive normative framework has been uneven and much remains to be achieved especially in the areas of women's political and economic empowerment - the two areas that have been the primary focus of the Millennium Development Goal 3 for Georgia.

As for women's employment, employer-employee relations in Georgian labor market is regulated by the Labor Code (adopted in 2006). The Labor Code

includes anti-discrimination and protection clauses, which apply to labor relations as well as pre-contractual relations (Art. 2) - prohibition of discrimination in pre-contractual relations (in force from 5 July, 2013). The Labor code prohibits concluding a labor contract with pregnant or breastfeeding woman for performing hard, hazardous, and dangerous work (Art. 4/5). The Labor Code also considers it unlawful to dismiss on the grounds of pregnancy, maternity leave or marital status (Art. 2 and 37). Same prohibitions apply to the work during night hours and overtime employment, unless there is consent from the employee (Art. 18 and 17/2).

The Parliamentary Healthcare Committee initiated amendments to the Labor Code that are in





force from 1 January 2014 and concern official leave during pregnancy, child-birth, and child-care. These amendments implicate the increase of this leave from existing 477 calendar days to 730 calendar days; out of that, paid leave increased from existing 126 calendar days to 183 calendar days. Also, the state compensation for all the paid 183 calendar days has increased to GEL 1,000 (USD 625) in comparison to GEL 600 (USD 375) for the previously mandated 126 calendar days. Improvements in the entitlements during child-bearing, however, need to be better linked to available, affordable, and good quality child-day care services, and incentives for both parents to take care of small children. In this regard access to pre-school institutions is one of the pre-conditions for women's employment. Children from the age of two, until the age of six are eligible to attend pre-school institutions. As per the legislative amendment of 12 July 2013<sup>28</sup>, all public kindergartens are now free-of charge for parents. The shortfall of this well-intentioned policy however, is that the number of kindergartens is not enough to meet growing demand that especially affects women in the regions, and measures will be taken to address this problem. As the financial support for kindergartens is



under the municipal budgets, the local authorities need to pay special attention to this issue.

Labor Code of Georgia does not include explicit requirement of equal pay for the work of equal value, however, the Constitution of Georgia mentions remuneration. Existing labor legislation generally provides space for elaborating more on aspects that would ensure equal treatment of men and women in all aspects of employment, including in remuneration, promotion, representation in management and on boards, etc.

Law on Gender Equality of Georgia (2010) is another piece of legislation, providing certain warranties to women. In particular, it stipulates that "free choice of occupation or profession, career promotion, vocational training" is guaranteed without discrimination (Art. 4/2/"f"). "Everyone has the right to freely choose the profession and specialty based on his/her abilities" (Art. 7). The issue of sexual harassment at workplace is also covered by the Law on Gender Equality (Article 6): Sexual harassment is also regulated by the Criminal Code of Georgia<sup>29</sup>. In addition to the law, mechanisms for implementation of these articles should be further elaborated.

As mentioned, relatively high unemployment and self-employment rates for both men and women are key challenges for Georgia. Women, however, are further disadvantaged at the labor market, as demonstrated by the gaps in labor force participation rate, employment rate and salaries. As of 2012, only 57.4% of women were considered as economically active, while the respective indicator for men stands at 78.2%. Accordingly, percentage of employed women equals to 49.5% of the total female population, while the respective figure for men is 65.6%<sup>30</sup>.

In general, self-employed make 61% of the total employed population, while, slightly higher proportion of women are self-employed (62.4% of employed women) than men (60% of employed men). At the same time, most of the population, both women and men are self-employed in agriculture sector (90.1% of self-employed women and 79% of self-employed men)<sup>31</sup>.

According to National Statistics Office, in 2012 the average nominal monthly salary of women in all fields of the economy and all sectors was GEL 517.9 while for men it was GEL 859.6 (difference over 40%)<sup>32</sup>, but the analysis of the causes for the pay gap, apart from obvious vertical and horizontal

<sup>28</sup> Organic Law on Local Self-Government, Art. 16/2/"o"

<sup>29</sup> Ibid.

<sup>30</sup> National Statistics Office, [http://geostat.ge/index.php?action=page&p\\_id=146&lang=eng](http://geostat.ge/index.php?action=page&p_id=146&lang=eng); cited 9 October, 2013.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid. 13.

gender segregation of the labor market, are lacking and there is a lot of room for improvement also in the data collection methodology. For the time being, the government is exploring opportunities

for collaboration with relevant international organizations to strengthen data collection and analysis capacity in this field that will subsequently allow coming up with relevant policy interventions.

**Table 6: Average monthly nominal salary of employees by gender** <sup>33</sup>

	GEL											
	2000			2005			2010			2012		
	Total	of which:		Total	of which:		Total	of which:		Total	of which:	
		Female	Male		Female	Male		Female	Male		Female	Male
<b>Total</b>	<b>72.3</b>	<b>52.1</b>	<b>95.9</b>	<b>204.2</b>	<b>131.1</b>	<b>267.9</b>	<b>597.6</b>	<b>426.6</b>	<b>742.8</b>	<b>712.5</b>	<b>517.9</b>	<b>859.6</b>
Agriculture, hunting and forestry	19.7	11.1	26.1	128.9	105.5	136.0	279.2	289.1	276.1	424.6	375.7	438.7
Fishing	22.1	14.4	23.7	93.0	67.4	96.9	341.4	171.0	363.2	388.9	154.0	414.2
Mining and quarrying	119.3	99.9	122.2	210.8	148.7	224.5	812.3	559.9	849.4	874.5	574.7	910.5
Manufacturing	99.3	68.8	116.2	212.1	147.7	243.5	510.6	373.2	577.2	623.0	438.5	706.0
Production and distribution of electricity, gas and water	137	116.6	142.9	341.5	299.4	354.2	822.9	716.0	849.8	919.9	892.7	926.0
Construction	132.4	81.8	139.0	296.4	204.1	303.3	671.0	470.0	683.3	890.8	611.5	908.3
Wholesale and retail trade; repair of vehicles, personal and household goods	47	40.4	53.8	173.6	134.2	205.5	583.6	439.3	699.7	650.0	478.7	791.1
Hotels and restaurants	40.4	33.5	49.1	108.2	91.3	130.5	377.5	326.9	458.7	397.5	342.2	497.9
Transport and communication	125.3	108.5	135.9	265.7	197.9	288.9	787.6	556.4	859.4	943.4	759.1	1002.6
Financial intermediation	513.4	531.0	495.2	1049.2	1025.0	1077.2	1276.7	1008.8	1668.2	1402.3	1153.8	1777.2
Real estate, renting and business activities	76.6	55.5	89.2	211.2	148.2	258.4	596.5	507.7	634.3	843.5	655.4	929.3
Public administration	88.5	78.6	94.5	342.0	259.5	374.4	973.0	855.5	1010.8	1031.2	944.2	1062.6
Education	45.5	41.3	57.4	92.5	87.3	109.5	305.1	288.5	367.6	355.1	331.7	434.4
Health and social work	32.1	31.2	35.4	99.6	91.7	130.0	446.8	361.2	725.6	599.5	515.3	796.1
Other community, social and personal service activities	66.9	48.7	90.4	113.4	94.3	140.3	460.1	392.3	529.8	602.1	481.2	713.6

Retirement age for men and women is differentiated in Georgia. Women officially retire and receive an old-age pension (flat rate, GEL 150, equivalent to USD 91) from age 60. The respective age for

men is 65. This should become a subject of additional analysis from the point of view of gender equality or the impact of retirement on income (and poverty) of men and women.

### 3.2. Target 9

Ensure equal access to activity in the political domain and all levels of management.

In 2011, the Parliament, by the initiative of Gender Equality Council adopted voluntary quota for women's participation in political party lists. To incentivise higher political participation of women, the voluntary quota constituted an additional 10% in budgetary financing for a party that included at least 2 representatives of different sex in every 10 candidates on the election party list. The quota did not affect the nominations for the single-mandate majoritarian districts.

Prior to the 2012 Parliamentary elections parties made general commitment to include more women in their party lists, as well as nominate women in the single-mandate districts. However, the major competing parties – the United National Movement and the Georgian Dream nominated three and eight women in different districts respectively out of 73 total nominations. These two major parties did not observe voluntary gender quota in the party-lists either, while the two other parties, that did follow the quota in the party-lists, could not collect enough votes to secure seats in the parliament. In 2013 MPs and members of non-parliamentary parties agreed to maintain voluntary quotas with increased incentives: 30% additional funding for including at least 3 representatives of different sex in each 10 of the party list. The amendments were adopted in July 2013 and will be tested for the first time during the local government elections in June 2014.



The legal framework for women's political participation, right to vote is ensured by the Constitution and respective laws of Georgia. Party affiliation is open within every party registered in Georgia. The recent studies show that on average, women make up more than 40% of parties' membership<sup>34</sup>. However, their participation in the party governing bodies is very limited<sup>35</sup>.

Parliamentary elections took place in October 2012 as a result, 17 women won the seats out of 150 MPs, making 11% of the members. This is a rise, in comparison to the Parliament of 2008 convocation, where women made only 6.4%. Around 15 % of single mandate nominations from all parties were women, compared to 12% in 2008. As a result, in the current Parliament there have been elected 7 women as majoritarian MPs to represent single-mandate election districts of different regions of Georgia, compared to 1 in 2008 and 2 in 2004 that is clearly a positive trend.

Number of women in local self-governance has dropped from 14% after the local elections of 1998, to 12% in 2002, and then has remained 11% both in 2006 and 2010 elections. For the time being, women hold 4 ministerial positions out of 19 members of the cabinet<sup>36</sup>. It is noteworthy, however, that in 2013, women were elected as the Chair of the Central Election Commission and Chair of Energy and Water Supply Regulatory Commission and the Secretary of the National Security Council. Women comprise about 45% of Judiciary, although, they rarely occupy senior positions within the court system.

The national machinery for gender equality - the Parliamentary Council on Gender Equality - established in 2004 proved to be an effective mechanism, especially for gender sensitive law-making. The Council has successfully created and lobbied for the adoption of anti-human trafficking legislation in 2006, the Domestic Violence Law in 2006, and the Gender Equality Law of Georgia in 2010. The Gender Equality Law affirmed the Parliamentary Council on Gender Equality as a standing body, tasking it with the overall national coordination and monitoring of gender equality policies and laws. As provided by the Gender Equality Law, the Council has the authority to involve representatives of the executive branch, civil society, and international organizations in its work as needed. The Council has also adopted the new Gender Equality NAP for

<sup>34</sup> Bagratia Tamar, Medea Badashvili, "Developing Intra-party democracy from a gender perspective", Intra-party Democracy and Local Governance, NIMD Georgia, 2012, 12.

<sup>35</sup> The functions of making important decisions and raising and managing funds are carried out by men, while women mainly coordinate the work of volunteers and manage lower level campaigns, Ibid. 13.

<sup>36</sup> The Minister of Justice, the Minister of Education and Science, the Minister of Environment and Natural Resources Protection, and the Minister of Foreign Affairs are women.

2014-2016 and is strongly committed to address the lessons learned from the implementation of the previous Gender Equality NAPs. It is noteworthy that in 2011, the GE Council championed the development and adoption of NAP on Women, Peace and Security (WPS NAP) 2012-2015 and for the time being leads National Coordination Group (comprised of formally nominated focal points from all the relevant line-ministries, representatives from Public Broadcaster and civil society organizations) responsible for the monitoring of the WPS NAP's implementation.

It is also noteworthy that the Prime Minister of Georgia appointed Assistant on Human Rights and Gender Equality Issues in his apparatus in February 2013 that is clearly the first step towards establish-

ing a broader inter-agency coordination structure in the executive branch on gender and women's empowerment.

In October 2013, the Ministry for Regional Development and Infrastructure has requested all municipalities to nominate gender focal points in local governments; 49 focal points were appointed. This will greatly contribute to the establishment and capacity development of national machinery on gender in the regions of Georgia.

In May 2013, a Gender Equality Department was established as a standing unit within the Public Defender's Office that has elaborated Action Plan for 2014-2015 as well as Strategy for better mainstreaming gender into the PDO's work.

## MDG 4. Reduce Child Mortality

### 4.1. Target 10

Reduce by two-thirds the under-five mortality rate between 2000 and 2015.

According to official vital statistics (GeoStat), Georgia has substantially reduced under-5 mortality rate (U5MR) per 1000 live births from 24.9 in 2000 to 13.0 in 2013. Similar declining trend has been reported by the administrative health statistics unit of NCDCPH, with U5MR decreasing from 27.2 in 2000 to 12.4 in 2012. Even if the data discrepancy is high between the routine statistics and the Georgian Reproductive Health Survey (GERHS), significant progress vis-à-vis U5 mortality reduction is evident and all data sources confirm the declining trend in child mortality (Table 7).



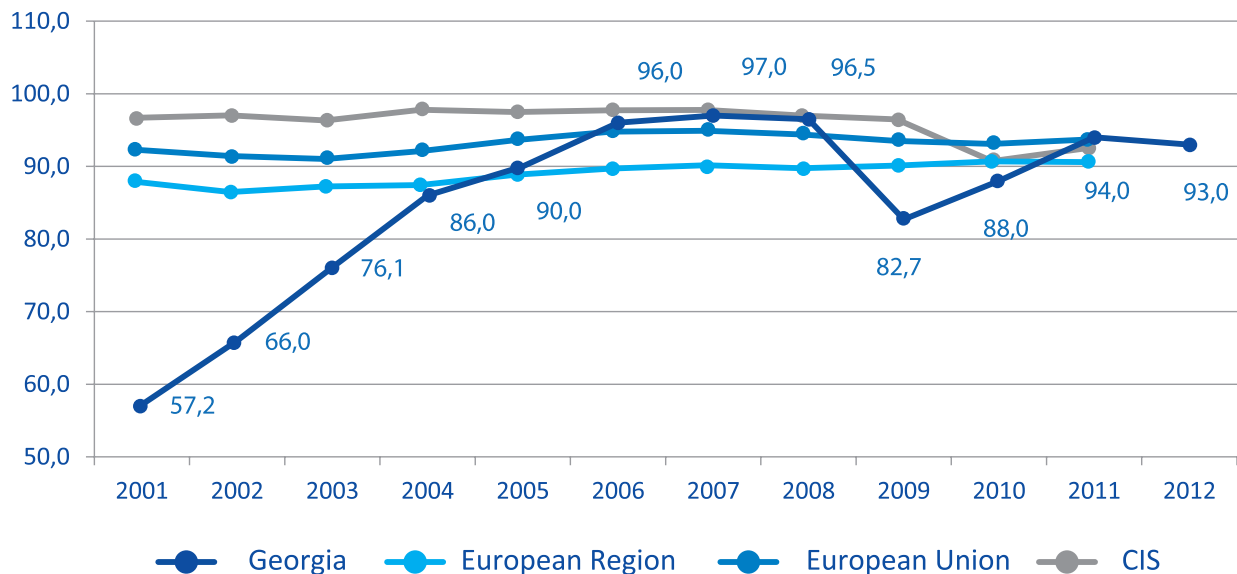
**Table 7 U5 mortality (per 1000 live births), comparative data from vital statistics, health statistics and household survey**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Health statistics (NCDCPH)	27.2	26.7	22.1	20.3	20.1	19.4	19.7	15.6	16.0	15.4	13.4	12.0	12.4	13.0
Vital statistics (GeoStat)	24.9	25.5	26.0	27.6	26.4	21.1	16.9	14.4	18.0	16.0	13.0	13.8	14.4	13.0
GERHS	45.8	-	-	-	-	25.1	-	-	-	-	16.4	-	-	-

After disruption of routine vaccination services in early 1990s, Georgia successfully restored and expanded coverage of the national immunization programme. Since 2000 the country has maintained over 90% coverage for the first Measles Containing Vaccine (MCV), reported 93% coverage by end of 2012 (Figure 6) and has further improved coverage to 96.5% in 2013. The data is close to the European

Union and the European region averages, though further investment are needed for sustaining over 95% coverage for MCV 1 and high coverage with the second dose of the vaccine. The latter is particularly important considering the Measles and Rubella elimination goal set by the Member States of the WHO European Region for 2015.

**Figure 6 Percent of 12 months-old children vaccinated against measles** <sup>37</sup>



Besides the national immunization programme, a number of significant reforms have contributed to the declining trend of the child mortality. Healthcare Financing is one of the largest, aiming at increasing financial protection of individuals including the increase in affordability of services.

As part of this reform the Age-based State Health Insurance Program was launched in September 2012, where majority of services for children from 0-5, were 100% covered. The Age-based State Health Insurance Program was covering over 791,000 individuals.

In 2013, the Universal Healthcare Program (UHP) was introduced to ensure the state support for the population beyond the Age-based State Health Insurance Program and previously implemented Means-tested Health Insurance Program targeting vulnerable population. UHP is administered by the public purchaser – Social Service Agency (SSA), on the contrary to the above mentioned health insur-

ance programs, where the administration of funds was transferred to private health insurance companies. The program was intended to provide free access to healthcare services for all uninsured in the country – 2.2 million as estimated. UHP started with a “minimum benefit package” and was expanded in July 1, 2013 to cover wide spectrum (pre-defined) of urgent hospitalization cases; PHC services (Family Doctor’s service plus lab. diagnostics); planned hospital care (15,000 GEL annual limit, 30% co-financing is requested); oncologic care (12,000 GEL annual limit, 20% co-financing is requested) and delivery care. From April 2013, Means-tested Health Insurance Program targeting vulnerable population and from September 2014, Age-based State Health Insurance Program were integrated into the UHC program. For today UHC program covers about 4 mill population of Georgia.

There are some other state programs providing services related to mother and childcare. These include: (i) Mother and Child Care Program that

<sup>37</sup> Source: NCDC Georgia & WHO HFADB

covers antenatal care, antenatal genetic screening, new-born screening and management of complication during pregnancy, labour and delivery. The latter (transferring sick and complicated new-borns from basic maternities to the referral clinics for the specialized/high technology care) has played a significant role in the reduction of the neonatal mortality; (ii) HIV/AIDS Program that provides laboratory confirmation services for HIV positive mothers and antiretroviral treatment for mothers and children; (iii) Immunization program; (iv) Village doctor program; (v) Early Detection and Screening Program that includes components of Early Childhood Development Screening (children 0-6 years) and Prevention and Early Detection of Mild and Moderate Mental Development Problems (children 1-6 years).

Despite the documented progress, child mortality in Georgia is still the second highest in Europe. The largest share in child mortality is still attributed to infant mortality (87.5%), the situation that has not changed much since 2000 when the Infant Mortality Rate (IMR) fraction in U5MR was 90%. Absence of clinical care standards and low capacity of providers are the general setback of Georgia's healthcare system at the level of delivery, as well as neonatal and paediatric services. Furthermore the 2010 Reproductive Health Survey indicated significant difference in child mortality rates in urban and rural areas. UNICEF's 2013 equity analyses of the excessive infant deaths in Georgia suggests that (a) infants outside Tbilisi were 1.4 times more likely to experience a death than infants in Tbilisi, and (b) infants born outside Tbilisi weighting 1,500

grams or more were 1.9 times more likely to die than infants in Tbilisi before the discharge from maternity and 1.5 times more during the post discharge period.

Georgia' National Health Care Strategy for 2011-2015 "Access to Quality Health Care" sets the national policy for healthcare. It is explicitly based on ensuring adequate protection of maternal and child health and one of the key outcomes of the implementation of the Strategy is to avert premature death among children. One of the key challenges that the strategy is addressing is child mortality and perinatal losses. It sets clear objectives: 1) Ensure immunization services in order to avoid mortality and morbidity among children due to vaccine-preventable diseases; 2) Address lack of capacity and quality of perinatal services to reduce perinatal losses.

Government of Georgia develops and implements quality-assured interventions that improves perinatal and infant health services. In accordance with the General Plan of perinatal service development, effective functional links will be established between different levels of perinatal services, which will ensure adequate management of obstetric and neonatal diseases, complications and emergencies. Special attention is devoted to increase provider expertise and capacity with the assistance of foreign experts. New perinatal guidelines are being developed and implemented. A special unit is established within the National Center for Disease Control and Prevention to improve the surveillance of maternal, child and reproductive health issues.



## MDG 5. Improve Maternal Health

### 5.1. Target 11

Reduce by three-quarters the maternal mortality ratio, between 2000 and 2015.

Georgia has reduced maternal mortality rate per 100,000 live births (MMR) by more than half from 49.2 in 2000 to 22.9 in 2012 (Table 8). The 54% re-

duction in MMR has been significant, however attainment of the  $\frac{3}{4}$  reduction target set by the Millennium Declaration national goals still remains a challenge.

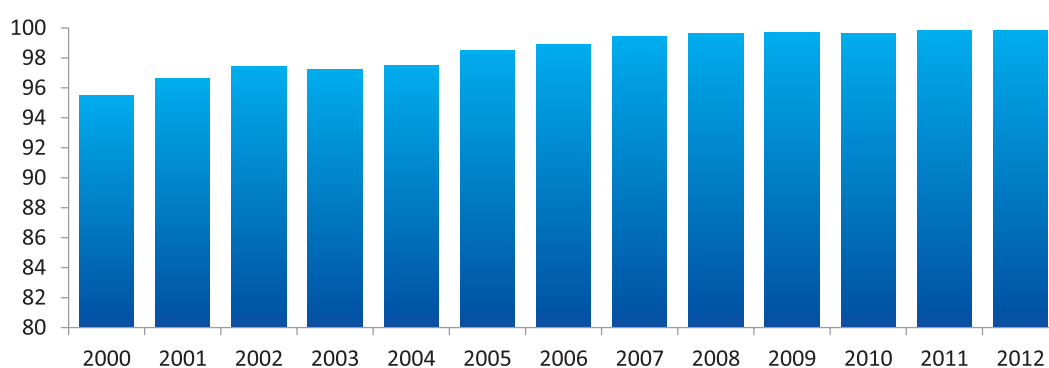
**Table 8 Maternal mortality rate per 100,000 live births 2000-2012**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Official statistics (GeoStat)	49.2	58.7	42.2	49.9	43.1	23.4	23.0	20.2	14.3	52.1	19.4	27.6	22.9
GERAMOS	-	-	-	-	-	-	44.0	-	-	-	-	-	-
MMS (Maternal Mortality Survey) 2011	-	-	-	-	-	-	-	-	-	-	20.6	-	-

Proportion of births attended by skilled health personnel, already high at the time of MDG platform

adoption was further increased from 97.4% in 2002 to 99.8% in 2012 (Figure 7, Table 9).

**Figure 7 Proportion of births attended by skilled medical personnel** <sup>38</sup>



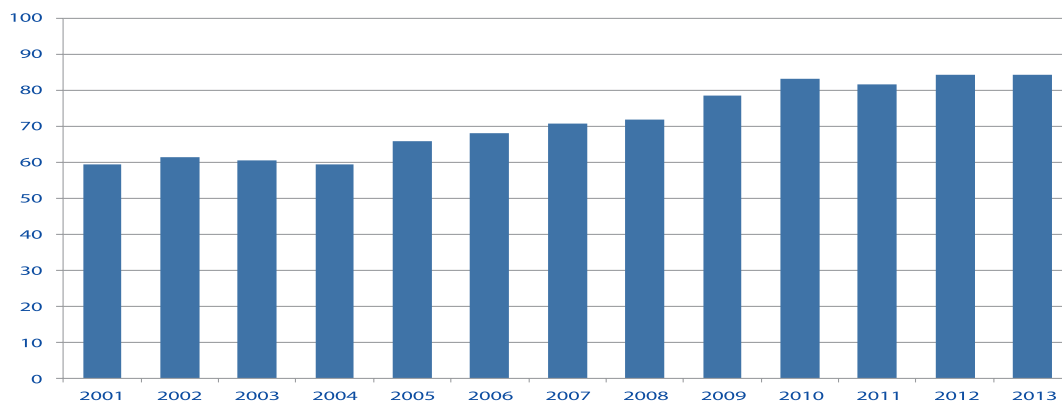
<sup>38</sup> Source: National Center for Disease Control and Public Health

**Table 9 Proportion of births attended by skilled medical personnel**

	1995-1999	2000-2004	2005-2009	2012
Health statistics	95,8	96,9	99,2	99,8
GERHS (Georgia Reproductive Health Survey)	92.2	92.5	98.8	-
MICS	-	-	93.8	-

Coverage with recommended four antenatal care visits among pregnant women has been also on rise and totalled 84.2% in 2013 from lower than 60% baseline in 2001 (Figure 8). The MICS 2005 reported 97.4% of pregnant women to have visited antenatal care institutions at least once. The high uptake of four antenatal care visits was confirmed

by GERHS survey (98.8% in 2005-2009). Improved access to RH services since 1999 has benefited especially women living in these areas as well as the ones from low education groups. Percent of pregnant women with no ANC in the two groups fell from 14% and 30% to 3% and 6%, respectively.

**Figure 8 percent of women receiving at least 4 antenatal care visits**<sup>39</sup>

<sup>39</sup> Source: National Center for Disease Control and Public Health



Data on reproductive health services (apart from maternal and child health statistics) are mainly derived from household surveys. According to three GERHS surveys conducted in 1999-2010 period, total induced abortion rates (TIAR) have decreased from 3.7 to 1.6. TIAR reduction is largely associated with increased uptake of modern methods of contraceptives from 20% in 1999 to 35% in 2010 among married women (for the first time, the prevalence of modern methods exceeded the prevalence of traditional methods). The GERHS data also documented reduction in the unmet need for family planning - for modern methods of family planning the unmet need decreased from 27% to 18% (Table 10). This could be attributed to partnership

initiatives supported by USAID and UNFPA for ensuring the access to free of charge modern family planning methods as well as availability of socially marketed FP products, expansion of private sector partnerships and nationwide training of RH service providers.

Despite the recent increase in current contraceptive use Georgia continues to have one of the lowest contraceptive prevalence rates in Eastern Europe and Eurasia; this indicates that efforts have to be intensified to make progress in attaining the MDG Target 5B calling for achieving by 2015, universal access to Reproductive Health, including Family Planning.



**Table 10 Unmet needs for modern methods family planning**

	2000	2005	2010
Women aged 15-44	27%	22%	18%

To further contribute to increased access to quality RH services and address one of the main causes of mortality and morbidity of women of reproductive age, the government in partnership with UNFPA has launched the breast and cervical cancer screening programmes, which provide free of charge services to women of target age in all regions of Georgia. Currently the joint efforts are underway to plan and pilot the organized cervical cancer screening programme in order to ensure increased participation rate and improved quality of the screening programme. Additionally, over 1400 primary health care providers were trained in breast and cervical cancer prevention and early detection with USAID SUSTAIN and UNFPA support.

Despite the visible progress, still 16 mothers have died in 2013 due to pregnancy related causes according National Statistic Office and NCDC reconciled data. The Ministry of Labour, Health and Social Affairs has intensified work for enhancement of reproductive health statistics in partnership with UN agencies (UNICEF, UNFPA), USAID and other international partners with particular focus on timely reporting and ascertainment of pregnancy-related deaths. With technical assistance of the USAID SUSTAIN Project JSI in collaboration with NCDC is conducting the "2014 Georgian Reproductive Age Mortality Study (RAMOS)" with the aim to study the mortality of women of reproductive age and to investigate the extent and causes of maternal mortality.

## MDG 6. Combat HIV/AIDS, Malaria and Other Diseases

### 6.1. Target 12

Halt the spread of HIV/AIDS and reverse it by 2015.

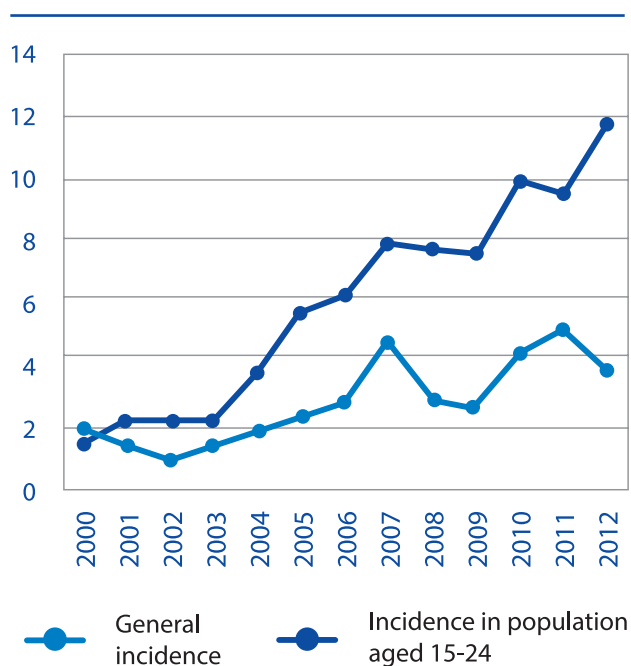
Georgia is among low HIV prevalence (estimated adult prevalence: 0.3%) countries. The number of People living with HIV (PLWH) in country is estimated to be 6600, although 4 084 PLWH were officially registered as of December 1, 2013. Over a third of PLWH live in the capital Tbilisi, with another third-in the Black Sea coastal regions of Adjara and Samegrelo. AIDS was developed in 2 477 cases. Up to date 885 persons already died due to AIDS in Georgia.

Georgia was one of the first countries in the CEE/CIS region to attain universal access to Antiretroviral Treatment (ART) in 2004. Since then, Georgia remains the only Eastern European country that has achieved and maintains universal access to ART therapy. This has translated into substantial improvement of survival and quality of life of people living with HIV in the country. International experts describe Georgian model of HIV/AIDS treatment and care as exemplary, and is recognized as one of the best among low- and middle-income countries around the Globe. After the last parliamentary elections of October 1, 2012 the Government of Georgia has increased the state budget allocations for health up to 640 million GEL (388 million USD) for 2013 from which 3461000 GEL (209,7576 USD) as 0.5% of total budget has been approved for financing the National HIV/AIDS Prevention and Treatment program. Besides, the Safe Blood pro-

gram and Prevention of Mother to Child Transmission Program, also PWIDs Methadone Substitution Treatment State Program, PWIDs' Rehabilitation State program and Epid-surveillance State Programs are primarily linked to HIV/AIDS Prevention.

However, the country is still challenged with a concentrated epidemic among high risk behavior groups, with a raise in HIV prevalence among MSM (from 3% to 13%) and over 5% prevalence among PWID in some of the Western Georgia cities. The number of new HIV infections among young people aged 15-24 is also increasing (Figure 9).



**Figure 9 Incidence of HIV per 100000 population**

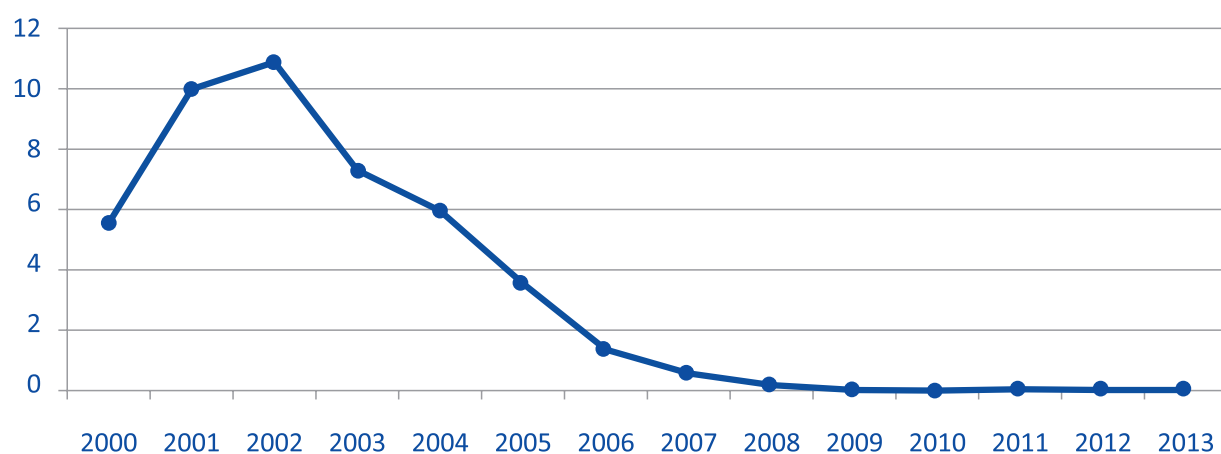
The stigmatization of HIV + groups continues to be a major barrier to HIV prevention and service utilization mainly due to the low public awareness. Along with societal attitudes, state criminal laws, regulations and policies relevant to drug use and preventive work among injecting drug users (IDUs) and prisoners are among the limiting factors. The laws regarding drug use are not compatible with addiction prevention and treatment, which in turn hinders the implementation of effective interventions in the public and penal sectors. Therefore, issue-focused and targeted advocacy efforts aimed at improving the legal environment are essential for the future success of Georgian HIV policy and response.

## 6.2. Target 13

Halt the spread of malaria and other major diseases, start the reversing process by 2015.

The country has made significant progress towards the elimination of Malaria. Georgia documented reduction in Malaria incidence from 5.5 in 2002 to 0.02 in 2013 (Figure 10) and reported no autochthonous malaria case in 2013. As the signatory of 2005 Tashkent Declaration "Moving from Malaria Control to

Elimination" Georgia is in the phase of prevention of reintroduction of malaria. In 2011 the country requested WHO certification as malaria-free. Given that Georgia was considered as malaria endemic zone from ancient times this is one of the most important achievements of the country.

**Figure 10 Incidence of malaria per 100000 population**<sup>40</sup>

<sup>40</sup> Source: National Center for Disease Control and Public Health

Georgia has also made significant progress in confronting Tuberculosis (TB) epidemic. The country has attained universal access to TB diagnosis and treatment since 2003, including MDR-TB control interventions since 2008. According to WHO estimations the overall TB incidence, mortality and prevalence rates in Georgia have been falling since 2000. The new TB cases per 100,000 population decreased from 96.5 in 2000 to 84.1 in 2012 and the prevalence in the same period fell from 133.4 to 110.7 (Table 11).



**Table 11 Tuberculosis Incidence, Prevalence and Mortality per 100000** <sup>41</sup>

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Incidence	96.5	86.4	96.5	92.8	94.8	98.1	96.9	95	94.7	101.4	98.6	101.4	84.1
Prevalence	133.4	128.8	145.2	143.4	149.7	153.2	143.1	147.0	133.0	135.9	130.4	123.4	110.7
Mortality	-	-	3.1	3.5	4.3	5.3	5.4	5.9	5.2	4.6	4.1	3.5	3.9

Despite the progress, the country is challenged by high burden of multidrug-resistant tuberculosis (MDR-TB). MDR greatly complicates Georgia's TB epidemic, since this type of TB requires nearly two years of treatment with more toxic, more expensive and less effective medicines. Georgia is one of the 27 countries with the highest burden of MDR-TB in the world.

Georgia through WHO support conducted the first-line anti-tuberculosis drug resistance survey (MDR Survey/DST) in 2004-2006. The survey revealed multidrug-resistant tuberculosis in 6.8% of smear-positive new cases and 27.4% of retreated cases. In 2011, multidrug-resistant form of tuberculosis was found in 10.9% of new cases and in 31.7% of retreated cases. TB remains to be a particularly severe problem within the penitentiary system.



<sup>41</sup> Source: National Center for Disease Control and Public Health

## MDG 7. Ensure Environmental Sustainability

### 7.1. Target 14

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Forests in Georgia cover about 40% of the territory. The number is mostly consistent and not changed during last 10 years. Within Georgian flora 4,130 plant species and 16,054 species of fauna have been recorded, 758 of which are chordates. 19 species of Georgian mammals and 3 species of birds are Caucasus endemics. 29 species of mammals, 35 birds, 11 reptiles, 2 amphibians, 13 fish and 56 tree species (only timber species) are registered in the Red List of Georgia. 44 species of vertebrate fauna found in Georgia are globally endangered and registered in the IUCN Red List as vulnerable (VU) or a taxon of a higher category. Latest red list of Georgia was adopted in 2006 and since then no changes have been made.

According to the Georgia's Third National Communication to the United Nations Framework on Climate Change, country Greenhouse Gas (GHG) emissions in 2011 have constituted only 14.27 million t CO<sub>2</sub>eq (about 29% of 1987 level). Per capita GHG emissions constituted 3.19 t CO<sub>2</sub>eq in 2011, or 2.9 times less than the same one in 1987 (9.38 t CO<sub>2</sub>eq/capita). In 2013 the development of a Low Emission Development Strategy (LEDS) was launched which will support Georgia on its efforts to pursue long-term, transformative development and accelerate sustainable, climate-resilient economic growth while slow-

ing the growth of GHG emissions. Since 2010 eight biggest cities of Georgia (Tbilisi, Batumi, Kutaisi, Rustavi, Poti, Zugdidi, Gori and Telavi), representing about 80% of urban and about 45% of total population, joined European Union's climate initiative "The Covenant of Mayors" (CoM) and committed to reduce by 2020 the GHG emissions by 20% compared to the Business as usual scenario. These two processes, LEDS at national level and CoM at local level, will be coherent and synergic.

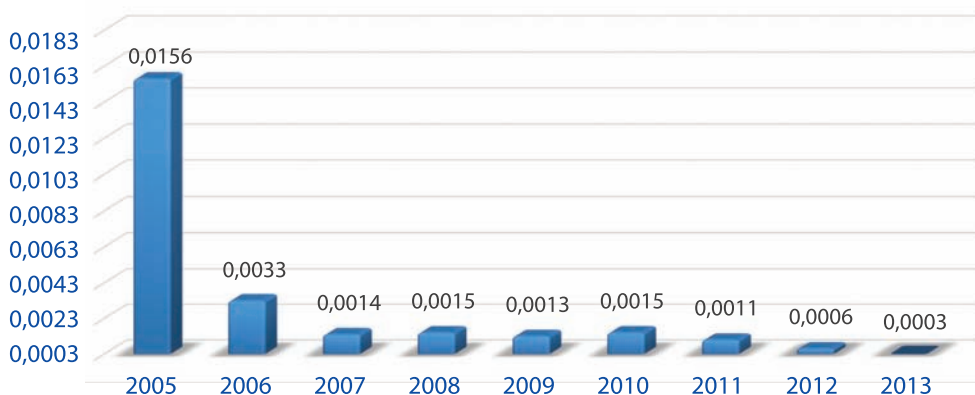
Appropriate legislation to control ozone depleting substances is established. Georgia is in a full compliance with control measures under the Montreal Protocol. The main ozone depleting substances have been phased-out prior to requirement (2010). At this stage country is implementing its HCFC phase-out Management Plan (HPMP) that will ensure smooth and efficient fulfillment of the international commitments. Since Georgia is not a producer of ozone depleting substances its consumption depends on import. Consequently, import is strictly limited by pre-defined quotas, following requirements of the Montreal Protocol. The effective monitoring system on import of these substances is already in place. Due to several successful actions provided within the past decade, consumption of ODSs in the country is steadily decreasing:

**Table 12 Consumption of ODS**

Indicator	2005	2006	2007	2008	2009	2010	2011	2012	2013
Consumption of ODSs (ODP kg/capita)	0,0156	0,0033	0,0014	0,0015	0,0013	0,0015	0,0011	0,0006	0,0003

**Figure 11 Consumption of ODS**

### Consumption of ODSs



In 2014, total area of Protected Areas comprises 8.62% of the country's territory. In recent years it has doubled (600.59 ha) compared to the 2004 coverage (265.85 ha). Currently, there are 87 PAs including 14 Strict Nature Reserves, 11 National Parks, 19 Managed Reserves, 41 Natural Monuments and 2 Protected Landscapes. Management of the System of Protected Areas has considerably improved since 2008 by elaborating management plans for four PAs

and under elaboration for several others. As regards to the Marine PAs, currently there is no such PA in Georgia though its establishment, though feasibility study to identify places for creation Marine PAs has already been conducted.

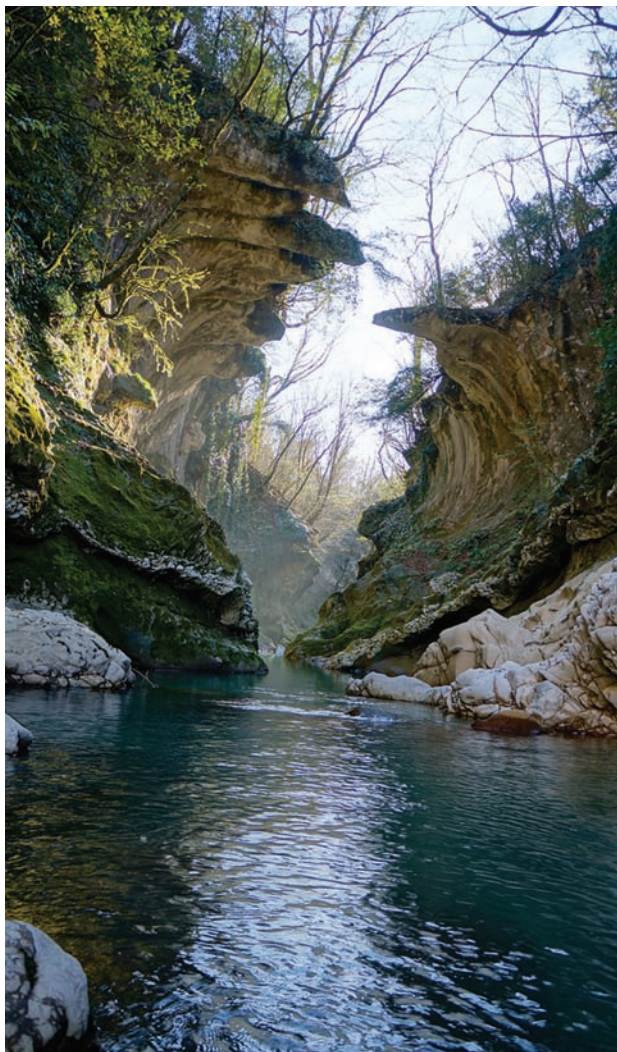
Share of terrestrial and marine protected area of Georgia is 7.46%, which covers 520.272.55ha of the country's territory based on June, 2012 data.



**Table 13 Share of Protected Areas comprises based on the years 2005-2012** <sup>42</sup>

	IUCN Category	2005		2008		2012	
		Number	ha	Number	ha	Number	ha
Total		34	430986.5	50	493989.5	68	520272.55
State Nature Reserve	I	18	171673	14	141473	14	143218
National Park	II	4	211003	8	256534	10	277432.51
Natural Monument	III	3	314.5	14	314.5	24	795.04
Managed Reserve	IV	8	20093	12	61158	18	64119
Protected Landscape	V	1	27903	2	34510	2	34708
<b>Share of PAs, %</b>			<b>6.18%</b>		<b>7.09%</b>		<b>7.46%</b>

In 2012, the government approved the “Second National Environmental Action Programme of Georgia 2012-2016” (NEAP-2) that defined priority environmental issues, and set short and medium term goals for state administration and institutional development in the area of environmental protection and sustainable use of natural resources.



NEAP-2 covers the following 11 priority sectors: 1. Water Resources, 2. Ambient Air, 3. Waste and chemical substances, 4. Black Sea, 5. Biodiversity and Protected Areas, 6. Land Resources, 7. Forestry, 8. Mineral Resources, 9. Disasters, 10. Nuclear and Radiation Safety, 11. Climate Change.

In 2011 the “2007-2009 National Report on the State of Environment” was adopted by the Minister of Environment and Natural Resources Protection (MENRP) complexly analyzing the state of the environment of Georgia. “Environmental Education for Sustainable Development Georgian National Strategy and Action Plan 2012-2014” was prepared to establish a framework for Environmental Education (EE), coordinate on-going efforts and increase public awareness in regard to EE in Georgia by improving stakeholder communication and alignment of EE activities in Georgia with international goals and standards.

Another important step targeted towards the development of forestry sector was the elaboration of “National Forest Concept for Georgia” approved by Georgian Parliament in December 2013 that entails improvement of quantitative and qualitative characteristics of the Georgian forests, protection of biological diversity, effective use of the economic potential of forests ensuring maintenance of ecological wealth and use of their socio-economic potential. In 2013, work on the development of the “National Biodiversity Strategy and Action Plan 2014-2020” started, which is anticipated to serve as a framework for coordinated activities in biodiversity conservation.

Environmental issues are reflected in other national strategic and policy documents as well, namely, in the “Socio-Economic Development Strategy of Georgia – Georgia 2020” and “Regional Development Program of Georgia 2015-2017”.

<sup>42</sup> Source: Ministry of Environment Protection and Natural Resources

## 7.2. Target 15

Halve the proportion of people without sustainable access to safe potable water.

In 1999 Georgia signed the United Nations Economic Commission for Europe (UNECE) London Protocol on Water and Health Protocol, but has not ratified it and is not yet a party to the Protocol. In 2014 the Ministry of Environment and Natural Resources Protection and the Ministry of Labor, Health and Social Affairs initiated the ratification of the Protocol and now the process is in progress.

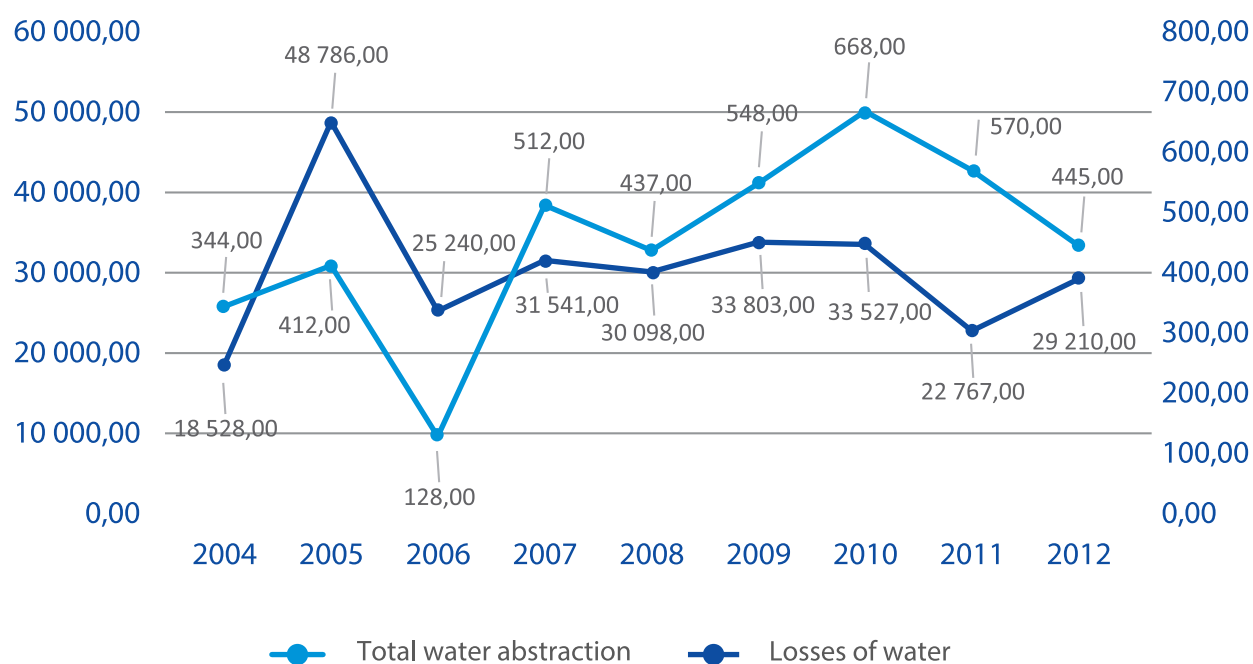
At a meeting of the European Water Initiative (EUWI) Working Group for the EECCA countries (Ashgabat, 4 December 2008), representatives of Georgia reaffirmed the commitment of the Georgian Government to the process of National Policy Dialogue on integrated water resources management in 2010-2012, and asked the European Commission and the UN Economic Commission for Europe to start preliminary actions as soon as possible. Ministry of Environment and Natural Resources of Georgia submitted a formal request for the National Policy Dialogue (NDP) on integrated water resources management to the Secretariat of the Meeting of the Parties to the UNECE Water Agreement.

Preparatory work for the National Policy Dialogue (NPD) on integrated water resources management (IWRM) was started in November 2010 and a Memorandum of Understanding was signed on 18 October 2011. The main purpose of the National Policy Dialogue in Georgia is in the drafting and implementation of strategic packages for integrated water resources management mainly in (1) Continuation of the institutional reforms in order to implement the principles of EU Water Framework Directive, including the preparation of the new National Law on Water; (2) Establishing objectives in accordance with the UNECE Protocol on water and health issues; (3) Transboundary water cooperation with Azerbaijan. It will include drafting of legislative acts, development of recommendations and documents on good practices, analysis of institutional structure, development of water resources management and water safety plans, evaluation of the effectiveness of measures taken to prevent, manage and reduce negative impact on the environment and human health. UNECE and EECA reports and other activities regarding water resources integrated management will be taken into consideration.





Figure 12 Proportion of total water resources used



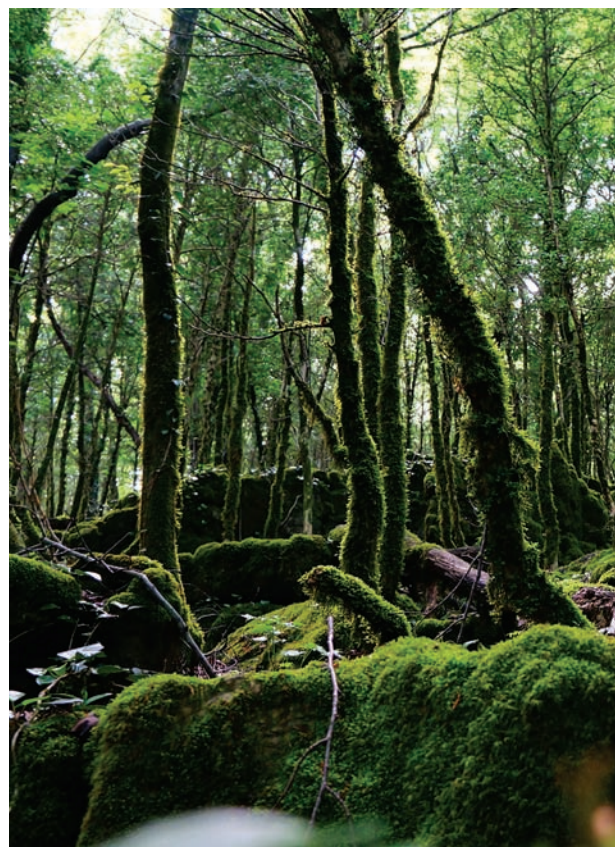
### 7.3. Target 16

Harmonisation of the housing sector with international standards, including the development of social tenure component.

Absence of comprehensive housing regulation have long been a subject of public policy debates. Recently the Government of Georgia has started working on the "Spatial Planning and Construction Code of Georgia". The code is based on the best European experience that will facilitate harmonization of spatial planning and construction legislation with European and international norms. The Code will facilitate the procedures of building permit issuance and ensure predictable and sustainable environment for business, as well for citizens.

The construction code includes the system of spatial arrangement and building planning, hierarchies and content of the above mentioned, as well as procedures of their development and approval, land use for construction, main requirements for buildings and quality of construction materials; building permit issuance, construction supervision and serviceability rules of buildings.

According to the five-year implementation strategy of EUROCODES which was prepared by the Ministry of Economy and Sustainable Development of Georgia, construction codes will be fully transformed and harmonized with European technical regulations by the 2019.



## MDG 8. Global Partnership for Development

### 8.1. Target 17

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system.

The financial system of Georgia proved to be resilient to shocks, such as global financial crisis, conflict with Russia and regional disturbances. It possesses sufficient buffer for liquidity and capital. The main players on the market are 21 commercial banks (91% of financial sector assets), 71 microfinance organizations (4% of assets) and 15 insurance companies (3% of assets). Increased competition in banking sector, better availability of domestic currency resources on the market, along with lowered refinancing and operational risks, supported the process of decrease in interest rates especially for domestic currency loans.

National Bank of Georgia (NBG) has carried out reforms to improve the regulatory framework of the financial system, to advance the methods for international reserve management and to provide more efficient and reliable payment systems for interbank operations. Significant efforts have been devoted to the improvement of monetary policy framework. New instruments have been introduced and the existing ones were further developed (refinancing loans, guaranteed refinancing loans, standing facilities). New mechanism for foreign exchange interventions through FX auctions helped to enhance the flexibility of the exchange rate, to decrease the NBG interventions, to lift the speculative pressures and overall to stabilize the situation on FX market. The upgraded structure of NBG is centered on risk based supervision.

High dollarization remains as an impediment to monetary transmission, although significant improvements can be observed. Measures supporting de-dollarization process includes relaxed collateral eligibility criteria for refinancing loans, reduced reserve requirements for domestic currency funds, differentiated risk weighting for FX loans.

In 2006-2013 Georgia undertook a large number of reforms targeted at streamlining, liberalization and simplification of trade regulations and their implementation. Since September 2006 Georgia abolished import duties on almost 85% of goods and reduced the number of import duties from 16 to only 3 – 0%, 5% and 12%. The new Customs Code, which entered into force in January 2007, was an important step forward towards reducing corruption at customs, streamlining customs procedures and bringing them in compliance with international standards, which was later incorporated into the new Tax Code based on international best practices and entered into force in January, 2011. Among significant changes, principle of "Good Faith" as well as special preferential tax regime for micro and small enterprises were introduced.

The wave of the reforms, such as minimization of the number of licenses, permits and taxes significantly liberalized the Georgian market. Despite the reforms and strong rates of economic growth demonstrated during the previous years, the condi-

tions for the major part of the population remained unchanged. The state investments in infrastructure projects became main driving force for the instant growth.

As a next step, the Government of Georgia's goal is to create foundations for long-term inclusive economic growth and improve the welfare of the population. The judicial system in Georgia is now free from any governmental pressure. Enhancement of its competence and capacity is a priority, including with regard to ensuring free and fair dispute settlement in Georgia. Government of Georgia is working on an Alternative Dispute Resolution mechanism in accordance to the best international practices. Here, the enhanced role of the business ombudsman should also be an effective supplementary measure.

Georgia has recorded highest economic freedom score ever in 2013. The same year it also joined "mostly free" category of countries, upgrading from "moderately free" one. In accordance with the Heritage Foundation Georgian economy scored 72.2 making the country as the 21st freest in 2013<sup>43</sup> with improvements in 6 out of the 10 economic freedoms, in management of public finance, investment freedom, monetary freedom and property rights. Georgia ranked 12th out of 43 countries in the European region, and its score is well above the regional average. Not less importantly, the recent World Bank forecast for the economic growth in Georgia for 2014 is amounted to 6.3% instead of 5.0% as it was envisaged.

The Government's tax policy stipulates creation of an attractive and stable tax system for Georgian private sector and foreign investors. Simplification of tax administration, optimization of tax penalties and decriminalization of certain categories of economic violations have also been efficiently addressed. Taxation in Georgia is simple, low, efficient and fair: VAT-18%, Income tax – 20%, Excise (different rates), Corporate income tax – 15%, Property Tax -1%, Income on Dividends and Interest – 5%, Customs Tax (0%, 5% and 12%).

Government of Georgia is assisting private companies to explore, effectively use new opportunities and enter new markets. Government intends to further reduce existing technical trade barriers by amending the relevant national legislation in accordance with the EU's standards set out in EU-Georgia Association Agreement including Deep and Comprehensive Free Trade Area.

One of Georgia's trade policy priorities is the diversification of trade flows. In 2008 Georgia signed the Free Trade Agreement with Turkey that is already in force. The U.S. – Georgia Charter on Strategic Partnership was signed in January 2009 and combines four modes of partnership including trade and economy. Also, since 2012, between Georgia and U.S. exist high level dialogue on trade and investment, including possibility of starting negotiations on free trade agreement.

During the 29 November, 2013 Eastern Partnership Summit in Vilnius, the EU - Georgia Association Agreement was initialed. In June Georgia signed and in July the parliament ratified EU-Georgia Association Agreement including the Deep and Comprehensive Free Trade Agreement (DCFTA). DCFTA will enter into force in September 2014.

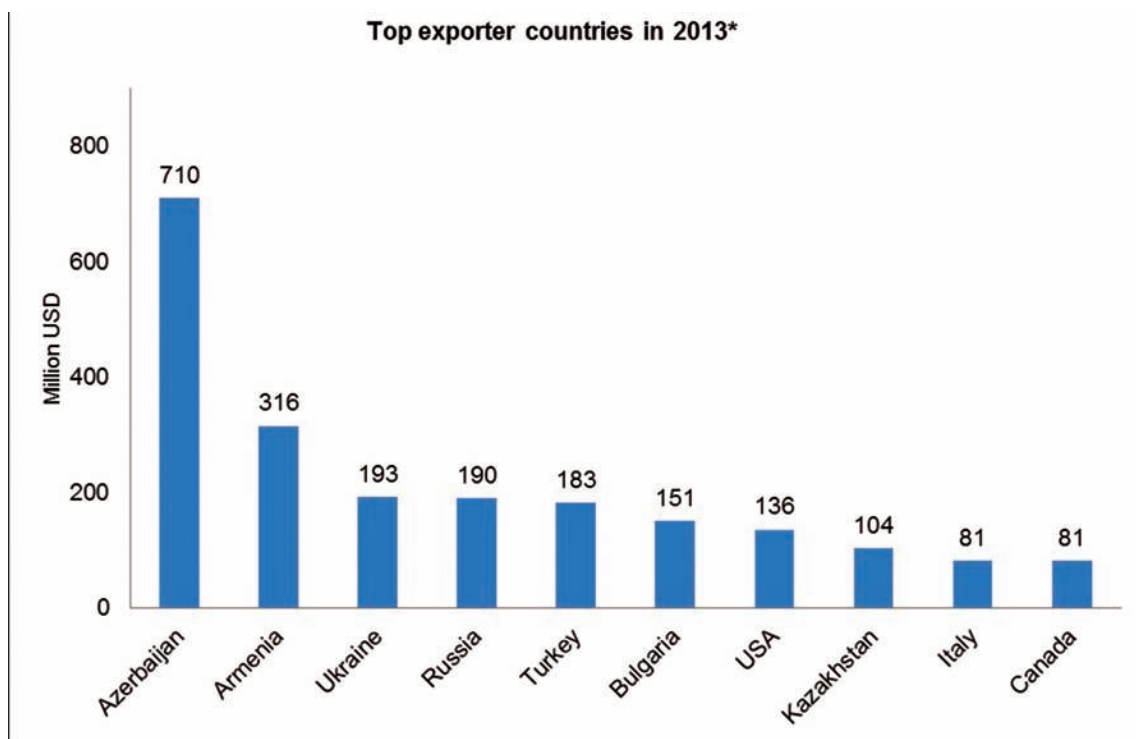
Georgia is a founding member of the Organization for democracy and Economic development-GUAM and actively promotes cooperation within this organization. In 2013 Georgia successfully chaired GUAM and contributed to the realization of main goals of the organization, namely - enhancing political consolidation on major political issues between member-states, elaboration and implementation of joint projects in the areas of common interest and with this aim promotion of interagency cooperation, deepening cooperation with traditional partners like US and Japan and establishment of regular dialogue and cooperation formats with other countries and international organizations interested in GUAM.

Currently, the Black Sea Economic Cooperation Organization (BSEC) could have greater potential for development if the majority of member states did not have unsettled political disputes among each other. Recent initiatives, particularly in the field of infrastructure development for energy transportation have shown that the Black Sea region embraces enormous opportunities for rapid economic growth. It has a capacity to ensure stable deliveries of Caspian energy resources to the west. The Baku-Tbilisi-Kars Railway Project will connect Europe and Asia through the BSEC region. The pilot project on International Vehicle Weight Certificate (IVWC) also seems very promising in terms of making BSEC region even more attractive. Georgia considers the project of the BSEC Transit Permit as an important facilitator to further cooperation in the transport sphere. Georgia also supports the Model Highway Initiative. Georgia's foreign trade with BSEC member states in 2013 exceeded 5 billion USD and grew by 12.6%.

<sup>43</sup> 2013 Index of Economic Freedom. Heritage Foundation. highest economic freedom scores ever in 2013 <http://akgul.bilkent.edu.tr/demokrasi/Heritage-economic-freedom-2013.pdf>

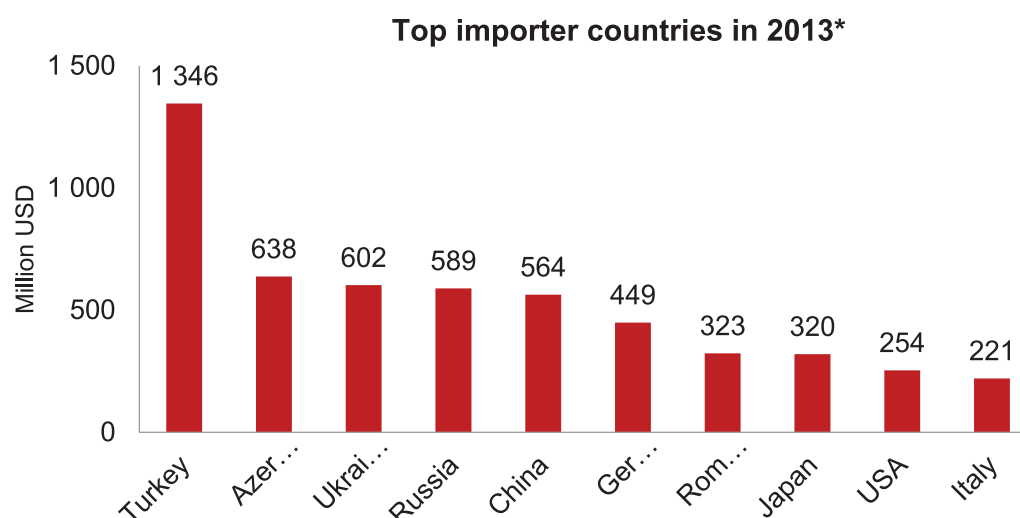
**Table 14 External Trade of Georgia<sup>44</sup>**

External Trade of Georgia (Million USD)								
	2006	2007	2008	2009	2010	2011	2012	2013*
Export	936.4	1,232.1	1,495.3	1,133.6	1,677.5	2,189.1	2,375.4	2,908.4
Import	3,674.8	5,212.2	6,301.5	4,500.2	5,257.1	7,057.8	7,901.6	7,885.2
External Trade Turnover	4,611.2	6,444.3	7,796.9	5,633.9	6,934.6	9,246.9	10,277	10,793.6
External Trade Balance	-2738.4	-3980.1	-4806.2	-3366.6	-3580	-84868.7	-5526.2	-4976.8

**Figure 13 Top exporter countries in 2013<sup>45</sup>**

<sup>44</sup> 2013 Index of Economic Freedom. Heritage Foundation. highest economic freedom scores ever in 2013 <http://akgul.bilkent.edu.tr/demokrasi/Heritage-economic-freedom-2013.pdf>

<sup>45</sup> National Statistics Office

**Figure 14 Top importer countries in 2013** <sup>46</sup>**Table 15 Georgian Exports by Country Groups** <sup>47</sup>

Georgian Exports by Country Groups Million USD								
	2006	2007	2008	2009	2010	2011	2012	2013*
Total Export of which:	936.4	1,232.1	1,495.3	1,133.6	1,677.5	2,189.1	2,375.4	2,908.4
European Union countries (EU_28)	157.9	268.5	335.2	237.6	309.5	424.3	353.0	607.9
Commonwealth of Independent States countries (CIS)	391.1	461.9	540.9	416.2	676.7	1,052.7	1,244.1	1,620.9
Black Sea Economic Cooperation Organization countries (BSEC)	499.2	634.4	884.0	697.2	898.2	1,184.7	1,329.1	1,776.8
Organisation of Economic Cooperation and Development countries (OECD)	388.2	598.6	749.6	519.6	743.0	817.1	794.4	840.0
GUAM countries	146.0	232.5	338.7	251.2	374.4	577.6	805.3	917.0

**Table 16 Georgian Imports by Country Groups** <sup>48</sup>

Georgian Imports by Country Groups Milli on USD								
	2006	2007	2008	2009	2010	2011	2012	2013*
Total Import of which:	3,674.8	5,212.2	6,301.5	4,500.2	5,257.1	7,057.8	7,901.6	7,885.2
European Union countries (EU28)	947.8	1,538.9	1,756.5	1,335.5	1,467.2	2,053.1	2,426	2,270.3
Commonwealth of Independent States countries (CIS)	1,398.6	1,849.4	1,998.0	1,298.3	1,587.6	1,941.6	2,056.7	2,177.8
Black Sea Economic Cooperation Organization countries (BSEC)	1,950.1	2,653.2	2,981.5	2,288.1	2,620.2	3,553.3	3,821.4	3,966.6
Organisation of Economic Cooperation and Development countries (OECD)	1,686.6	2,322.8	3,027.2	2,233.3	2,533.6	3,410.9	3,956.3	3,818.0
GUAM countries	642.5	961.1	1,269.4	835.4	1,050.1	1,322.6	1,297.4	1,266.5

<sup>46</sup> National Statistics Office<sup>47</sup> National Statistics Office (\*Preliminary data).<sup>48</sup> National Statistics Office

## 8.2. Target 18

Deal comprehensively with the debt problems through national and international measures in order to make debt sustainable in the long term.

As of end 2013 the public debt totaled to US\$ 4,202 million, around 27% of GDP and 78% of total public debt of Georgia, wherefrom 54% is owed to multi-lateral creditors (IFI's), 14% to bilateral creditors, and 10% comprises of Sovereign Eurobond issued in 2011. The largest multilateral creditors are the World Bank, Asian Development Bank and International Monetary Fund, while the largest bilateral creditor is Germany-KfW, there is only 1 guaranteed loan present that amounts to 0.07% of external public debt portfolio. Although much of the external public debt is long-term and on concessional terms from IFI's (it

carries weighted average interest of 1.9%, around 73% of portfolio has fixed interest rate, and major part around 48% is denominated in SDR, which is the most stable basket of currencies), the Government of Georgia aims to gradually lower the share of foreign currency denominated debt in the public debt portfolio, as the share of domestic debt increases. As already mentioned, external public debt of Georgia is relatively low and is anticipated to remain under 40% of GDP in the medium-long term (34.7% in 2013). The debt to GDP ratio under standard shocks has a downward trend.

**Table 17 External Debt** <sup>49</sup>

In million USD	2006	2007	2008	2009	2010	2011	2012	2013
External Public Debt	1,697	1,790	2,691	3,382	3,937	4,201	4,357	4,202
Government External Debt Service (% of Exports)*	21.0%	8.9%	5.6%	12.2%	8.9%	8.0%	5.8%	9.4%
Disbursements of ODA Loans**	16.1	12.1	14.8	34.7	21.6	36.3	55.4	69.4
o/w Untied Loan Disbursements	16.1	12.1	10.6	28.3	21.6	35.4	43.0	50.2

## 8.3. Target 19

Ensure improved accessibility to Information and Communication Technologies countrywide, minimise digital inequality between urban and rural areas.

E-Government<sup>50</sup> plays an important role in the process of reforming the public sector. Achievements

of recent year are apparent according to the UN E-Government Survey.

**Table 18 UN E-Government Survey 2014** <sup>51</sup>

	Rank 2014	Rank 2012	Rank 2010	Rank 2008
E-Government	56	72	100	90
E-Participation	49	66	127	135

<sup>49</sup> Source: Ministry of Finance (\* Excludes NBG debt to IMF and Eurobond-2008 Repayment which was financed with the funds received from issuance of a new Eurobond in 2011; \*\* As far as we are concerned Multilateral Credits are not classified as ODA).

<sup>50</sup> Law of Georgia on the creation of LEPL Data Exchange Agency defines E-Governance as follows: "Electronic (digital) governance - implementation of public governance through information and communication Technologies".

<sup>51</sup> UN E-Government Survey, <http://unpan3.un.org/egovkb/en-us/Data/Country-Information/id/64-Georgia>

Reforms implemented in the right manner and active development of e-government brought the success that is mentioned by different international organizations and indices. According to the World Bank Doing Business Survey in the Registering Property category Georgia has been ranked number one for the last 3 years<sup>52</sup>. Active introduction of information systems has resulted in transparency and optimization of processes in the public sector. Now it is possible to register the property and business in an hour in Georgia.

The role of government is to stimulate innovation in public, private and civic sectors to ensure economic and sustainable growth. Georgia received UN Public Service Award in 3 nomination: Public Service Hall, Electronic Procurement and the project for civil servants' property declarations.

Yet today, the rapid change in the development and utilization of information technology has led to the emergence of concern about the digital divide between urban and rural areas. Potentially, information technology and a knowledge economy may send rural communities towards one of two possible paths. On the positive side is the prom-

ise that information technology will allow people and businesses located in rural and other communities to overcome the disadvantages of distance and usher in a new era of prosperity. The other is that rural communities will lag even further behind in their development, with growing gaps in both the economic and social welfare of their populations. The document "A Digital Georgia: e-Georgia strategy and action plan 2014-2018" illustrates the path leading to a modern Georgia and provides a comprehensive framework for societal changes enabled by Information and Communication Technology (ICT).

Transition to digital broadcasting has been a priority and internal obligation of Georgia. According to the International Telecommunication Union (ITU) and the EU relevant decisions European countries, including Georgia, should perform analogue to digital switchover to June 17, 2015, which represents the country's international obligation. To address this important issue the "Digital Terrestrial TV Broadcasting Switchover Action Plan and Recommendations" was elaborated and adopted by the Government in 2014. According to this Plan appropriate amendments to the Georgian law on



<sup>52</sup> The World Bank/IFC. Doing Business Reports 2012, 2013, 2014.

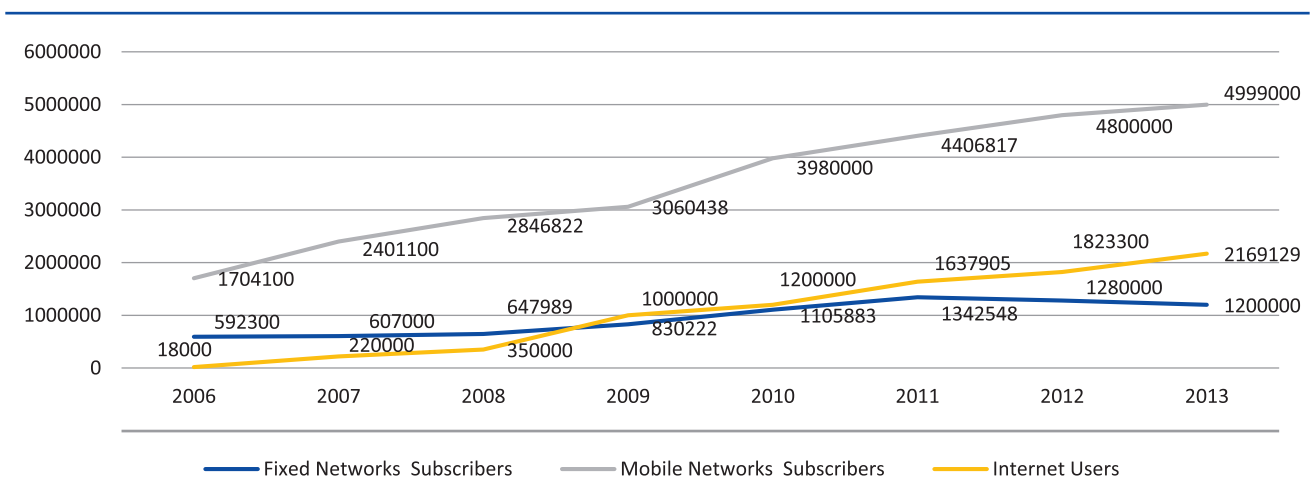
“Electronic Communications” and Georgian law on “Broadcasting” was adopted in 2014 bringing the regulations to the EU standards. The “Digital Broadcasting Agency” established in 2014 will coordinate the activities related to the transition on digital broadcasting, including assistance to socially vulnerable families.

Important steps have been made in order to promote the further development of electronic communication, coverage of the country's regions by the broadband internet, elimination of digital differences between the rural and urban areas and fostering the building process of information society by using of Long Term Evolution (LTE) Technologies. During this period number of important e-services have been introduced, including e-filing of and electronic access to technical records at the State Archive

of Georgia, E-Declaration via Video Call function at the Revenue Service of Georgia, E-Auction services for state procurement and state property acquisition, E-Budgeting of the State Budget of Georgia, well-developed Online Payment System, etc.

In 2013 Georgia commenced the development of the Strategy “Innovative Georgia - 2020”. The Strategy covers creation and implementation of techno-parks, business and innovative centers, which will promote economic growth based on knowledge and innovations. The ultimate target is to turn intellectual projects and innovations into export products, introducing the ICT technologies and innovations in every key sector that will enhance the competitiveness of Georgia's economy. In 2014 the “The Innovation and Technology Agency” was created supervised by the Ministry.

**Figure 15: Statistical Indicators of ICT sector in Georgia**



**Table 19: Statistical Indicators of ICT sector in Georgia**

	2014 Rank/Score	2013 Rank/ Score	2012 Rank/Score	2011 Rank/Score
The Networked Readiness Index	60/4.09	65/3.93	88/3.60	98/3.45
ICT Development Index	-	-	71/4.59	73/4.24
Global Innovation Index	-	73/35.56	71/34.30	73/35.87









