# THE WELL-BEING OF CHILDREN AND THEIR FAMILIES IN GEORGIA

GEORGIA WELFARE MONITORING SURVEY
FOURTH STAGE 2015


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# CONTENTS

# 1. EXECUTIVE SUMMARY

This report is based on the fourth round of the Welfare Monitoring Survey (WMS). WMS is a biennial longitudinal household survey covering all the government-controlled regions of Georgia. The results for the 2015 round are nationally representative, with 4,533 households having completed the questionnaire. The study examines the prevalence and distribution of issues such as consumption poverty, material deprivation, subjective poverty and social exclusion, and makes particular reference to the role of social transfers and the well-being of children.

Three different thresholds define consumption poverty rates. The extreme and general poverty thresholds are consistent with international standards: USD 1.25 per day and USD 2.50 per day, using the 2009 exchange rate and adjusted for CPI. The relative poverty threshold is 60 percent of the median consumption of the total population. In 2015, the number of households below the relative poverty line increased by 0.6 percentage points (from 20.1 percent to 20.7 percent between 2013 and 2015), and the percentage of children living in poor households fell to 26.8 percent, by 0.3 percentage points (Table 4.1b). Using the lowest threshold (77.6 GEL), 1.7 percent of households in Georgia and 2.1 percent of the population still live in extreme poverty. However, the percentage of children in extremely poor households has decreased to only 2.5 percent. Under the more realistic general poverty threshold, 16.4 percent of households and 21.7 percent of children remain poor.

The overall child poverty rate varied between 11.5 percent and 49 percent among children in 2009, depending on the threshold used. In 2011, it fell, and ranged from 9.4 percent to 40.8 percent between thresholds; in 2013, the range was 6.0 percent to 28.4 percent, and in 2015 – 2.5 to 26.8 percent (Table 4.6). However, for every threshold, the percentage of children living in poor households is still higher than the headcount for the whole population, and higher than the poverty rate of pensioners.

With respect to disparity, rural areas have higher poverty rates than urban areas, and the poverty gaps are not statistically different. The poverty rates are high on relative and general measures when education attainment of adults (particularly women) in a household is low.

The government provides cash benefits via social assistance programmes in order to help beneficiaries mitigate economic vulnerabilities. Nearly two-thirds of all households received at least one type of social benefit (pension, targeted social assistance and categorical benefit) in 2015. The pension programme is by far the largest programme in terms of cost and number of beneficiaries. Pensions and other cash transfer programmes, have an immediate impact on the poverty level. It is estimated that the pension programme has reduced extreme poverty rates by 9 percentage points for the total population, and more significantly 24.5 percentage points for pensioners. Although the impact is still large, it is smaller for children (5 percentage points).

Targeted Social Assistance (TSA) specifically targets poor households by using proxy-means tests. In July of 2015, the amount of targeted assistance paid out was 60 GEL per month for the first member of beneficiary households, and 48 GEL for subsequent members. Unlike the pension, 64.8 percent of the total TSA budget goes to households in the poorest consumption decile. Furthermore, 59.4 percent of households in the poorest decile receive the benefit. Although this figure has improved from 39 percent in 2009, and 54 percent in 2011, it is lower than the 72.4 percent in 2013. Forty percent of the poorest households do not yet receive these benefits. The impact on extreme poverty rates for the

total population and children are 4.2 and 6.4 percentage point reductions, respectively.

This series of surveys has also assessed non-monetary aspects of well-being to capture the multi-dimensional nature of poverty. These include material deprivation, housing deprivation, subjective poverty, social exclusion, and lack of utilities. As of 2015, the number of materially deprived households was only 5.6 percent, compared with 10.3 percent of households in 2013, 17.5 percent in 2011, and 27.2 percent in 2009. The percentage of children living in households suffering housing deprivation increased from 17.9 percent in 2013 to 23.6 percent in 2015. The number of subjectively poor households increased from the years 2013 to 2015: 36 percent of the population, 37.2 percent of all children, and 40.1 percent of all pensioners live in subjectively poor households.

With respect to health, the mean annual household expenditure on healthcare in 2015 was 346.8 GEL per equivalent adult (median 177 GEL), which marks a significant increase from the 243 GEL recorded in the 2013 survey. The proportion of healthcare expenditures also increased from 7 percent to 8.1 percent of all household expenditures over the same period. Financial costs continue to act as a barrier to healthcare provision. In 2015, rural areas had a higher percentage of barriers compared with urban households. Two years after the introduction of the country's Universal Healthcare Program, the percentage of households with barriers to accessing health services increased both in urban and rural areas.

In education, of the 3 to 5 year-old children included in the 2015 sample, 62.3 percent of them in total attended kindergarten during the academic year prior to the survey. The figure is significantly lower in the poorest quintile (51.8 percent) than the richest (69.9 percent). Almost no difference in terms of primary school attendance among 7 year-olds was observed when comparing the poorest and richest groups. The overall attendance rate of primary school is 97.4 percent.

In households where adult educational needs, access to healthcare and access to credit are unsatisfied, children are disproportionately represented, whereas pensioners are more prevalent in households with a lack of employment and access to social assistance.

# 2. BACKGROUND

## 2.1 Recent socio-economic developments in Georgia

Table2.1 Gross Domestic Product (GDP)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015[1] |
|---|---|---|---|---|---|---|
| GDP at current prices, mil. GEL | 20743.4 | 24344.0 | 26167.3 | 26847.4 | 29150.5 | 31691.6 |
| GDP at constant 2010 prices, mil. GEL | 20743.4 | 22241.4 | 23653.8 | 24454.9 | 25585.6 | 26295.6 |
| GDP real growth, percent | 6.2 | 7.2 | 6.4 | 3.4 | 4.6 | 2.8 |
| GDP deflator, percent | 8.5 | 9.5 | 1.1 | -0.8 | 3.8 | 5.8 |
| GDP per capita (at current prices), GEL[2] | 4675.7 | 5447.1 | 5818.1 | 5987.6 | 6491.6 | 8497.5 |
| GDP per capita (at current prices), USD[4] | 2623.0 | 3230.7 | 3523.4 | 3599.6 | 3676.2 | 3743.1 |
| GDP at current prices, mil. USD | 11636.5 | 14438.5 | 15846.8 | 16139.9 | 16507.8 | 13959.9 |

*Source: GeoStat- National Statistics Office of Georgia*

Real GDP growth rates were 4.6 and 2.8 percent in 2014 and 2015 respectively. In 2015, total GDP in current prices in Georgian Lari (GEL) amounted to 31.6 billion, 8.6 percent increase from 29.1 billion GEL in 2014. On the other hand, due to exchange rate depreciation, nominal GDP in US dollars decreased from 16.5 to 13.9 billion from 2014 to 2015. Georgia's gross external debt increased from 13.2 billion USD in the fourth quarter of 2013, to 14.9 billion USD in the fourth quarter of 2015[3].

The annual inflation rate at the end of 2011 was at 2%. Between December 2011, and December 2012, the Consumer Price Index (CPI) decreased by 1.4 percent. Deflation was also observed throughout 2013. However, starting from December 2013, in every month prices were higher than they were in the same month of the previous year. Between December 2013 and December 2014, prices for food and alcoholic beverages increased by 2.5 percent, while prices for energy and utilities (electricity, water and gas) increased by 1 percent, and prices for hotel and restaurant services increased by 3.9 percent.[4] Healthcare prices increased the most (6.7 percent) during this period, followed by furniture prices, household items, and house renovations (4 percent).

Overall, between 2013 and 2014, the unemployment rate in Georgia fell from 14.6 percent to 12.4 percent, while the employment rate increased from 56.6 percent to 58.3 percent. Unemployment continued to be about four times higher in urban parts of the country compared with rural parts of the

1 2015 data are preliminary
2 Per capita indicators of 2015 are compiled in line with updated data from 2014 general population census. Pre-census demographic data were used for the calculation of per capita indicators of the previous years. Recalculation of 2003-2014 per capita indicators will be produced in 2016 after the release of the final 2014 population census data.
3 World Data Bank/Quarterly External Debt Statistics/SDDS.
4 CPI Indices, GeoStat- National Statistics Office of Georgia

country (22.1 percent vs 5.4 percent in 2014). This is mainly attributed to extensive self-employment in agriculture in rural areas. In 2014, young people aged 15-19 and 20-24 continued to be the most disadvantaged, with unemployment rates of 31.8 percent and 30.5 percent respectively. Meanwhile the average monthly nominal salary increased from 773 GEL in 2013 to 818 GEL in 2014.

Table2.2 Employment and wages

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|
| Active population (labour force), thousand persons | 1991.8 | 1944.9 | 1959.3 | 2029.1 | 2003.9 | 1991.1 |
| Employed, thousand persons | 1656.1 | 1628.1 | 1664.2 | 1724.0 | 1712.1 | 1745.2 |
| Unemployed, thousand persons | 335.6 | 316.9 | 295.1 | 305.1 | 291.8 | 246.0 |
| Unemployment rate, percentage | 16.9 | 16.3 | 15.1 | 15.0 | 14.6 | 12.4 |
| Average monthly nominal salary, GEL | 556.8 | 597.6 | 636.0 | 712.5 | 773.1 | 818.0 |

*Source: GeoStat- National Statistics Office of Georgia*

In absolute terms, men benefited more than women due to increased wages. Men's average wage increased from 920.3 GEL to 980 GEL, while women's average wage increased from 585 GEL to 617.9 GEL. At present, Georgia has no guaranteed minimum income or wage. The subsistence minimum defined for a working-age man was 155.6 GEL in July of 2015.[5]

The state budget of Georgia increased by 7.5 percent and 5.7 percent in nominal terms compared to the previous year in 2015 and 2016, respectively. The share of health expenditures out of the total budget increased by only 0.3 percentage points from 2014 to 2015, and the share of education expenditures increased by 0.6 percentage points. In 2016, the share of healthcare expenditures will rise by one percentage point. On the other hand, the share of social protection expenditures decreased to 24.8 percent in 2015 from 26.4 percent in 2014, but is expected to increase to 25.9 in 2016. There is no previous data shown in the table, since in other versions of the document the numbers are not consistent.

5 GeoStat- National Statistics Office of Georgia

Table2.3 General Government Expenditures

| | Nominal (Thousand GEL) | | | Percent | | |
|---|---|---|---|---|---|---|
| | 2014 | 2015* | 2016* | 2014 | 2015* | 2016* |
| General government Service | 1,745,892.2 | 2,080,457.4 | 1,911,311.4 | 21.3 | 23.7 | 20.6 |
| Defense | 639,636.6 | 644,279.9 | 646,209.0 | 7.8 | 7.3 | 7.0 |
| Public order and safety | 905,816.8 | 932,217.0 | 1,021,568.0 | 11.1 | 10.6 | 11.0 |
| Economic activity | 1,004,633.9 | 1,030,619.1 | 1,088,828.4 | 12.3 | 11.7 | 11.7 |
| Environment protection | 37,547.3 | 43,470.0 | 47,400.0 | 0.5 | 0.5 | 0.5 |
| Housing and utility services | 54,394.9 | 56,048.3 | 57,957.6 | 0.7 | 0.6 | 0.6 |
| Healthcare | 652,847.2 | 726,513.0 | 862,563.0 | 8.0 | 8.3 | 9.3 |
| Recreation, culture and religion | 176,215.5 | 185,981.1 | 197,268.0 | 2.2 | 2.1 | 2.1 |
| Education | 803,882.5 | 914,860.2 | 1,056,507.0 | 9.8 | 10.4 | 11.4 |
| Social protection | 2,157,009.4 | 2,175,891.0 | 2,404,029.0 | 26.4 | 24.8 | 25.9 |
| Total Expenditure | 8,177,876.3 | 8,790,337.0 | 9,293,641.4 | 100.0 | 100.0 | 100.0 |

** 2015 and 2016 data are preliminary*

*Source: Ministry of Finance. State Budget of Georgia 2016*

## 2.2 Survey description

In the wake of the global economic crisis, UNICEF initiated the multi-stage biennial Welfare Monitoring Survey (WMS) in Georgia. The first survey was completed in 2009, the second in 2011, and the third in 2013. The ultimate objective was to provide dependable data on the dynamics of key welfare indicators in Georgia, and to explore the household strategies employed to mitigate the risks posed by the local impact of the global economic crisis.

The Welfare Monitoring Survey is a biennial panel household survey. During each stage, the households from the previous round were targeted. For instance, the WMS 2013 set out to interview the same 'well-informed respondent' in each household who had participated in the 2009 and 2011 surveys. This is so that the longitudinal dataset could enable the analysis of changes in household and personal circumstances over a four-year period. To address attrition, in 2015, an additional 1,483 households were added to the sample, so that the number of completed questionnaires came to 4,500 respondents. This was done in order to increase the total sample to its 2009 size. Additional sampling was carried out using the random walk technique in those PSUs where less interviews were conducted in 2013 compared to 2009. Fieldwork began on July 12 of 2015, and finished on August 2, 2015. The fieldwork was carried out by 94 interviewers, with regional supervisors all across Georgia.

### *2.2.1 Sampling*

The sampling strategy in 2011 targeted the 4,808 households, in which face-to-face interviews had been completed back in 2009. In 2011, successful interviews were held with respondents from 4,147 households, with an 86.3 percent response rate. In the third round, 3,726 questionnaires were completed, constituting an 89.8 percent response rate of the 2011 sample.

Table 2.1: Survey response rates

| Round – Year | Sampling Size | Number of Conducted Interviews | Wave Response Rate | Wave Attrition Rate | Total 1-3 Wave Attrition Rate |
|---|---|---|---|---|---|
| First round - 2009 | 6758 | 4808 | 71.15% | | |
| Second round - 2011 | 4808 | 4147 | 86.25% | 13.75% | |
| Third round - 2013 | 4147 | 3726 | 89.85% | 10.15% | 22.50% |
| Fourth round | 5630 | 4533 | 80.50% | | |

Out of 4,147 panel households, 73 percent participated in the 2015 survey. The non-response reasons are presented in Table 2.2. Out of those 3,042 households where face-to-face interviews were conducted, 2,816 cases where identified as "true panel" or households which had been interviewed for all survey rounds (2009, 2011, 2013, and 2015).

Table 2.2: Non-response in panel households

| Contact Results | Number | Percent |
|---|---|---|
| Interview was conducted | 3042 | 73% |
| Another household lives at the given address now | 141 | 4% |
| House is closed (no one lives there) | 315 | 8% |
| Refused to give an interview | 140 | 3% |
| No one was at home | 245 | 6% |
| Does not exist, could not find | 123 | 3% |
| Passed away | 102 | 2% |
| Family is present, but interview could not be conducted because of language barrier, illness etc. | 21 | 1% |

### *2.2.2 Data weighting*

In order to calculate the weight coefficients of population stratification marks, as well as the size of the estimated population on household level, Geostat's data for each stratum (2014) were taken into consideration. The size of the estimated population according to strata indicates the quantity of the HHs, which were estimated during the integrated survey of households conducted by GeoStat in 2014, and envisage actualization and non-response rates. Two different sampling weights are used in the report according to the definitions below:

**Population weight (W1)** – population weight allows for the analysis of the 2015 data independently. The weight coefficient of households was calculated for 4,533 respondents.

**Panel weight (W2)** – panel weight allows for the analysis of the group of respondents who took part in all the surveys (2009, 2011, 2013 and 2015). The panel weight coefficient has been calculated for 2,816 respondents.

### *2.2.3 Income and expenditure per adult equivalent*

As in the previous analysis, we use measures of income and expenditure to compare households of different sizes and compositions. Where relevant, some statistics are adjusted to GEL per equivalent adult (PAE), according to methods used by the Georgian Department of Statistics. First, household members are classified by age and gender, and assigned an equivalent adult coefficient (Table 2.3). The sum of these coefficients represents the number of equivalent adults in the household. To correct for economies of scale in larger households, the number of equivalent adults is then raised to the power $\alpha$, where $\alpha$=1 for a single person household, and $\alpha$=0.8, where household size is greater than one.

Table 2.3: The scale used to calculate the number of equivalent adults in a household

| Age | Gender | Equivalent Adult Coefficient |
|---|---|---|
| <8 | | 0.64 |
| >=8 and <16 | | 1 |
| >=16 and <65 | Male | 1 |
| >=16 and <60 | Female | 0.84 |
| >=65 | Male | 0.88 |
| >=60 | Female | 0.76 |

*Source: GeoStat- National Statistics Office of Georgia*

### *2.2.4 Adjusting for inflation*

A sustained increase in the general price level is measured by the consumer price index (CPI), based on the cost of a typical basket of consumer goods and services in a particular year. On the website of the National Bank of Georgia, the National Statistics Office of Georgia provides the CPI for the months in which fieldwork was completed: 129.6 for July 2009; 152.1 for August 2011; 151.1 for August 2013, and 164.6 for August 2015.[6] For comparing changes between the three pillars, monetary data for 2015 are converted to 2009 prices by dividing by 164.6 and multiplying by 129.6.

## Summary

In the wake of the global economic crisis, UNICEF Georgia initiated a multi-stage biennial Welfare Monitoring Survey in Georgia. The first household survey was completed in 2009, the second in 2011, and the third in 2013. The ultimate objective was to provide dependable data on the dynamics of key welfare indicators in Georgia. The aim was to explore the household strategies employed to mitigate the risks posed by the local impact of the global economic crisis. During the fourth round of the survey, households were added to the sample to address attrition. As in previous rounds, the statistical analysis is conducted for cross-sectional and panel data separately.

Income and consumption, and the poverty thresholds, are adjusted between the rounds of the survey using price levels measured by GeoStat's consumer price index (CPI), based on the cost of a typical basket of consumer goods and services in a particular month.

Where relevant, monetary statistics are adjusted to GEL per equivalent adult (PAE), according to methods used by the Georgia Department of Statistics: household members are classified by age and gender, assigned an equivalent adult coefficient, and corrected for economies of scale.

6 CPI is indexed to 2005, so 2005 = 100.0.

# 3. WELFARE PROFILE

## 3.1 Household income

### *3.1.1 Total income*

WMS methodology calculates the total household income as the sum of any kind of income of each household member. According to the survey results, the average monthly household nominal income for 2015 was 608.9 GEL[7], compared to 562.2 GEL in 2013. Average 2015 monthly incomes were 65 percent higher in urban (755 GEL) areas compared with rural areas (457 GEL). Table 3.1 shows that this difference is driven mainly by higher wage incomes in urban areas. However, urban areas also see higher incomes from most other sources, with the exception of social transfers, and uncategorized incomes.

Table 3.1: Average total monthly household income (GEL) by source 2015

| Source | Urban (n=1,520) | Rural (n=3,013) | Total (n=4,533) |
|---|---|---|---|
| **Total** | **755.3** | **457.3** | **608.9** |
| Salaries | 446.5 | 164.1 | 307.7 |
| Self-employment[3] | 107.0 | 84.2 | 95.8 |
| Social transfers[4] | 135.5 | 150.2 | 142.7 |
| Private transfers[5] | 10.2 | 5.2 | 7.8 |
| Rental income | 3.9 | 0.9 | 2.4 |
| Foreign transfers[6] | 21.4 | 12.6 | 17.1 |
| Other sources[7] | 30.9 | 40.2 | 35.5 |

Tables 3.2a and 3.2b show the change in total household income and its main components between 2009 and 2015 in nominal and real terms. The average household monthly income is increased from 2013 to 2015 by 8.3 percent. Although, after adjusting for inflation[13], **average household income is slightly decreased in the last two years.**

7 In 2015, 1 GEL had the same purchasing power as 0.873 international dollars (IMF World Economic Outlook Database, October 2015).

8 Self-employed income includes money earned from private activities, as well as less regular income from the sale of domestic animals or products such as milk, eggs, cheese, butter and wool. It also includes proceeds from the sale of other agricultural goods and products such as wine, vodka, vegetable oil, flour and dried fruit.

9 Social transfers take the form of pensions and supplements, social assistance to vulnerable families, assistance to families with many children, orphans, disabled or blind people, unemployed pensioners or state compensation/academic scholarship. Some households receive Internally Displaced Persons (IDP) or prevention and reintegration allowances.

10 Private transfers include alimony and cash assistance from relatives or friends living in Georgia.

11 Foreign transfers consist of assistance from relatives, friends and others living abroad.

12 Other sources include all other non-classified, non-regular income.

Table 3.2a: Changes in average household incomes by sources from 2009 to 2015, current prices

| Source | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| **Total** | **321.8** | **371.8** | **562.2** | **608.9** |
| Salaries | 156.5 | 185.9 | 268.3 | 307.7 |
| Self-employment | 51.1 | 53.4 | 76.9 | 95.8 |
| Social transfers | 74.5 | 87.6 | 118.4 | 142.7 |
| Private transfers | 8.0 | 7.8 | 13.4 | 7.8 |
| Rental income | 1.5 | 1.8 | 11.1 | 2.4 |
| Foreign transfers | 7.9 | 11.9 | 18.6 | 17.1 |
| Other sources | 22.2 | 23.2 | 55.5 | 35.5 |

Table 3.2b: Changes in average household incomes by sources from 2009 to 2015 (2009 prices)

| Source | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| **Total** | **321.8** | **316.8** | **482.2** | **479.4** |
| Salaries | 156.5 | 158.4 | 230.1 | 242.3 |
| Self-employment[8] | 51.1 | 45.5 | 66.0 | 75.4 |
| Social transfers[9] | 74.5 | 74.7 | 101.6 | 112.4 |
| Private transfers[10] | 8.0 | 6.6 | 11.5 | 6.1 |
| Rental income | 1.5 | 1.5 | 9.5 | 1.9 |
| Foreign transfers[11] | 7.9 | 10.2 | 16.0 | 13.5 |
| Other sources[12] | 22.2 | 19.7 | 47.6 | 27.9 |

Figure 3.1 shows changes in income by different wealth groups, and different categories of income. The largest driver of income change in well-off households can be associated with increase in salaries (from decile 7 and up). An increase in salaries can be observed in the first and sixth deciles, and they are almost the same magnitude. Social transfers drive the change of income for

13 See 2.2.4 above

poorer households. However, they play a role in the upper levels of distribution as well (higher role than salaries in the bottom of the distribution). Decreases in rental income and private transfers are the major factors for decreased income for the first decile, and other sources of income are decreased for the total distr bution.

Figure 3.1: Main drivers in nominal income change by source between 2013 and 2015 (n=2816)


*Note: Panel weights for true panel households are used*

### *3.1.2 Income per adult equivalent (PAE)*

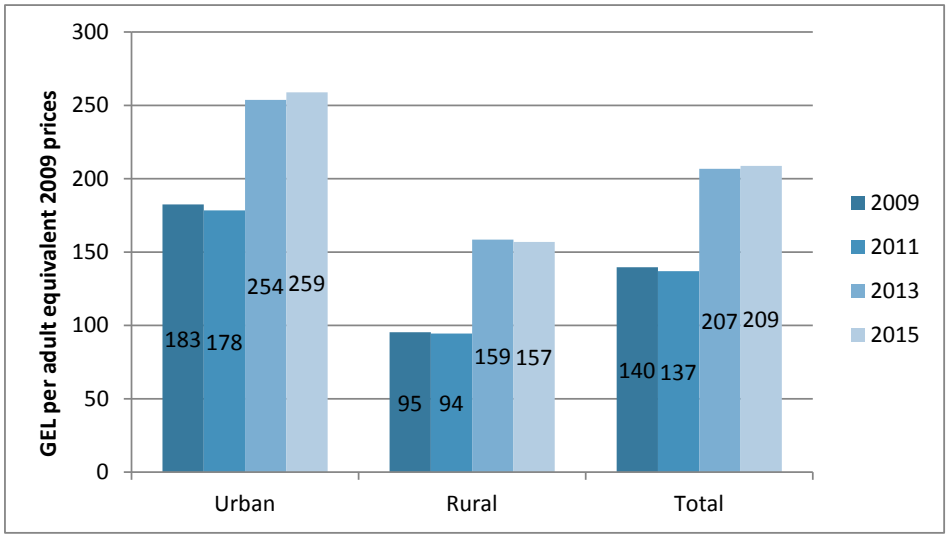
When household income is expressed as *per adult equivalent* (PAE) in order to account for household size and composition, households averaged 265.2 GEL PAE in 2015, which was a 10 percent increase from 241.1 GEL in 2013. There remains significant variation between urban and rural areas, and between mountainous and lowland areas. On average, urban areas have incomes (PAE) 65 percent higher than their rural counterparts, and average incomes (PAE) in lowland areas are 34 percent higher than in the mountainous regions.

Table 3.3: Average monthly equivalent household income (PAE GEL) by rurality and terrain in 2015

| Location | n | Mean monthly income (PAE) | t | Sig. |
|---|---|---|---|---|
| Urban | 1520 | 328.8 | 7.03 | *** |
| Rural | 3013 | 199.3 | | |
| Total | 4533 | 265.2 | | |
| Lowland | 4039 | 271.5 | 5.12 | *** |
| Mountain | 494 | 203.1 | | |
| Total | 4533 | 265.2 | | |
| *ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001* | | | | |

On average, income per equivalent adult has increased by 10 percent since 2013, when the average was 241.1 GEL PAE. When adjusting for prices, the increase in average income PAE is only marginal. Figure 3.2 shows that **there was no significant change in average household income PAE in urban and rural areas.**

Figure 3.2: Change in household income (PAE) between 2009 and 2015 (at 2009 prices)




At the same time, there are differences in household income (PAE) between administrative regions (Table 3.4). Adjara, Guria and Kvemo Kartli experienced an increase of more than 10 percent, whereas average income PAE in the Kakheti region decreased by 18.6 percent.

Table 3.4: Average monthly household income (GEL PAE) by region: 2009, 2011, 2013 and 2015.

| Region | 2015 (n=4,533) | 2015 at 2009 prices (n=4,533) | 2013 at 2009 prices (n=3,726) | 2011 at 2009 prices (n=4,147) | 2009 (n=4,808) | Inflation adjusted % change between 2015 and 2013 | Inflation adjusted % change between 2013 and 2011 | Inflation adjusted % change between 2011 and 2009 |
|---|---|---|---|---|---|---|---|---|
| Tbilisi | 375.4 | 295.5 | 292.9 | 200.1 | 211 | 0.9 | 46.4 | -5.2 |
| Adjara | 302.7 | 238.3 | 201.3 | 121.2 | 141.3 | 18.4 | 66.1 | -14.2 |
| Guria | 212.8 | 167.5 | 143.5 | 89.4 | 90.9 | 16.7 | 60.5 | -1.7 |
| Imereti, Racha | 213.5 | 168.1 | 175.6 | 121.5 | 120.7 | -4.3 | 44.5 | 0.7 |
| Kakheti | 218.8 | 172.2 | 211.5 | 127.6 | 117.5 | -18.6 | 65.8 | 8.6 |
| Mtskhe-ta-Mtianeti | 218.9 | 172.3 | 159.2 | 100.1 | 113 | 8.2 | 59 | -11.4 |
| Kvemo Kartli | 228.6 | 180.0 | 159.6 | 112.1 | 109.2 | 12.8 | 42.4 | 2.7 |
| Samtskhe-Javakheti | 211.0 | 166.1 | 175.2 | 100.3 | 102 | -5.2 | 74.7 | -1.7 |
| Samegrelo | 207.8 | 163.6 | 158.6 | 105.6 | 94.4 | 3.1 | 50.2 | 11.9 |
| Shida Kartli | 220.0 | 173.2 | 167.9 | 99 | 115.5 | 3.2 | 69.6 | -14.3 |
| **Total** | **265.2** | **208.8** | **206.8** | **136.2** | **139.7** | **1.0** | **51.8** | **-2.5** |

## 3.2 Household consumption

### *3.2.1 Total consumption*[14]

Measures of consumption are always higher than those for income because of the role played by in-kind consumption. In 2015, the average total income of 608.9 GEL (not adjusted for inflation) was 74 percent of average consumption (821.8 GEL). In rural areas, income was only 63 percent of total consumption, due to an increased dependence on home production, compared to 83 percent in urban areas.

Urban households spend considerably more in every category of consumption, except food eaten in the home and healthcare (Table 3.5a). Average total spending on food in the household is lower in urban areas (325.4 GEL) than it is in rural areas (333 GEL). This gap is even larger when viewed as a proportion of total consumption, since food spending represented only 36 percent in urban areas, but 46 percent in rural areas.

Table 3.5a: Average monthly household consumption GEL by category

| Category of consumption | Urban (n=1,520) | Rural (n=3,013) | Total (n=4,533) |
|---|---|---|---|
| Total monthly consumption | 912.0 | 728.6 | 821.8 |
| Eating in the household | 325.4 | 333.0 | 329.2 |
| Long-term non-food | 369.7 | 253.2 | 312.4 |
| Education | 38.1 | 13.5 | 26.0 |
| Health care | 60.4 | 60.8 | 60.6 |
| Eating out of home | 32.1 | 10.4 | 21.4 |
| Current non-food | 86.2 | 57.8 | 72.2 |

Tables 3.5b and 3.5c show the change in total household consumption and its categories between 2009 and 2015 in nominal and real terms. The average household monthly consumption increased by 22.4 percent from 2013 to 2015. Although, after adjusting for inflation, average household consumption increased by 12.3 percent for the same period.

14 The term consumption includes directly reported cash expenditures and other expenditures calculated from reported consumption.

Table 3.5b: Average monthly household consumption GEL by category from 2009 to 2015, current prices

| Category of consumption | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| Total monthly consumption | 441.5 | 542.4 | 671.5 | 821.8 |
| Eating in the household | 176.4 | 263.4 | 290.9 | 329.2 |
| Long-term non-food | 152.4 | 186.8 | 235 | 312.4 |
| Education | 17.5 | 20.9 | 25.5 | 26.0 |
| Health care | 45.6 | 50.4 | 42.6 | 60.6 |
| Eating out of home | 11.4 | 10.9 | 14.2 | 21.4 |
| Current non-food | 38.1 | 10.1 | 63.4 | 72.2 |

*Note: 2009 (n=4,808), 2011 (n=4,147), 2013 (n=3,726) and 2015 (n=4,533)*

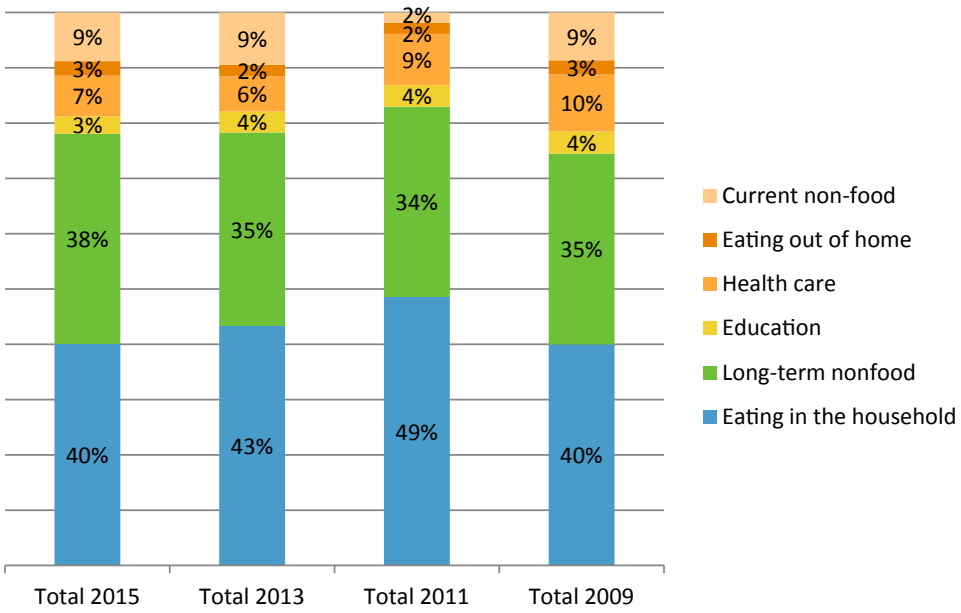
Table 3.5c: Average monthly household consumption GEL by category from 2009 to 2015 (2009 prices)

| Category of consumption | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| Total monthly consumption | 441.5 | 462.2 | 576.0 | 647.1 |
| Eating in the household | 176.4 | 224.4 | 249.5 | 259.2 |
| Long-term non-food | 152.4 | 159.2 | 201.6 | 246.0 |
| Education | 17.5 | 17.8 | 21.9 | 20.5 |
| Healthcare | 45.6 | 42.9 | 36.5 | 47.7 |
| Eating out of home | 11.4 | 9.3 | 12.2 | 16.9 |
| Current non-food | 38.1 | 8.6 | 54.4 | 56.9 |

*Note: 2009 (n=4,808), 2011 (n=4,147), 2013 (n=3,726) and 2015 (n=4,533)*

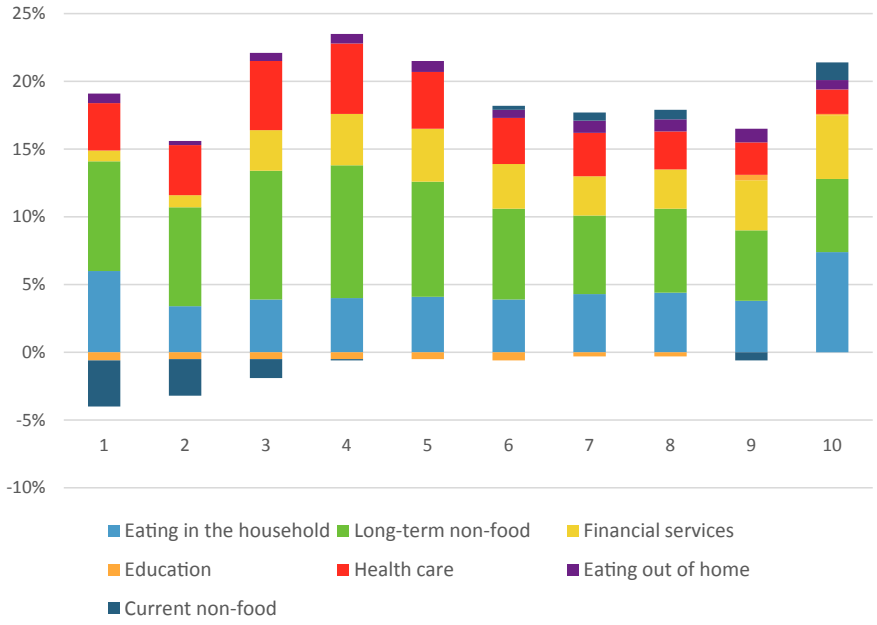
Since 2013, the share of food eaten in the home has decreased from about 43 percent in 2013, to 40 percent in 2015. At the same time, the share of long-term non-food consumption has increased (Figure 3.3)**. Interestingly, the share of healthcare-related consumption has slightly increased since 2013, despite the Universal Healthcare Program that was introduced**.

Figure 3.3: Patterns of total household consumption in 2009, 2011, 2013 and 2015




Starting from 2013, WMS has been separating payments on financial products, such as bank loans and installment payments in long term household, nonfood expenditures. Food, long-term non-food expenditures, and expenditures on financial services were the main drivers of the consumption increase in panel households from 2013 to 2015. Payments on financial services increased in higher 80 per cent of distribution, whereas healthcare, other long term nonfood and food consumption increased for the whole distribution. Current non-food consumption decreased in the worse-off households, and education expenditures marginally deceased for the lower 80 percent of distribution.

Figure 3.4: Main drivers in nominal consumption change by source between 2013 and 2015 (n=2816)



### *3.2.2 Household consumption per adult equivalent (PAE)*

When household consumption is expressed per adult equivalent (PAE), the mean for 2015 is 356.7 GEL, and the median is 286.3. Monthly consumption PAE is significantly higher in urban areas for each category, with the exception of eating in the home, for which rural households spend slightly more in absolute terms (148.7 GEL vs 144 GEL), and considerably more in relative terms (47 percent vs 36.4 percent). **Table 3.6** shows the average amount (PAE) spent on each type of item, together with the average percentage of total household expenditure accounted for by each type of item.

Table 3.6: Composition of average monthly household consumption per adult equivalent (PAE) by category for urban and rural areas in 2015

| | Urban (n=1,520) | | Rural (n=3,013) | | Total (4,533) | |
|---|---|---|---|---|---|---|
| | GEL PAE | % | GEL PAE | % | GEL PAE | % |
| Total | **395.7** | 100.0% | **316.4** | 100.0% | **356.7** | 100.0% |
| Eating in the home | 144.0 | 36.4% | 148.7 | 47.0% | 146.3 | 41.0% |
| Long-term non-food items | 157.9 | 39.9% | 105.5 | 33.3% | 132.1 | 37.0% |
| Education | 13.4 | 3.4% | 4.3 | 1.3% | 8.9 | 2.5% |
| Health care | 28.6 | 7.2% | 29.3 | 9.2% | 28.9 | 8.1% |
| Eating out | 14.5 | 3.7% | 3.9 | 1.2% | 9.3 | 2.6% |
| Current non-food items | 37.5 | 9.5% | 24.8 | 7.8% | 31.2 | 8.8% |

Since 2009, inflation-adjusted[15] consumption on eating at home, long-term non-food consumption and healthcare, have shown the greatest increase, while average spending on education shows a slight decrease (Table 3.7).

Table 3.7: Changes in monthly consumption PAE between 2009, 2011, 2013 and 2015 (2009 prices)

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| Total | 190.6 | 197.7 | 248.5 | 280.9 |
| Eating in the home | 76.9 | 96.6 | 110.0 | 115.2 |
| Long-term nonfood items | 65.8 | 67.0 | 84.4 | 104.0 |
| Education | 6.1 | 6.1 | 7.4 | 7.0 |
| Health care | 20.9 | 19.9 | 17.3 | 22.8 |
| Eating out | 5.2 | 4.3 | 5.2 | 7.3 |
| Current non-food items | 15.7 | 3.7 | 24.0 | 24.6 |

15 See 2.2.4 above.

*Note: 2009 (n=4,808), 2011 (n=4,147), 2013 (n=3,726) and 2015 (n=4,533)*

Tbilisi is the region with the highest total monthly consumption PAE at 422.7 GEL, on average. Shida Kartli and Samegrelo have the lowest levels, but there is a lot of variation within regions regarding total consumption (Table 3.8).

Table 3.8: Average monthly household consumption (PAE) by region in 2015

| Region | 2015 (n=4,533) | 2015 at 2009 prices (n=4,533) | 2013 at 2009 prices (n=3,726) | 2011 at 2009 prices (n=4,147) | 2009 (n=4,808) | Inflation adjusted % change between 2015 and 2013 | Inflation adjusted % change between 2013 and 2011 | Inflation adjusted % change between 2011 and 2009 |
|---|---|---|---|---|---|---|---|---|
| Tbilisi | 422.7 | 332.8 | 297.4 | 230.2 | 248.4 | 11.9 | 29.2 | -7.3 |
| Adjara | 355.2 | 279.7 | 219.6 | 189.8 | 202.7 | 27.4 | 15.7 | -6.4 |
| Guria | 337.2 | 265.5 | 177.8 | 164.1 | 115.4 | 49.3 | 8.3 | 42.2 |
| Imereti, Racha | 337.1 | 265.4 | 246.4 | 202.8 | 158.3 | 7.7 | 21.5 | 28.1 |
| Kakheti | 315.3 | 248.3 | 261.0 | 194.3 | 188.2 | -4.9 | 34.3 | 3.2 |
| Mtskhe-ta-Mtiane-ti | 306.6 | 241.4 | 174.6 | 160.4 | 141.0 | 38.2 | 8.9 | 13.7 |
| Kvemo Kartli | 394.3 | 310.5 | 211.5 | 197.3 | 164.0 | 46.8 | 7.2 | 20.3 |
| Samtskhe-Javakheti | 361.9 | 285.0 | 262.8 | 191.7 | 151.8 | 8.4 | 37.1 | 26.3 |
| Samegrelo | 298.4 | 235.0 | 224.5 | 141.4 | 171.6 | 4.7 | 58.8 | -17.6 |
| Shida Kar-tli | 275.3 | 216.7 | 219.2 | 188.2 | 191.5 | -1.1 | 16.4 | -1.7 |
| **Total** | **356.7** | **280.9** | **248.4** | **197.7** | **191.6** | **13.1** | **25.7** | **3.2** |

The percentage change in consumption PAE by region is mostly in line with the changes in income PAE over the same period. Overall, the average PAE monthly consumption increased by 23.1 percent in monetary terms from 2013, which translates into 13.1 percent when adjusted for inflation.

Table 3.9 shows what percent of average household consumption PAE is covered by income in different regions and different years. In 2015, total average income PAE is only 74.3 percent of consumption. The highest rates are in Tbilisi and Adjara (88.8 and 85.2 percent respectively) and the lowest are in Kvemo Kartli and Samtskhe-Javakheti (58 and 58.3 percent respectively).

Table 3.9 Share of household income PAE in household consumption PAE by regions

| Region | 2009 | 2011 at 2009 prices | 2013 at 2009 prices | 2015 at 2009 prices |
|---|---|---|---|---|
| Tbilisi | 85.0 | 86.9 | 98.5 | 88.8 |
| Adjara | 69.7 | 63.9 | 91.7 | 85.2 |
| Guria | 78.8 | 54.5 | 80.7 | 63.1 |
| Imereti, Racha | 76.2 | 59.9 | 71.3 | 63.3 |
| Kakheti | 62.4 | 65.7 | 81.0 | 69.4 |
| Mtskheta-Mtianeti | 80.1 | 62.4 | 91.2 | 71.4 |
| Kvemo Kartli | 66.6 | 56.8 | 75.5 | 58.0 |
| Samtskhe-Javakheti | 67.2 | 52.3 | 66.7 | 58.3 |
| Samegrelo | 55.0 | 74.7 | 70.6 | 69.6 |
| Shida Kartli | 60.3 | 52.6 | 76.6 | 79.9 |
| **Total** | 72.9 | 68.9 | 83.2 | 74.3 |

*Note: 2009 (n=4,808), 2011 (n=4,147), 2013 (n=3,726) and 2015 (n=4,533)*

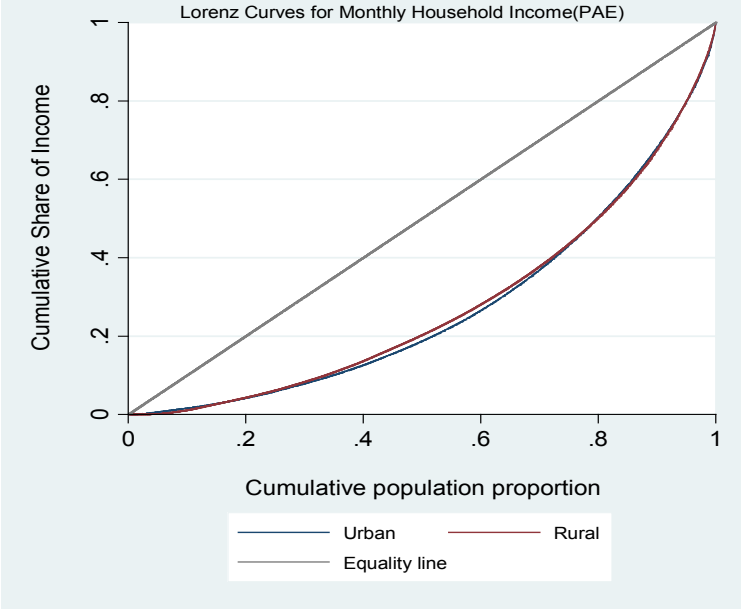
### 3.3 Income and Consumption inequality

Inequality[16] in income (PAE) has increased throughout the country since 2013 – from 0.41 to 0.43 in 2015. This increase occurred at the expense of urban areas where it went up from 0.40 to 0.42. In rural areas it remained at 0.39. At the same time, it is important to highlight that rural incomes on average are significantly lower than urban incomes, and more evenly distributed, while the higher incomes in urban areas are less evenly distributed (Figure 3.5).

Overall, inequality is less when measured by household consumption PAE (Gini coefficient = 0.36) than income PAE (Gini coefficient = 0.43).

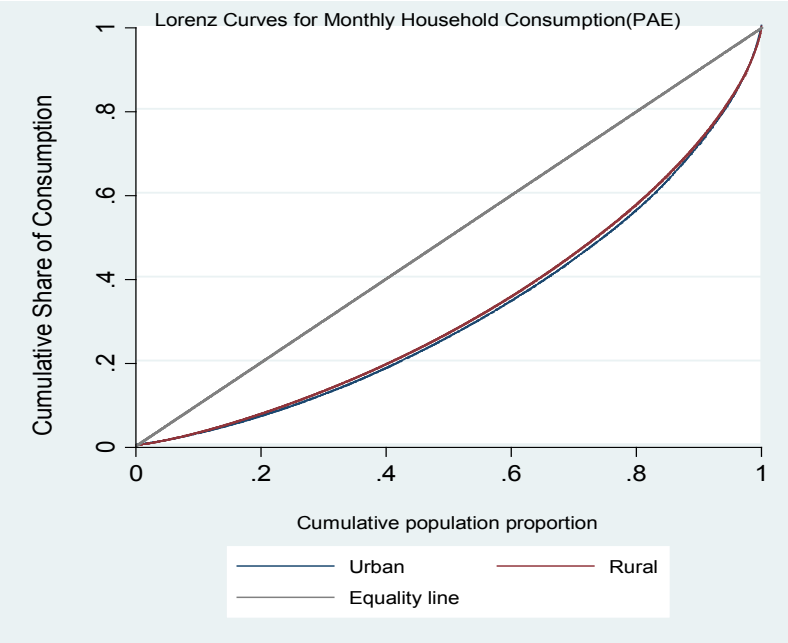
16 Illustrated using the Lorenz curve.

Figure 3.5: Inequality in urban and rural incomes in 2015




In 2015, inequality in household consumption PAE was lower (Gini coefficient = 0.36) than income PAE inequality (Gini coefficient = 0.43). However, as with income measurements, inequality in consumption was greater in urban (Gini coefficient = 0.365) areas than it was in rural areas (Gini coefficient = 0.346) (Figure 3.6).

Figure 3.6: Inequality in household consumption (PAE) by urban and rural areas in 2015



## Summary

WMS methodology calculates the total household income as the sum of any kind of income of each household member. According to the survey results, the average monthly household income increased from 562.2 GEL in 2013 to 608.9 GEL in 2015. After adjusting for inflation, in the last two years there have not been any significant increases in average household incomes.

When analyzing changes in income for panel households from 2013 to 2015, most better-off household incomes where increased in the form of salaries, whereas in the lower part of the distribution, increased social transfers played a major role. A decrease in the amount of private transfers were significant factors for those in worse-off households, whereas other sources of income decreased for the whole population.

On average, income per adult equivalent (PAE) has increased by 10 percent since 2013, although when adjusting for price, there is no significant change in average household income PAE in either urban or rural areas.

In 2015, the average total income of 608.9 GEL (not adjusted for inflation) was 74 percent of average consumption (821.8 GEL). In rural areas, income was only 63 percent of total consumption, due to an increased dependence on home production, compared to 83 percent in urban areas.
The share of food eaten in the home has decreased from over 43 percent in 2013, to 40 percent. At the same time, the share of long-term non-food consumption has increased. Interestingly, the share of healthcare-related consumption has slightly increased since 2013, this despite the introduction of the Universal Healthcare Program.

Food expenditures, long-term, non-food and expenditures on financial services were the main drivers of the consumption increase in panel households from 2013 to 2015. Payments on financial services increased in 80 percent of the distribution, whereas healthcare, other long-term non-food and food consumption increased for the whole distribution. Current non-food consumption decreased in the worse-off households, and education expenditures deceased marginally for the lower 80 percent of distribution.

Average monthly household consumption PAE was 356.7 GEL in 2015. Monthly consumption PAE was significantly higher in urban areas for each category, with the exception of eating in the home, for which rural households spent slightly more in absolute terms (148.7 GEL vs 144 GEL), and considerably more in relative to total consumption (47 percent vs 36.4 percent).

Since 2009, inflation-adjusted consumption on eating at home, long-term non-food consumption, and healthcare, have shown the greatest increase, while average spending on education demonstrated a slight decrease.

Inequality in income (PAE) has increased in the whole country since 2013 from 0.41 to 0.43 in 2015. This increase happened at the expense of urban areas where it went up from 0.40 to 0.42, whereas in rural areas it remained at 0.39.

Inequality in household consumption PAE was lower (Gini coefficient = 0.36) than income PAE inequality (Gini coefficient = 0.43) in 2015. However, as with income measurements, inequality in consumption was greater in urban (Gini coefficient = 0.365) areas than it was in rural areas (Gini coefficient = 0.346).

# 4. DIMENSIONS OF WELL-BEING

This report considers the well-being of people in Georgia using a range of perspectives, including levels and patterns of household consumption and material deprivation. As in previous reports, this report measures consumption poverty, access to basic utilities like water, sanitation and heating, and assesses the social dimensions of well-being in terms of access to education, employment, healthcare, financial services and social assistance.

## 4.1 Consumption poverty

The paper uses consumption to assess the monetary well-being of the population. Consumption is a more reliable indicator of household economic status than income in countries like Georgia. It is a better estimate of a household's long term or 'permanent' income, since it usually fluctuates less than income. A crisis such as the loss of a job or an illness that reduces work intensity could result in a decrease in income. Yet, during such a period, households may liquidate savings or take on a loan in order to smooth consumption.[17] At the same time, the decision of whether or not to use income or consumption as a poverty measure depends on the quality and availability of data. Income is very difficult to track accurately when many people are engaged in small-scale farming and/or when a considerable share of the population is employed in the informal sector. For this reason, income is likely to be underreported in Georgia and, as a result, consumption is a more accurate measure of poverty. The Georgian National Statistics Office also uses consumption to measure poverty and inequality.

However, using consumption as a measure also creates some challenges. It fails to capture economic shocks accurately. For the very reason that consumption fluctuates less than income, and may not immediately change as a result of economic shock, it may delay detecting the deteriorating situation of a household, making it more difficult for them to access a safety net against falling into poverty. Furthermore, neither income nor consumption discloses many dimensions of well-being, such as access to social services (e.g. healthcare and education). Therefore, the analysis is supplemented with a handful of secondary indicators.

The consumption variable used here includes the value of food consumption in and outside the home, as well as non-food consumption. It includes consumption from home production and in-kind consumption of goods and services, including health and education expenditures.

The percentage of the population living in households where consumption is below a specified poverty threshold is known as the *population poverty rate*, whereas the percentage of households below the threshold is the *household poverty rate*. The *child*[18] *poverty rate* is the share of children who live in poor households out of all children. The *pensioner poverty* rate is the share of pension-aged people living in households with the consumption under the poverty threshold out of all the pension-aged popula-

17 Friedman (1957) A theory of the consumption function.

18 The Convention on the Rights of the Child defines a child as a person under the age of 18 (UN Convention on the Rights of the Child, article 1). However, in this report we treat people aged 16 years or more as adults in accordance with the cut-off point used by Geostat for calculating the number of equivalent adults in each household. The Georgia Poverty Assessment of the World Bank (2008) and the reports on the WMS 2009 and 2011 also use this definition.

tion. The poverty gap for households, or people below a particular threshold, is the percentage of that threshold, by which consumption would need to rise on average to bring poor households above the threshold.

### *4.1.1 Poverty thresholds*

Consumption poverty is analyzed with respect to a specific poverty line. There are three main poverty lines used in this paper: two absolute lines – extreme and general – and one relative line. 'Absolute' poverty lines measure consumption relative to an international standard pegged in US Dollars: $2.50 per day for general poverty and $1.25 for extreme poverty. The methodology used converts USD into GEL for the year 2009, and then adjusts it using Consumer Price Index (CPI).[19] The 'relative poverty' line is set to 60 percent of national median consumption, as calculated by the National Statistics Office of Georgia. Measuring consumption-based poverty with a consistent threshold allows for comparison over time, particularly with panel data. To this end, we have used the same relative and absolute threshold definitions in 2015 as was used in the report in the WMS 2009, WMS 2011 and WMS 2013. According to the WMS 2015 survey, median household consumption (PAE) in 2015 was 286.3 GEL. Hence, the relative poverty line at 60 percent of the median consumption (PAE) is 171.8 GEL per month.

To allow for the WMS 2009, WMS 2011 and WMS 2013 comparisons for extreme (USD1.25 daily) and general (USD2.5 daily) absolute poverty, the 2015 report updates the GEL/month value of the poverty line to reflect 2015 prices using the consumer price index,[20] giving us an extreme poverty threshold of 77.6 GEL, and a general poverty threshold of 155.1 GEL per month PAE. It is worth noting that the continuous increase in average household consumption resulted in the relative poverty threshold being higher than the absolute thresholds in 2015.

Two additional poverty lines are considered for comparison purposes: subsistence minimum for the reference year and month, and the new absolute USD 1.90 daily threshold (referred as the new extreme poverty threshold by the World Bank Group). It should be noted, that the methodology used for calculating consumption poverty differs between UNICEF and the WBG: Firstly, WBG uses PPP exchange rate to calculate the poverty line in GEL and secondly, WBG reports per capita poverty rates rather than PAE poverty rates.

19 Haughton et al (2009) Handbook on poverty and inequality.
20 See 2.2.4 above

Table 4.1a shows poverty thresholds for all years using the above described methodology.

Table 4.1.a: Poverty Thresholds in different years (in GEL/month PAE)

| Thresholds | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| Extreme poverty | 61.1 | 71.7 | 71.2 | 77.6 |
| Relative poverty | 89.7 | 109.2 | 137.2 | 171.8 |
| General poverty | 122.2 | 143.4 | 142.4 | 155.1 |
| Subsistence minimum | 109.0 | 137.3 | 129.4 | 139.8 |
| New extreme poverty | 92.9 | 108.8 | 108.2 | 117.9 |

*Source: Author's calculations are based on the 2009, 2011, 2013 and 2015 Welfare Monitoring Surveys.*

### *4.1.2. Poverty trends among different groups*

The 2013 survey saw dramatic drops in the measurement of absolute poverty, especially among adults and pensioners, but little downward movement in rates of relative poverty and an incremental increase in relative child poverty. In 2015, the absolute poverty rates went down again, and the relative poverty changed only marginally.

The number of households below the relative poverty line increased by 0.6 percentage points from 20.1 percent to 20.7 percent between 2013 and 2015, and the percentage of children living in poor households fell to 26.8 percent, by 0.3 percentage points (Table 4.1b). Using the lowest threshold (77.6 GEL), 1.7 percent of households in Georgia and 2.1 percent of the population still live in extreme poverty. However, the percentage of children in extremely poor households has decreased to only 2.5 percent. Under the more realistic general poverty threshold, 16.4 percent of households and 21.7 percent of children remain poor.

In 2015, 11.9 percent of households and 13.3 percent of the population lived under the subsistence minimum. Even though there has been a substantial decline in the share of children under the subsistence minimum, every sixth child lives in a household where the minimum needs of the household members are not satisfied. Moreover, despite the 8.2 percent increase in CPI from 2011 to 2015, the monthly amount of the subsistence minimum increased only by 1.8 percent for the same period.

Table 4.1.b: Comparison of consumption poverty rates

| Poverty threshold | Measure | | 2009 | | 2011 | | 2013 | | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| | | GEL | WMS | GEL | WMS | GEL | WMS | GEL | WMS |
| Extreme | % households | 61.1 | 8.9 | 71.7 | 8.3 | 71.2 | 3.1 | 77.6 | 1.7 |
| | % population | | 9.9 | | 9.1 | | 3.9 | | 2.1 |
| | % children | | 11.5 | | 9.4 | | 6.0 | | 2.5 |
| | % pensioners | | 7.3 | | 8.1 | | 1.9 | | 1.7 |
| | | | | | | | | | |
| Relative | % households | 89.7 | 23.7 | 109.2 | 21.8 | 137.2 | 20.1 | 171.8 | 20.7 |
| | % population | | 25.7 | | 23.5 | | 22.9 | | 23.1 |
| | % children | | 28.4 | | 25.2 | | 27.1 | | 26.8 |
| | % pensioners | | 22.2 | | 21.3 | | 18.7 | | 19.3 |
| | | | | | | | | | |
| General | % households | 122.2 | 41.5 | 143.4 | 35.4 | 142.4 | 21.8 | 155.1 | 16.4 |
| | % population | | 44.8 | | 37.9 | | 24.6 | | 18.4 |
| | % children | | 49.0 | | 40.8 | | 28.4 | | 21.7 |
| | % pensioners | | 41.7 | | 36.6 | | 20.6 | | 15.0 |
| | | | | | | | | | |
| Subsistence minimum | % households | 109 | 34.4 | 137.3 | 32.9 | 129.4 | 18.0 | 139.8 | 11.9 |
| | % population | | 37.1 | | 35.6 | | 20.6 | | 13.3 |
| | % children | | 40.7 | | 38.6 | | 24.8 | | 15.6 |
| | % pensioners | | 34.0 | | 33.7 | | 16.4 | | 10.5 |
| | | | | | | | | | |
| USD 1.9/day | % households | 92.9 | 25.2 | 108.8 | 21.7 | 108.2 | 11.4 | 117.9 | 7.2 |
| | % population | | 27.4 | | 23.4 | | 13.4 | | 8.1 |
| | % children | | 30.4 | | 25.1 | | 16.3 | | 9.8 |
| | % pensioners | | 24.1 | | 21.2 | | 9.6 | | 6.3 |

*Note: **2009** n=4,646 households; 16,832 populations; 3,167 children; 3,383 pensioners; 2011 n=4,147 households; 14,837 populations; 2,713 children; 3,121 pensioners; 2013 n=3,726 households; 13,282 populations; 2,374 children; 2,883 pensioners; **2015** n=4,533 households; 16,155 populations; 2,939 children; 3,503 pensioners*

*Note: Extreme, General and USD 1.9/day poverty rates are adjusted for GeoStat's CPI in the corresponding month since 2009 and the Subsistence minimum rate is GeoStat's official subsistence minimum in: August 2011, August 2013 and August 2015.*

The growth elasticity of poverty is calculated as the negative of the ratio between the percentage change in the household poverty rate, and the percentage change in average household consumption, and shows to what extent the economic growth of the country is pro-poor. In numeric terms it shows how much the poverty rate decreased when the average consumption rate is increased by one percent. Between 2015 and 2013, growth elasticity of poverty was 1.9 and 3.5 for extreme and general poverty respectively. Meaning that a one percent increase in PAE consumption was associated with a 3.5 percent decrease in the extreme poverty rate (equivalent to the consumption of USD 1.25 per adult equivalent per day) and only 1.9 percent decrease in the general poverty rate (equivalent to the consumption of USD 2.5 per adult equivalent per day). Growth elasticity of poverty was twice as high for generally poor households in 2009-2011 compared to extremely poor households. It was gradually increased for extremely poor households, suggesting that Georgia's extremely poor tend to benefit more from increased consumption in the most recent years.

Table 4.1.c Growth elasticity of poverty in 2009-2015

| **Percent Change** | **2009-2011** | **2011-2013** | **2013-2015** |
|---|---|---|---|
| Average consumption PAE in 2009 prices | 4% | 26% | 13% |
| USD 1.25/day household poverty rate | -7% | -63% | -45% |
| USD 2.5/day household poverty rate | -15% | -38% | -25% |
| | | | |
| **Growth elasticity of poverty** | **2009-2011** | **2011-2013** | **2013-2015** |
| Extreme poverty | 1.8 | 2.4 | 3.5 |
| General poverty | 3.9 | 1.5 | 1.9 |

### *4.1.3 Rural and urban poverty*

Rural areas have more people under the three poverty lines than urban areas do. Yet, when the depth of extreme poverty (poverty gap) is in question, the urban areas experience higher gaps for all years except for 2011 In 2015, the urban extreme poverty gap decreased slightly (23.4 percent), while the rural extreme poverty gap increased (from 19 percent to 22.9 percent), thus making them very similar to each other (Table 4.2). Consumption would have had to increase by nearly one quarter (23.1 percent) of the extreme poverty line on average in 2015 to lift households out of extreme poverty.

Extreme poverty rates showed no significant change between 2009 and 2011, but there was a significant reduction of extreme poverty rates in 2013 and 2015.

Table 4.2: Extreme Consumption Poverty Changes 2009 to 2015

| | | 2009 | 2011 | 2013 | 2015 | % point change (2011-2009) | % point change (2013-2011) | % point change (2015-2013) |
|---|---|---|---|---|---|---|---|---|
| | Urban | 8.6 | 7.0 | 2.7 | 1.5 | -1.6 | -4.3 | -1.2 |
| Household (%) | Rural | 9.3 | 9.6 | 3.5 | 1.9 | -0.3 | -6.1 | -1.6 |
| | Total | 8.9 | 8.3 | 3.1 | 1.7 | -0.6 | -5.2 | -1.4 |
| | Urban | 33.9 | 24.0 | 24.1 | 23.4 | -9.9 | -0.1 | -0.7 |
| Poverty gap (%) | Rural | 26.5 | 29.4 | 19.0 | 22.9 | 2.9 | -10.4 | 3.9 |
| | Total | 30.1 | 27.1 | 21.3 | 23.1 | -3.0 | -5.8 | 1.8 |

*Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533)*

| *Thresholds* | *2009* | *2011* | *2013* | *2015* |
|---|---|---|---|---|
| *Extreme Poverty* | *61.1* | *71.7* | *71.2* | *77.6* |

Poverty gaps have also equalized on the relative measurement in 2015. The urban poverty gap was further reduced by 2.5 percentage points (Table 4.3). Although the rural relative poverty rate is 7.5 percentage points higher than the urban rate.

Table 4.3: Relative Consumption Poverty Changes 2009 to 2015

| | | 2009 | 2011 | 2013 | 2015 | % point change (2011-2009) | % point change (2013-2011) | % point change (2015-2013) |
|---|---|---|---|---|---|---|---|---|
| | Urban | 19.9 | 18.0 | 16.3 | 17.0 | -1.9 | -1.7 | 0.7 |
| Household (%) | Rural | 27.7 | 25.6 | 24.1 | 24.5 | -2.1 | -1.4 | 0.4 |
| | Total | 23.7 | 21.8 | 20.1 | 20.7 | -2.0 | -1.7 | 0.6 |
| | Urban | 32.6 | 29.5 | 28.4 | 25.9 | -3.1 | -1.1 | 2.5 |
| Poverty gap (%) | Rural | 26.5 | 30.5 | 26.7 | 26.1 | 4.0 | -3.8 | -0.6 |
| | Total | 29.1 | 30.0 | 27.4 | 26.0 | 0.9 | -2.6 | -1.4 |

*Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533)*

| *Thresholds* | *2009* | *2011* | *2013* | *2015* |
|---|---|---|---|---|
| *Relative Poverty* | *89.7* | *109.2* | *137.2* | *171.8* |

General poverty still affects over 19.2 percent of rural households, compared to 13.6 percent of households in urban areas. However, there has been a significant fall in general poverty rates in all areas (Table 4.4), especially in rural areas.

Table 4.4: General Consumption Poverty Changes 2009 to 2015

| | | 2009 | 2011 | 2013 | 2015 | % point change (2011-2009) | % point change (2013-2011) | % point change (2015-2013) |
|---|---|---|---|---|---|---|---|---|
| | Urban | 34.9 | 30.8 | 17.5 | 13.6 | -4.1 | -13.3 | -3.9 |
| Household (%) | Rural | 48.3 | 40.1 | 26.2 | 19.2 | -8.2 | -13.9 | -7.0 |
| | Total | 41.5 | 35.4 | 21.8 | 16.4 | -6.1 | -13.6 | -5.4 |
| | Urban | 34.7 | 31.9 | 28.9 | 23.8 | -2.8 | -3.0 | -5.1 |
| Poverty gap (%) | Rural | 32.2 | 34.3 | 27.2 | 24.6 | 2.1 | -7.1 | -2.6 |
| | Total | 33.1 | 33.2 | 27.9 | 24.2 | 0.1 | -5.3 | -3.7 |

*Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533)*

| *Thresholds* | *2009* | *2011* | *2013* | *2015* |
|---|---|---|---|---|
| *General Poverty* | *122.2* | *143.4* | *142.4* | *155.1* |

### *4.1.4 Children in households*

In 2015, 38.5 percent of households include at least one child. In all four rounds of the survey, poverty rates were higher in households that had children in them than in those without (Table 4.5a to 4.5c). As the *number* of children in the household increases, poverty rates measured on the relative and general thresholds all remain significantly higher. Using the relative poverty line as an example, 24.5 percent of households with one or two children are living in poverty. This figure rises significantly to almost 32 percent for households with three or more children.

Table 4.5a: Variation in extreme poverty for households with different numbers of children in 2009, 2011, 2013 and 2015

| Type of household | Poverty rate (% house-holds) | $\chi^2$ Sig. | Poverty rate (% house-holds) | $\chi^2$ Sig. | Poverty rate (% house-holds) | χ2 Sig. | Poverty rate (% house-holds) | χ2 Sig. |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| With no children | 7.8 | ** | 7.2 | ** | 1.9 | *** | 1.3 | * |
| With chil-dren | 10.5 | | 9.9 | | 5.1 | | 2.4 | |
| With no children | 7.8 | *** | 7.2 | ** | 1.9 | *** | 1.3 | * |
| With 1 or 2 children | 9.8 | | 10 | | 4.2 | | 2.5 | |
| With 3+ children | 16 | | 9.5 | | 10.2 | | 1.2 | |
| **Total** | **8.9** | | **8.3** | | **3.1** | | **1.7** | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.5b: Variation in relative poverty for households with different numbers of children in 2009, 2011, 2013 and 2015

| Type of household | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| With no children | 21.5 | *** | 19.9 | *** | 16.5 | *** | 17.7 | *** |
| With children | 26.8 | | 24.5 | | 26.1 | | 25.5 | |
| With no children | 21.5 | *** | 19.9 | *** | 16.5 | *** | 17.7 | *** |
| With 1 or 2 children | 25.4 | | 23.7 | | 25.1 | | 24.5 | |
| With 3+ children | 36.7 | | 30.1 | | 32.5 | | 31.7 | |
| **Total** | **23.7** | | **21.8** | | **20.1** | | **20.7** | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.5c: Variation in general poverty for households with different numbers of children in 2009, 2011, 2013 and 2015

| Type of household | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| With no children | 38.3 | *** | 33 | *** | 18.3 | *** | 13.8 | *** |
| With children | 46 | | 39 | | 27.6 | | 20.5 | |
| With no children | 38.3 | *** | 33 | *** | 18.3 | *** | 13.8 | *** |
| With 1 or 2 children | 44.2 | | 37.5 | | 26.6 | | 20.0 | |
| With 3+ children | 59.1 | | 49.5 | | 33.3 | | 24.3 | |
| **Total** | **41.5** | | **35.4** | | **21.8** | | **16.4** | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

The overall child poverty rate varied between 11.5 percent and 49 percent among children in 2009, depending on the threshold used. In 2011, it fell, ranging from 9.4 percent to 40.8 percent between thresholds. In 2013, the range was 6.0 percent to 28.4 percent, and in 2015 – from 2.5 to 26.8 percent (Table 4.6). However, for every threshold, the percentage of children living in poor households still remains higher than the headcount for the whole population, and higher than the rate of pensioners.

Table 4.6: Poverty rates 2009, 2011, 2013 and 2015

| | Poverty threshold | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Extreme | | | | Relative | | | | General | | | |
| % poor | 2009 | 2011 | 2013 | 2015 | 2009 | 2011 | 2013 | 2015 | 2009 | 2011 | 2013 | 2015 |
| Households | 8.9 | 8.3 | 3.1 | 1.7 | 23.7 | 21.8 | 20.1 | 20.7 | 41.5 | 35.4 | 21.8 | 16.4 |
| Children | 11.5 | 9.4 | 6.0 | 2.5 | 28.4 | 25.2 | 27.1 | 26.8 | 49.0 | 40.8 | 28.4 | 21.7 |
| Pensioners | 7.3 | 8.1 | 1.9 | 1.7 | 22.2 | 21.3 | 18.7 | 19.3 | 41.7 | 36.6 | 20.6 | 15.0 |
| Population | 9.9 | 9.1 | 3.9 | 2.1 | 25.7 | 23.5 | 22.9 | 23.1 | 44.8 | 37.9 | 24.6 | 18.4 |

### *4.1.5 Pensioner households*

Old-age pensioners are defined as men over 64 years-old and women over 59. Over half (57 percent) of all households include at least one pensioner and 48 percent of households with children include one pensioner or more. 18.6 percent of households include at least one old-age pensioner, and at least one child. Here we compare households consisting of only old-age pensioners with other types of households. Poverty rates are consistently lower in old age pensioner-only compared to other[21] types of households in 2015, as in other rounds of the survey. (Table 4.7a to 4.7c).

Table 4.7a: Extreme Poverty Variation with Pensioner Household Type 2009, 2011, 2013 and 2015

| Type of household | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| Not pensioners only | 9.5 | * | 9.0 | ** | 3.5 | ** | 1.9 | * |
| Single pensioner | 6.2 | | 4.9 | | 1.7 | | 0.6 | |
| Pensioner only household with more than 1 pensioner | 6.0 | | 5.4 | | 0 | | 0.9 | |
| **Total** | **8.9** | | **8.3** | | **3.1** | | **1.7** | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

21 *Not pensioners only* households are all households except for those that consist only by one or several pension-aged people.

Table 4.7b: Relative Poverty Variation with Pensioner Household Type 2009, 2011, 2013 and 2015

| Type of household | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| Not pensioners only | 24.5 | | 23.0 | | 22.1 | | 22.5 | |
| Single pensioner | 18.8 | * | 14.8 | *** | 11.7 | *** | 12.7 | *** |
| Pensioner only household with more than 1 pensioner | 21.1 | | 17.9 | | 9.8 | | 11.4 | |
| **Total** | **23.7** | | **21.8** | | **20.1** | | **20.7** | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.7c: General Poverty Variation with Pensioner Household Type 2009, 2011, 2013 and 2015

| Type of household | Poverty rate (% households) | $\chi^2$ Sig.w | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. | Poverty rate (% households) | $\chi^2$ Sig. |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| Not pensioners only | 42.6 | | 36.6 | | 23.8 | | 17.9 | |
| Single pensioner | 34.0 | ** | 28.5 | *** | 13.3 | *** | 10.1 | *** |
| Pensioner only household with more than 1 pensioner | 38.3 | | 31.9 | | 11.1 | | 8.0 | |
| **Total** | **41.5** | | **35.4** | | **21.8** | | **16.4** | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

### *4.1.6 Poverty by regions*

Poverty rates vary substantially across the regions. The extreme poverty rate is too small to differentiate significantly by regions, but the sample size does allow us to do so for relative and general poverty rates. According to the data, Shida Kartli has the highest share of households and population under the relative and general thresholds in 2015, and Kvemo Kartli has the lowest.

Table 4.8: Variation in measures of relative poverty (< 171.8 GEL) and absolute poverty (<155.1 GEL) by regions in 2015 (n=4,533)

| | Household poverty rate | | Population poverty rate | | Child poverty rate | | Pensioner poverty rate | |
|---|---|---|---|---|---|---|---|---|
| | Relative | General | Relative | General | Relative | General | Relative | General |
| Tbilisi | 17.2 | 14.4 | 17.6 | 14.8 | 19.5 | 16.4 | 17.6 | 15.2 |
| Ajara | 22.4 | 16.6 | 22.2 | 16.6 | 23.5 | 16.5 | 22.3 | 15.9 |
| Guria | 27.9 | 20.8 | 31.1 | 23.6 | 36.1 | 26.4 | 27.3 | 18.3 |
| Imereti, Ra-cha | 20.6 | 15.9 | 25.3 | 19.6 | 32.3 | 26.4 | 18.8 | 14.1 |
| Kakheti | 21.9 | 17.9 | 24.9 | 20.9 | 30.4 | 25.8 | 22.5 | 17.7 |
| Mtskhe-ta-Mtianeti | 24.6 | 20.1 | 25.2 | 19.9 | 24.6 | 19.1 | 20.5 | 17.3 |
| Kvemo Kartli | 12.9 | 10.7 | 14.2 | 11.6 | 16.4 | 13.7 | 8.5 | 7.2 |
| Samtskhe-Javakheti | 15.9 | 12.4 | 15.5 | 12.5 | 16.2 | 13.8 | 12.6 | 10.6 |
| Samegrelo | 26.0 | 19.6 | 32.2 | 24.7 | 38.7 | 28.9 | 23.2 | 17.1 |
| Shida Kartli | 31.8 | 25.2 | 40.5 | 32.3 | 50.8 | 43.4 | 26.5 | 18.7 |
| **Total** | **20.7** | **16.4** | **23.1** | **18.4** | **26.8** | **21.7** | **19.3** | **15.0** |

### *4.1.7 Poverty and education*

Lower poverty rates for households, population and children are all generally associated with higher levels of education attained by adults in the household. Poverty gaps also fall with increasing levels of education (Tables 4.9a to 4.9c).

Table 4.9a: Variation in measures of extreme poverty (Poverty line = 77.6 GEL) with the highest education level attained by anyone in the household in 2015

| | Household poverty (%) | $\chi^2$ Sig. | Poverty gap (%) | | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Education level: | | | | | | |
| None | 1.6 | ** | 5.3 | | 1.9 | 2.4 |
| Secondary | 2.8 | | 23.3 | | 3.1 | 3.5 |
| Vocational | 1.9 | | 25.3 | | 2.5 | 3.1 |
| Higher | 1.0 | | 23.3 | | 1.3 | 1.6 |
| **Total (n=4,533)** | **1.7** | | **23.1** | | **2.1** | **2.5** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.9b: Variation in measures of relative poverty (Poverty line = 171.8 GEL) with the highest education level attained by anyone in the household in 2015

| | Household poverty (%) | $\chi^2$ Sig. | Poverty gap (%) | | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Education level: | | | | | | |
| None | 24.5 | *** | 23.8 | | 29.7 | 33.8 |
| Secondary | 30.7 | | 27.4 | | 35.3 | 41.8 |
| Vocational | 24.2 | | 26.9 | | 29.4 | 34.6 |
| Higher | 12.5 | | 23.4 | | 13.6 | 14.3 |
| **Total (n=4,533)** | **20.7** | | **26.0** | | **23.1** | **26.8** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.9c: Variation in measures of general poverty (Poverty line = 155.1 GEL) with the highest education level attained by anyone in the household in 2015

| | Household poverty (%) | $\chi^2$ Sig. | Poverty gap (%) | | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Education level: | | | | | | |
| None | 19.2 | *** | 21.7 | | 25.5 | 33.8 |
| Secondary | 23.9 | | 26.6 | | 27.9 | 33.3 |
| Vocational | 19.8 | | 24.4 | | 24.5 | 29.4 |
| Higher | 9.8 | | 20.8 | | 10.4 | 11.0 |
| **Total (n=4,533)** | **16.4** | | **24.2** | | **18.4** | **21.7** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

**The education of women in households is statistically important.** The relationship between women's education and poverty status becomes more significant when applying higher poverty thresholds. In terms of both relative and general poverty, both the percentage of poor households and the percentage of people affected decrease sharply with the increasing educational achievements of women.

On average, poverty rates decrease with women's education, reflecting not only greater command over resources, but also perhaps more choices about the balance between family care and paid work (Tables 4.10a to 4.10c). The poverty rate of households where women have higher education is at least half of the poverty rates of other types of households

.

Table 4.10a: Variation in measures of extreme poverty (Poverty line = 77.6 GEL) with the highest education level attained by women in the household in 2015

| | Household poverty (%) | $\chi^2$ Sig. | Poverty gap (%) | | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Highest female education level: | | | | | | |
| None | 1.7 | * | 10.5 | | 1.8 | 1.5 |
| Secondary | 2.5 | | 19.9 | | 3.0 | 3.4 |
| Vocational | 1.6 | | 19.9 | | 2.0 | 2.6 |
| Higher | 0.7 | | 28.6 | | 1.2 | 1.7 |
| **Total (n=4,323)** | **1.6** | | **20.9** | | | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001excludes all-male households*

Table 4.10c: Variation in measures of general poverty (Poverty line = 155.1 GEL) with the highest education level attained by women in the household in 2015

| | Household poverty (%) | $\chi^2$ Sig. | Poverty gap (%) | | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Highest female education level: | | | | | | |
| None | 20.3 | *** | 22.0 | | 26.5 | 37.9 |
| Secondary | 22.5 | | 25.8 | | 25.8 | 30.4 |
| Vocational | 18.7 | | 23.5 | | 21.9 | 24.3 |
| Higher | 9.2 | | 20.5 | | 9.9 | 11.0 |
| **Total (n=4,323)** | **16.5** | | **23.8** | | | |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001excludes all-male households*

### *4.1.8 Poverty and employment*

The Welfare Monitoring Survey provides data about whether each household member over 15 years-old was engaged in any economic activity during the previous week, even if only for one hour. However, the data does not allow us to calculate the unemployment or employment rate. The current report divides the employment condition of a household by the following categories: regular earners, employed in some way, and employed or owns land. The *regular earners* consist of households where any member of the household works in a private or public institution, in an organization on a salary or wage, or is self-employed in a trade, craft or professional activity. The *employed in some way* unites regular earners together with people who work their own land, take care of livestock, do other agricultural work or have temporary jobs with remuneration in cash or in kind. The *employed or owns land* category groups anyone who is *employed or owns land*,

whether or not they work that land themselves. The relative frequencies of households in each category are shown in Table 4.11. None of these measures represents the unemployment rate, or the percentage of people who are out of work.

The table shows that the percentage of households with anyone in employment or those in the category "anyone employed in some way or a land owner" decreased from 2013 to 2015. And only half of households have a regular earner.

Table 4.11: Employment status of households in 2009, 2011, 2013 and 2015 using three different definitions to provide three household categories

| Household status | % of households 2009 (n=4,646) | % of households 2011 (n=4,147) | % of households 2013 (n=3,726) | % of households 2015 (n=4,533) |
|---|---|---|---|---|
| Any regular earner | 39.5 | 41.4 | 49.0 | 50.0 |
| Anyone employed in some way | 57.8 | 63.1 | 80.2 | 70.0 |
| Anyone employed in some way or a land owner | 80.6 | 82.7 | 87.4 | 85.1 |

Tables 4.12a to 4.12c compare households in each 'employment' category with all other households. Households with anyone employed in any of the three senses described above have significantly lower poverty rates than those where no one is employed. For example, **having a member of the household in regular paid work reduces the risk of relative child poverty by more than twice**.

Table 4.12a: Variation in measures of extreme poverty (< 77.6 GEL) with measures of employment in households in 2015 (n=4,533).

| | Household poverty rate (%) | $\chi^2$ Sig. | Poverty gap (%) | t-test sig | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Any regular earners | 0.9 | ** | 23.2 | ns | 1.2 | 1.9 |
| No earner | 2.5 | | 23.1 | | 3.3 | 3.6 |
| Anyone employed in some way | 1.4 | ns | 23.3 | ns | 1.6 | 2.3 |
| No one employed | 2.4 | | 22.8 | | 3.6 | 3.7 |
| Anyone employed or a landowner | 1.4 | * | 22.2 | *** | 1.8 | 2.5 |
| No one employed or a landowner | 3.2 | | 25.5 | | 4.4 | 3.1 |
| **Total** | **1.7** | | **23.1** | | **2.1** | **2.5** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.12b: Variation in measures of relative poverty (< 171.8 GEL) with measures of employment in households in 2015 (n=4,533)

| | Household poverty rate (%) | $\chi^2$ Sig. | Poverty gap (%) | t-test sig | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Any earners | 12.3 | *** | 22.1 | *** | 14.1 | 17.1 |
| No earner | 29.1 | | 27.7 | | 35.9 | 43.8 |
| Anyone employed | 17.1 | *** | 25.2 | *** | 19.0 | 22.3 |
| No one employed | 29.1 | | 27.2 | | 38.6 | 51.2 |
| Anyone employed or a landowner | 18.8 | *** | 25.0 | *** | 21.3 | 24.8 |
| No one employed or a landowner | 31.3 | | 29.4 | | 39.6 | 49.7 |
| **Total** | **20.7** | | **26.0** | | **23.1** | **26.8** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.12c: Variation in measures of general poverty (< 155.1 GEL) with measures of employment in households in 2015 (n=4,533)

| | Household poverty rate (%) | $\chi^2$ Sig. | Poverty gap (%) | t-test sig | Headcount rate (%) | Child poverty (%) |
|---|---|---|---|---|---|---|
| Any earners | 9.1 | *** | 20.5 | *** | 10.4 | 12.8 |
| No earner | 23.7 | | 25.7 | | 29.7 | 37.0 |
| Anyone employed | 13.3 | *** | 23.5 | *** | 14.8 | 17.6 |
| No one employed | 23.6 | | 25.2 | | 31.8 | 43.0 |
| Anyone employed or a landowner | 14.6 | *** | 23.4 | *** | 16.6 | 19.7 |
| No one employed or a landowner | 26.3 | | 26.9 | | 34.3 | 43.5 |
| **Total** | **16.4** | | **24.2** | | **18.4** | **21.7** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

While questions related to employment activities refer only to the week prior to the survey, the assessment of poverty is based on questions related to consumption during the previous year (health care, education, long-term non-food expenditures) and week (food expenditure in and outside the home, and current non-food expenditures). A household may have no members who have been employed in any way during the previous week and be classed as 'no employment', but one or more people in the household may have been engaged in employment activity at other points during the year, and thus have a higher overall consumption level than might be expected from their employment status. The households with no employment or land ownership, for example, have an average PAE income of 191 GEL per month.

## 4.2 Material deprivation

### *4.2.1 Durable household goods*

Material deprivation is measured here in terms of certain durable goods in a household. As in previous reports, analysis includes the following items: cars, cell phones, washing machines, televisions, refrigerators, vacuum cleaners and irons (Table 4.13). As in the table below, a larger proportion of old-age pensioners live in households lacking each of the selected items, particularly electronic goods, such as cell phones and televisions. While a smaller proportion of old-age pensioners fall into consumption poverty, material deprivation provides a different picture. This may be because the elderly feel that it is less necessary to own such durable goods compared with other age groups, given the same economic conditions based on consumption.

Table 4.13: Lack of key household items in 2015 (n=4,533)

| | % of households lacking item | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| No vacuum cleaner | 66.5 | 63.6 | 62.5 | 67.7 |
| No car | 66.8 | 60.1 | 56.9 | 69.9 |
| No washing machine | 34.3 | 28.2 | 24.1 | 37.0 |
| No refrigerator | 15.7 | 13.2 | 12.9 | 14.6 |
| No cell phone | 2.9 | 1.5 | 0.7 | 3.8 |
| No iron | 10.8 | 8.8 | 7.8 | 11.1 |
| No television | 3.3 | 2.3 | 2.4 | 2.8 |

If you compare the percentage of households lacking various types of items over time, one can observe that the overall share of such households is less than what it was in 2009, 2011 and 2013, except for the iron (Table 4.14).

Table 4.14: Lack of key household items in 2009, 2011, 2013 and 2015

| | % of households lacking item 2009 | % of households lacking item 2011 | % of households lacking item 2013 | % of households lacking item 2015 |
|---|---|---|---|---|
| Vacuum cleaner | 79.3 | 76.9 | 73.8 | 66.5 |
| Car | 78.7 | 76.1 | 70.5 | 66.8 |
| Washing machine | 67.7 | 59.8 | 44.4 | 34.3 |
| Refrigerator | 42.8 | 32.9 | 21.8 | 15.7 |
| Cell phone | 34.9 | 20.5 | 14.8 | 2.9 |
| Iron | 15.1 | 14.8 | 9.4 | 10.8 |
| Television | 8.7 | 7.1 | 3.7 | 3.3 |

A household is regarded as materially deprived if it lacks five or more of the listed items. Table 4.15 shows that in 2015 only 5.6 percent of households are deprived, compared with 10.3 percent in 2013, 17.5 percent in 2011 and 27.2 percent in 2009.

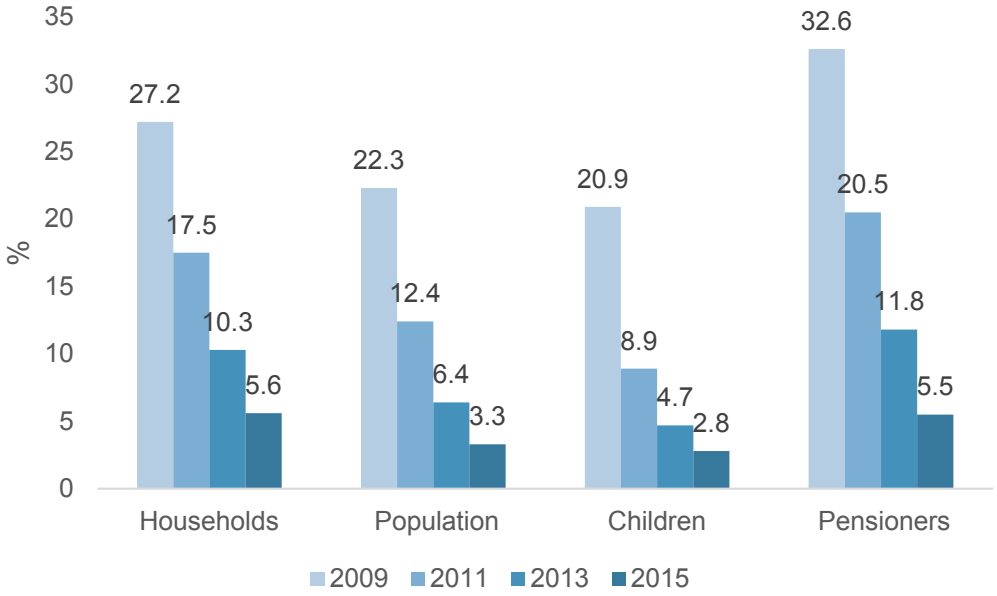
Table 4.15: Number of selected durable goods lacked by households in 2015 (n=4,533)

| Number of selected types of item lacked | % of households lacking | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| 0 | 15.9 | 19.4 | 21.9 | 13.9 |
| 1 | 25.4 | 28.0 | 28.9 | 25.5 |
| 2 | 24.6 | 24.5 | 23.7 | 24.4 |
| 3 | 17.9 | 15.8 | 14.5 | 19.5 |
| 4 | 10.6 | 9.0 | 8.3 | 11.1 |
| 5 | 4.2 | 2.6 | 2.3 | 4.0 |
| 6 | 1.1 | 0.6 | 0.5 | 1.1 |
| 7 | 0.3 | 0.1 | 0.0 | 0.4 |
| | 100 | 100 | 100 | 100 |

*Note: Shaded cells indicate households lacking 5 or more types of goods*

Proportionately, this material deprivation still affects more pensioners (5.5 percent) than children (2.8 percent) or the population as a whole (3.3 percent). However, over the last two years, material deprivation has fallen across all groups (Figure 4.1).

Figure 4.1: Changes in material deprivation between 2009, 2011, 2013 and 2015




### *4.2.2 Housing conditions*

Table 4.16 shows that the most frequently reported kinds of housing problems in 2015 were leaking roofs, damp dwellings and damaged roofs, floors and walls. A considerable share of children lives in households that are considered small dwellings.

Table 4.16: Housing problems reported by households in 2015 (n=4,533)

| | % of households experiencing problem | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Damaged, leaking roof | 33.8 | 33.7 | 33.9 | 35.0 |
| Damaged floor or walls | 32.2 | 31.0 | 31.4 | 32.4 |
| Earth floor | 6.4 | 5.7 | 5.6 | 6.3 |
| Dwelling is damp | 32.6 | 31.7 | 31.1 | 32.7 |
| Broken windows | 14.7 | 14.5 | 15.2 | 14.7 |
| Insufficient light | 6.5 | 6.0 | 6.3 | 5.5 |
| Noise | 8.8 | 8.3 | 8.1 | 8.7 |
| Dwelling too small | 16.6 | 19.8 | 22.6 | 12.4 |

The percentage of households experiencing each housing problem had decreased from 2011 to 2013, but began increasing again in 2015. Also, there was a marginal increase recorded in the percentage of children living in problematic housing in 2015 (Table 4.17).

Table 4.17: Percentage of children in households with housing problems in 2009, 2011, 2013 and 2015

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| Damaged, leaking roof | 43.0 | 36.9 | 33.0 | 33.9 |
| Damaged floor or walls | 40.3 | 35.0 | 28.3 | 31.4 |
| Earth floor | 13.9 | 11.5 | 4.7 | 5.6 |
| Dwelling is damp | 43.1 | 38.6 | 29.0 | 31.1 |
| Broken windows | 20.3 | 16.8 | 10.8 | 15.2 |
| Insufficient light | 11.6 | 12.1 | 4.6 | 6.3 |
| Noise | 10.2 | 9.3 | 6.3 | 8.1 |
| Dwelling too small | 39.2 | 32.4 | 24.4 | 22.6 |

Households are deemed to be experiencing housing deprivation if they experience at least two major housing problems from the list above, and the dwelling condition is confirmed by the interviewer to be in bad or very bad condition. Under this definition, the household rate of housing deprivation was 24.7 percent in 2015 (Table 4.18). As can be observed, housing deprivation is significantly worse in rural areas compared with urban areas, except for children. Even though the percentage of housing deprivation is lower for urban children, the difference is not statistically significant.

Table 4.18: Populations with housing deprivation in urban and rural areas in 2015

| | Urban | Rural | Total | Significance of difference |
|---|---|---|---|---|
| % of households in housing deprivation | difference | 30.3 | 24.7 | *** |
| % of total population living in such households | 18.4 | 27.2 | 22.8 | *** |
| % of all children living in such households | 20.8 | 26.6 | 23.6 | ns |
| % of all pensioners living in such households | 19.7 | 28.5 | 24.4 | *** |

The rate of housing deprivation fell substantially between 2009 and 2013, though it increased again in 2015. The percentage of children living in households suffering housing deprivation has increased by

5.3 percentage points, from 17.9 percent in 2013 to 23.6 percent in 2015. A significant number of families with children face housing deprivation, such as damp dwelling, with damaged roof, floor or walls. For pensioners, housing deprivation is a growing issue as well (Table 4.19).

Table 4.19: Households and groups experiencing housing deprivation in 2015 compared to 2009, 2011 and 2013

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| % of households in housing deprivation | 27.6 | 25.9 | 20.6 | 24.7 |
| % of total population living in such households | 26.5 | 23.8 | 19.1 | 22.8 |
| % of all children living in such households | 27.5 | 22.2 | 17.9 | 23.6 |
| % of all pensioners living in such households | 28.9 | 28.3 | 19.5 | 24.4 |

### *4.2.3 Double material deprivation*

Double material deprivation refers to households with material deprivation in durable goods *and* in housing. Household rates of double material deprivation continued to drop in 2015 to 3.7 percent. Prior to that, it was 5.5 percent in 2013 and as high as 10.6 percent in 2011. This decline benefited all groups. The percentage of all children living in households experiencing double material deprivation fell significantly from 13 percent in 2009 to 2.3 per cent in 2015 (Table 4.20).

Table 4.20: Households and groups experiencing double material deprivation in 2009, 2011, 2013 and 2015

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| % of households | 15.0 | 10.6 | 5.5 | 3.7 |
| % of total population living in such households | 12.7 | 7.6 | 3.6 | 2.3 |
| % of all children living in such households | 13.0 | 5.7 | 2.9 | 2.3 |
| % of all pensioners living in such households | 17.7 | 12.3 | 6.0 | 3.4 |

## 4.3 Subjective poverty

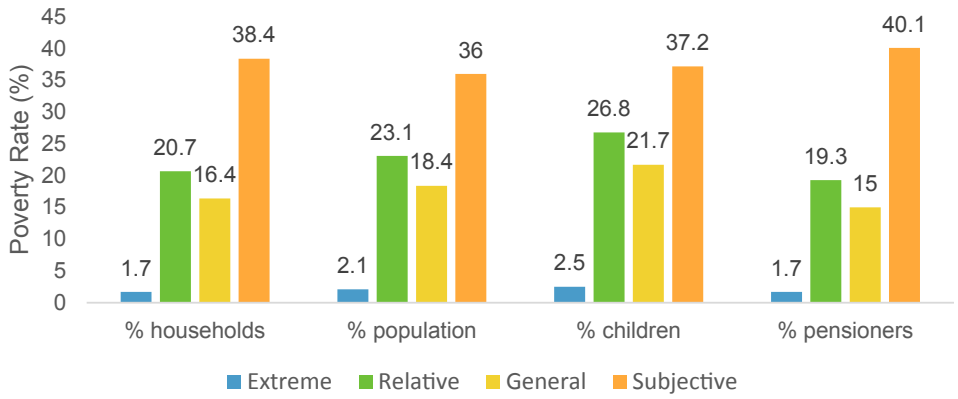
Subjective poverty is based on the self-assessment of households. Households are considered subjectively poor if they state that either they cannot provide enough food for themselves, or that they feed themselves so poorly that their health is endangered. 38.4 percent of all households are subjectively poor according to this criterion. **Even though there was a decline in consumption poverty rates in 2015, people's perceptions of being in poverty have increased. These subjectively poor households comprise 36 percent of the population, 37.2 percent of all children and 40.1 per cent of all pensioners.** (Table 4.21).

Table 4.21: Changes in subjective poverty rates between 2009, 2011, 2013 and 2015

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| % of households in subjective poverty | 39.2 | 40.8 | 26.9 | 38.4 |
| % of total population living in such households | 36.9 | 36.3 | 24.3 | 36.0 |
| % of all children living in such households | 36.3 | 32.1 | 22.9 | 37.2 |
| % of all pensioners living in such households | 43.7 | 43.3 | 25.8 | 40.1 |

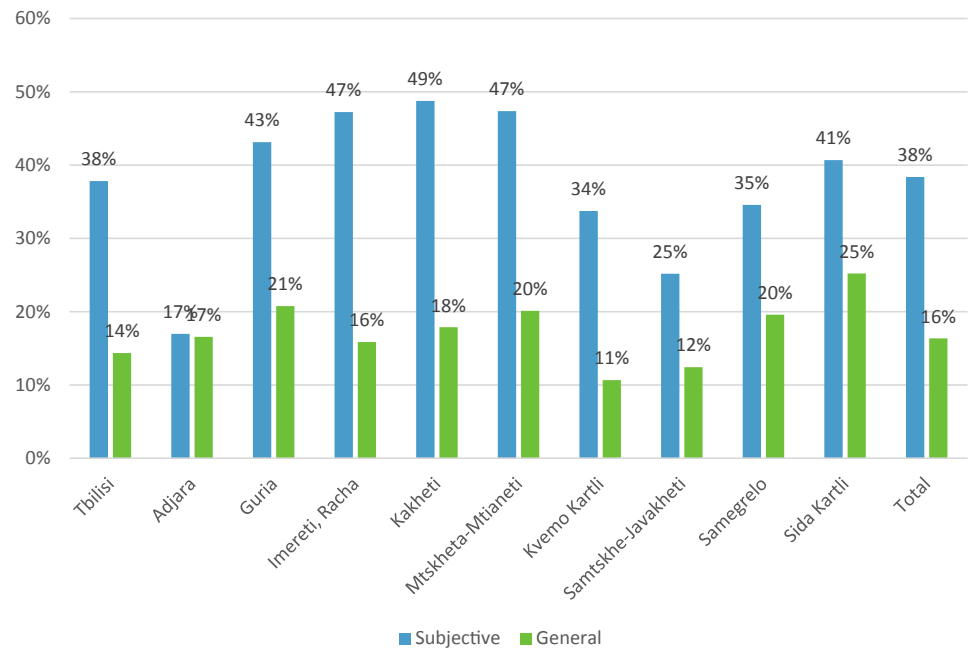
When comparing the subjective poverty assessment with the monetary poverty rates, one can observe that all groups have a much more pessimistic assessment of their situation than what the consumption poverty rates actually show. This once again puts into question whether the monetary thresholds used in previous years still provide a realistic measurement of poverty.

Figure 4.2: Comparison of subjective and other poverty rates in 2015




Even though the overall subjective household poverty rate is 38 percent, and only 16 percent of them are under the general poverty threshold, the variation by regions is quite remarkable: the subjective and general poverty rates are the same (17 percent) in the Adjara region, while in the Imereti and Kakheti regions, the subjective poverty rate is 31 percentage point higher than the general poverty rate (Figure 4.3).

Figure 4.3: Comparison of subjective and general poverty rates of households in 2015 by regions



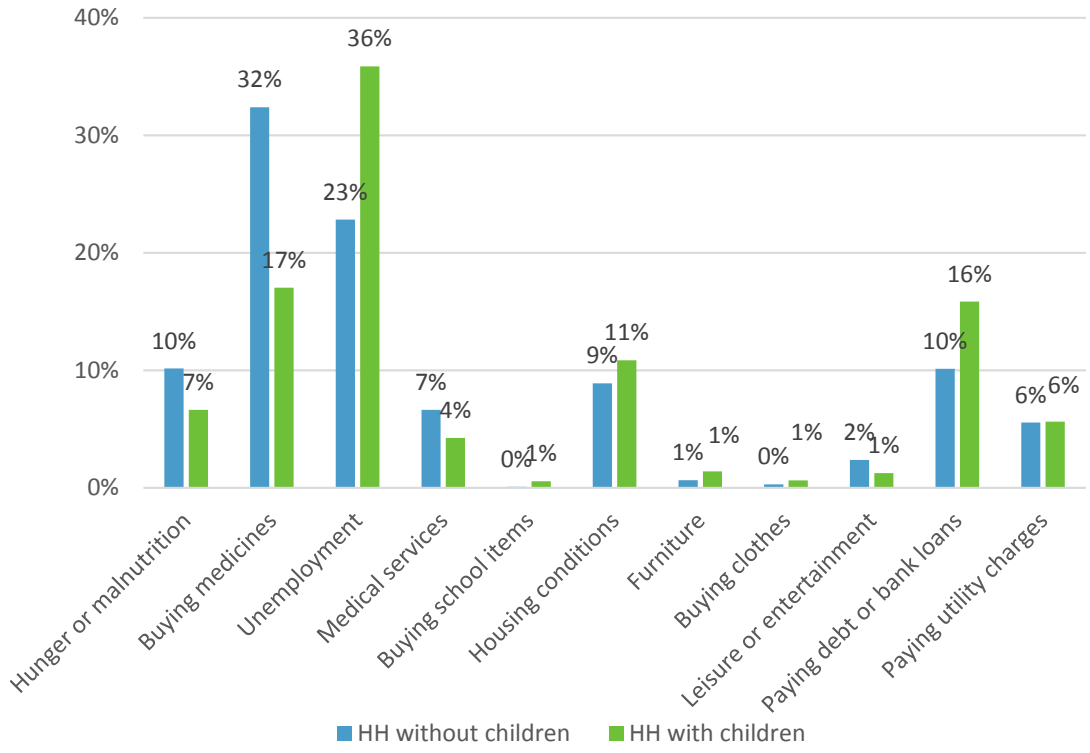

In 2015, household member unemployment and trouble buying medicines were the most frequently reported issues that households faced. Even though there was a decrease in problems of gaining access to medical services, **the percentage of households reporting the purchase of medicines as the main problem increased from 18.4 percent to 26.4 percent in 2015** (Table 4.22). While in previous rounds of the survey, unemployment, medicines and medical services were the three most reported household issues, in 2015, paying debts or bank loans became the third most frequently reported problem.

Table 4.22: Main issues reported by households in 2015 compared with 2009, 2011 and 2013

| Problem | % of households 2009 | % of total population living in such households 2009 | % of households 2011 | % of total population living in such households 2011 | % of households 2013 | % of total population living in such households 2013 | % of households 2015 | % of total population living in such households 2015 |
|---|---|---|---|---|---|---|---|---|
| Unemployment | 36.3 | 42.2 | 32.2 | 38.8 | 41 | 48.3 | 27.9 | 33 |
| Buying medicines | 17.5 | 13.3 | 14.6 | 11.3 | 18.4 | 12.9 | 26.4 | 22.1 |
| Medical services | 14.3 | 12.5 | 18.7 | 15.7 | 11.6 | 10.4 | 5.7 | 4.9 |
| Housing conditions | 9.3 | 9.3 | 9.1 | 8.9 | 8.3 | 7.7 | 9.7 | 9.4 |
| Hunger or malnutrition | 8.1 | 7.3 | 6.8 | 5.3 | 4.7 | 3.8 | 8.8 | 6.9 |
| Paying debt or bank loans | 5.8 | 7.2 | 9.4 | 10.8 | 8.3 | 9.8 | 12.4 | 14.8 |
| Paying utility charges | 5.7 | 5 | 6.8 | 6.5 | 4.3 | 3.8 | 5.6 | 5 |
| Leisure or entertainment | 1.7 | 1.8 | 1 | 1.1 | 2.1 | 2.1 | 1.9 | 1.9 |
| Buying clothes | 0.5 | 0.7 | 0.5 | 0.7 | 0.3 | 0.3 | 0.4 | 0.5 |
| Furniture | 0.4 | 0.4 | 0.3 | 0.3 | 0.7 | 0.7 | 0.9 | 1.1 |
| Buying school items | 0.3 | 0.4 | 0.5 | 0.7 | 0.3 | 0.5 | 0.3 | 0.4 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** | **100** | **100** |
| **Number of cases** | **4,624** | **16,899** | **3,932** | **14,219** | **3,584** | **12,839** | **4,155** | **14,862** |

In households with children, the issue of unemployment was particularly common (35.9 percent of households with children vs 22.8 percent of households without children). The percentage of households with children in which paying off debts or bank loans was the main problem increased from 11 percent to 15.9 percent, whereas in childless households the figure reached 10.1 percent in 2015, up from 6.6 in 2013.

Figure 4.4: Main issues reported by households with and without children in 2015




## 4.4 Lack of utilities

### *4.4.1 Comparison of 2015 with 2009, 2011 and 2013*

In the reports on the WMS 2009, 2011 and 2013, a household was deemed to lack utilities if it experienced difficulties in obtaining adequate access to water[22], sanitation[23] or heating[24].

Using the same definitions for 2015, Table 4.23 shows share of households that experienced problems meeting their most basic needs for water, sanitation and heating.

22 Water: a household is deemed to be in difficulty if there is no supply of cold water or no supply inside the dwelling.

23 Sanitation: sanitation is deemed to be problematic if a household has no sewerage system or no available bathroom.

24 Heating: households where the dwelling was practically not heated during the past winter or where annual spending on domestic fuel accounted for more than 10 per cent of total annual household expenditure.

Table 4.23: Households Lacking Access to Utilities in 2015 (n=4,533)

| | % of households experiencing problem | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Water | 32.7 | 31.1 | 29.7 | 35.4 |
| Sanitation | 51.2 | 50.7 | 50.2 | 54.4 |
| Heating | 11.6 | 8.9 | 6.9 | 13.1 |

There was an improvement in access to water: the percentage of households with no cold water or no supply inside the dwelling fell from 41 percent to 32.7 percent over the two years. There was a slight increase in the percentages of people and households affected by a lack of sanitation – from 48 percent to 51.2 percent – but the proportion of poor sanitation facilities remains high. Lack of heating has affected about 11 percent of households, and keeping warm continues to be a problem for 13.1 percent of people over the pensionable age.

The lack of access to utilities can be regarded as another dimension of poverty. About 5.5 percent of households experienced a lack of access to water, sanitation and heating, 28.6 percent experienced lack of access to two types of utilities, and 44 percent of households did not lack access to any of these utilities in 2015 (Table 4.24).

Table 4.24: Households and people affected by multiple aspects of access to utilities in 2015 (n=4,533)

| Number of problems related to access to utilities | % of households affected | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| 0 | 44.0 | 45.0 | 46.1 | 40.9 |
| 1 | 21.9 | 23.1 | 23.8 | 22.0 |
| 2 | 28.6 | 28.0 | 27.2 | 30.2 |
| 3 | 5.5 | 3.9 | 2.9 | 6.8 |

We can observe utility poverty when at least one of the utilities is missing. As observed in Table 4.25, there has been no significant improvement in rates of poverty on this dimension since 2013.

Table 4.25: Changes in rates of utility poverty between 2009, 2011,2013 and 2015

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| **% of households lacking at least one basic utility** | 62.7 | 64.4 | 56.7 | 56.0 |
| **% of total population living in such households** | 61.5 | 62.4 | 55.6 | 55.0 |
| **% of all children living in such households** | 60.3 | 59.8 | 53.7 | 53.9 |
| **% of all pensioners living in such households** | 68.8 | 69.5 | 60.6 | 59.1 |

### *4.4.2 Water and sanitation*

To assess the situation regarding water in different households, the classification that differentiates between 'improved' and 'unimproved' drinking-water sources[25] has been used.

Although not available in the WMS 2009, the data on water sources in the WMS 2011-2015 can be recoded to match this classification. Table 4.26 compares access since 1990[26].

Table 4.26: Access to improved water sources between 1990 and 2015.

| | 1990[a] | 2000[a] | 2008[a] | 2011 WMS | 2013 WMS | 2015 WMS |
|---|---|---|---|---|---|---|
| Population ('000) | 5460 | 4745 | 4413 | Valid sample n=14739 | Valid sample n=13282 | Valid sample n=16155 |
| Urban drinking water sources (% of population) | | | | | | |
| Piped on premises | 81 | 86 | 92 | 81.5 | 91.8 | 92.7 |
| Other improved | 13 | 11 | 8 | 17.6 | 8.1 | 6.6 |
| Unimproved | 6 | 3 | 0 | 0.9 | 0.1 | 0.6 |
| Rural drinking water sources (% of population) | | | | | | |
| Piped on premises | 19 | 34 | 51 | 20.4 | 54.4 | 52.2 |
| Other improved | 47 | 46 | 45 | 70.3 | 42.5 | 39.9 |
| Unimproved | 34 | 20 | 4 | 9.3 | 3.1 | 7.9 |
| Total drinking water sources (% of population) | | | | | | |
| Piped on premises | 53 | 61 | 73 | 51.4 | 73.4 | 72.8 |
| Other improved | 28 | 28 | 25 | 43.6 | 25.0 | 23.0 |
| Unimproved | 19 | 11 | 2 | 5.1 | 1.6 | 4.2 |

[a]*Data source: Progress on Sanitation and Drinking Water – 2010 update, WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation, 2010.* http://www.wssinfo.org/documents-links/documents/.

25 Improved: piped water into dwelling, plot or yard, piped water into neighbor's plot, public tap/standpipe, tubewell/borehole, protected dug well, protected spring, rainwater. Unimproved: unprotected dug well, unprotected spring, small cart with tank/drum, tanker truck, surface water (river, dam, lake, pond, stream, channel, irrigation channel), bottled water.

26 Progress on sanitation and drinking water - 2010 update, WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation, 2010.

Table 4.26 shows that the percentage of the population with access to only water from unimproved sources has fallen from 19 percent in 1990 to 4.2 percent in 2015. The fall has been more marked in rural areas, although the percentage of unimproved supplies remains nearly twice (7.9 percent) that of the population as a whole (4.2 percent). As can be observed from the above table, access to improved water sources tends to be more of a rural issue, and while almost 73 percent of the total population in 2015 had drinking water piped into their dwellings, this figure falls to just above half in rural areas.

Table 4.27 shows the type of drinking water source by region. While most people in Tbilisi have water piped into their dwellings, other forms of improved sources are more common in the regions. In Samegrelo and Mtskheta-Mtianeti, about 14 percent of the population has no improved source of water.

Table 4.27: Percentage of the population with access to drinking water by source for the regions in 2015 (n=16,155)

| | Source of drinking water | | |
|---|---|---|---|
| | % piped on premises | % other improved | % not improved |
| Tbilisi | 99.5 | 0.5 | 0.0 |
| Adjara | 99.0 | 1.0 | 0.0 |
| Guria | 39.9 | 54.7 | 5.4 |
| Imereti, Racha | 57.8 | 37.8 | 4.4 |
| Kakheti | 50.9 | 45.4 | 3.7 |
| Mtskheta-Mtianeti | 68.6 | 17.2 | 14.1 |
| Kvemo Kartli | 75.7 | 20.2 | 4.2 |
| Samtskhe-Javakheti | 86.0 | 9.1 | 4.8 |
| Samegrelo | 31.6 | 54.8 | 13.7 |
| Shida Kartli | 73.2 | 23.9 | 2.9 |
| **Total** | **73.3** | **22.9** | **3.8** |

As for access to an improved sanitation facility, it is defined as one that hygienically separates human excrement from human contact. [27]

27 Improved Sanitation Facilities: flush or pour-flush to 1) piped sewer system, 2) septic tank, 3) pit latrine, ventilated improved pit latrine (VIP), pit latrine with slab, composting toilet. Unimproved Sanitation Facilities: flush or pour-flush to elsewhere, pit latrine without slab or open pit, bucket, hanging toilet or hanging latrine, no facilities or bush or field (open defecation), public or shared sanitation facilities.

Table 4.28 indicates a decline in access to improved sanitation facilities, both in urban and rural areas.

Table 4.28: Access to improved sanitation facilities between 1990 and 2015

| | 1990[a] | 2000 [a] | 2008 [a] | 2011 WMS | 2013 WMS | 2015 WMS |
|---|---|---|---|---|---|---|
| Population ('000) | 5460 | 4745 | 4413 | Valid sample n=14930 | Valid sample n=13282 | Valid sample n=16155 |
| Urban sanitation facilities (% of population) | | | | | | |
| Improved | 97 | 96 | 96 | 94.3 | 97.5 | 93.9 |
| Shared | 3 | 3 | 3 | 0.2 | 0 | 0 |
| Unimproved | 0 | 1 | 1 | 5.5 | 2.5 | 6.1 |
| Open defecation | 0 | 0 | 0 | 0.0 | 0.0 | 0 |
| Rural sanitation facilities (% of population) | | | | | | |
| Improved | 95 | 94 | 93 | 57.4 | 73.8 | 57.9 |
| Shared | 1 | 1 | 1 | 1.0 | 0.1 | 0 |
| Unimproved | 2 | 3 | 4 | 41.6 | 26.1 | 42.1 |
| Open defecation | 2 | 2 | 2 | 0.0 | 0.0 | 0 |
| Total sanitation facilities (% of population) | | | | | | |
| Improved | 96 | 95 | 95 | 76.0 | 85.8 | 76.1 |
| Shared | 2 | 2 | 2 | 0.6 | 0.1 | 0 |
| Unimproved | 1 | 2 | 2 | 23.4 | 14.1 | 23.9 |
| Open defecation | 1 | 1 | 1 | 0.0 | 0.0 | 0 |

*[a]Data source: Progress on Sanitation and Drinking Water – 2010 update, WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation, 2010. http://www.wssinfo.org/documents-links/documents/.*

Table 4.29 summarizes the situation in 2015 regarding access to improved water sources and sanitation facilities by region. In total, in 2015, 5 percent of the population live in households with no access to improved water, and 24 percent in households with no access to improved sanitation.

Table 4.29: Percentage of the population with access to improved water source and sanitation by region in 2015 (n=16,155).

| | % with improved water source | % with improved sanitation |
|---|---|---|
| Tbilisi | 100 | 97.9 |
| Adjara | 100 | 86.6 |
| Guria | 94.6 | 55.3 |
| Imereti, Racha | 95.6 | 55.9 |
| Kakheti | 96.3 | 94.2 |
| Mtskheta-Mtianeti | 85.8 | 46.5 |
| Kvemo Kartli | 95.9 | 64.5 |
| Samtskhe-Javakheti | 95.1 | 40.6 |
| Samegrelo | 86.4 | 61.6 |
| Shida Kartli | 97.1 | 90.8 |
| **Total** | **96.2** | **76.1** |

## 4.5 Social exclusion

The fifth dimension of poverty considered in this report reflects access to a range of services. These aspects of social exclusion were identified in 2009 as:

a. *Incomplete education*: indicated if there is anyone in the household who would have liked more education, or if there is no one in the household who is over 15 years-old who is educated at least to secondary level.

b. *No employment or land ownership*: indicated if no one in the household owned land and no one over 15 years-old was employed in any way in the past week.

c. *Lack of access to healthcare*: indicated if either medical services or medicines were needed in the last year, but not purchased because of lack of money or availability.

d. *Lack of access to loans or credit*: indicated if any member of the household tried unsuccessfully to borrow money during the last 12 months from a money lender, bank, pawn shop, or micro-finance organization.

e. *Lack of social assistance*: indicated if social assistance was requested but not fully or mainly granted during the past 12 months.

Table 4.30 shows the percentage of households experiencing social exclusion in each of these five aspects, and the percentage of residents, children and pensioners living in such households.

Table 4.30: Households and people affected by different aspects of social exclusion in 2015 (n=4533).

| | % of households experiencing problem | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Incomplete education | 15.3 | 17.7 | 25.0 | 14.1 |
| No land ownership or employment | 14.9 | 10.1 | 8.3 | 18.0 |
| Lack of access to healthcare | 44.1 | 45.0 | 45.1 | 43.1 |
| Lack of access to credit | 5.0 | 5.9 | 7.7 | 3.4 |
| Lack of social assistance | 11.9 | 11.5 | 12.1 | 13.2 |

Children are disproportionately represented in households where adult educational needs are unsatisfied, whereas pensioners are more prevalent in households with lack of land ownership and employment.

**At the household level, there haven't been improvements in any aspect of social exclusion since 2013, except in access to social assistance** (Table 4.31). The percentage of households experiencing problems accessing social assistance declined by 3 percentage points from 2013 to 2015. On the contrary, the share of households with limited access to credit increased from 3.5 to 5 percent, and the share of households experiencing problem in access to healthcare increased from 39.7 to 44.1 percent.

Table 4.31: Changes in aspects of social exclusion between 2009 and 2015

| % of households experiencing problem | | | | |
|---|---|---|---|---|
| | 2009 | 2011 | 2013 | 2015 |
| Incomplete education | 19.9 | 18.1 | 14.3 | 15.3 |
| No land ownership or employment | 19.9 | 17.3 | 12.6 | 14.9 |
| Lack of access to health care | 58.6 | 49.9 | 39.7 | 44.1 |
| Lack of access to credit | 4.3 | 2.4 | 3.5 | 5.0 |
| Lack of social assistance | 19.9 | 14.5 | 15.0 | 11.9 |
| *Note: 2009 (n=4808), 2011 (n=4,147), 2013 (n=3,726) and 2015 (n=4,533)* | | | | |

In previous rounds of the WMS, we defined a household as being socially excluded if it experienced at least three of the exclusion aspects listed above. In 2015, 5 percent of households fell into this category, including 5.7 percent of all residents, 8.1 percent of all children and 5.4 percent of all pensioners. No household experienced all five types of exclusion (Table 4.32).

Table 4.32: Households and people affected by multiple aspects of social exclusion in 2015 (n=4,533)

| Number of problems related to social exclusion | % of households affected | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| 0 | 40.3 | 41.2 | 39.3 | 40.4 |
| 1 | 37.6 | 36.0 | 34.5 | 38.4 |
| 2 | 17.1 | 17.2 | 18.2 | 15.8 |
| 3 | 4.2 | 4.7 | 6.4 | 4.6 |
| 4 | 0.8 | 1.0 | 1.7 | 0.8 |
| | 100 | 100 | 100 | 100 |

## 4.6 Multiple dimensions of poverty and deprivation

Table 4.33 summarizes the extent to which different aspects of poverty and deprivation affect the people of Georgia.

Table 4.33: Households and people affected by multiple aspects of poverty and social exclusion in 2015.

| Dimension | % of households affected | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Extreme poverty (< 77.6 GEL) | 1.7 | 2.1 | 2.5 | 1.7 |
| Relative poverty (< 171.8 GEL) | 20.7 | 23.1 | 26.8 | 19.3 |
| General poverty (< 155.1 GEL) | 16.4 | 18.4 | 21.7 | 15.0 |
| Double material deprivation | 3.7 | 2.3 | 2.3 | 3.4 |
| Subjective poverty | 38.4 | 36.0 | 37.2 | 40.1 |
| Social exclusion | 5.0 | 5.7 | 8.1 | 5.4 |
| Lack of utilities | 56.0 | 55.0 | 53.9 | 59.1 |
| Lack of improved water supply | 4.2 | 3.8 | 3.0 | 4.7 |
| Lack of improved sanitation | 24.4 | 23.9 | 23.3 | 25.9 |

Since 2009, headcount rates of consumption poverty have decreased significantly at the extreme, relative and general levels. Child poverty has also fallen, but children remain over-represented among the poor. Material deprivation has decreased, although subjective poverty and social exclusion from services increased, and the lack of access to utilities remains a major challenge for more than half of the population (Table 4.34).

Table 4.34: Changes in multiple dimensions of poverty and social exclusion between 2009, 2011, 2013 and 2015.

| Dimension | Population in poor and deprived households (%) | | | | Children in poor and deprived households (%) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2011 | 2013 | 2015 | 2009 | 2011 | 2013 | 2015 |
| Extreme poverty | 9.9 | 9.1 | 3.9 | 2.1 | 11.5 | 9.4 | 6.0 | 2.5 |
| Relative poverty | 25.7 | 23.5 | 22.9 | 23.1 | 28.4 | 25.2 | 27.1 | 26.8 |
| General poverty | 44.8 | 37.9 | 24.6 | 18.4 | 49.0 | 40.8 | 28.4 | 21.7 |
| Double material deprivation | 12.7 | 7.6 | 3.6 | 2.3 | 13.1 | 5.7 | 2.9 | 2.3 |
| Subjective poverty | 37.1 | 35.2 | 24.3 | 36.0 | 36.4 | 31.1 | 22.9 | 37.2 |
| Social exclusion | 8.1 | 5.6 | 4.1 | 5.7 | 8.6 | 6.7 | 5.6 | 8.1 |
| Lack of utilities | 61.5 | 62.4 | 55.6 | 55.0 | 60.3 | 59.8 | 53.7 | 53.9 |

The share of households experiencing deprivation is closely related to the wealth quintile they belong to. Table 4.35a shows that 71.4 percent of households in the poorest quintile experience a lack of utilities, whereas in the wealthiest quintile the share is 37 percent. Two thirds of the first quintile and half of second quintile households regard themselves as poor in the subjective poverty measure. Moreover, 14.3 percent of fifth quintile households state that either they cannot provide themselves with enough food, or that they feed themselves so poorly that their health is endangered.

Table 4.35a: The percentage of households in each wealth quintile experiencing deprivation in other dimensions of deprivation in 2015(n=4,533)

| | Consumption quintiles | | | | | Total |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | |
| Lack of utilities | 71.4 | 66.0 | 57.2 | 48.3 | 37.0 | 56.0 |
| Subjective poverty | 63.8 | 51.3 | 35.4 | 27.1 | 14.3 | 38.4 |
| Material deprivation | 9.5 | 4.1 | 2.7 | 1.6 | 0.5 | 3.7 |
| Social exclusion | 10.0 | 5.5 | 4.7 | 2.9 | 1.8 | 5.0 |

For many people, issues of poverty and deprivation compound one another. The negative impact of poverty is experienced across multiple levels. Of those living in households below the relative poverty line for example, almost three-quarters also lack one or more utilities, 62 percent experience subjective poverty, 7 percent are materially deprived, 10 percent are excluded from services, and over one-third lack improved sanitation. These rates are significantly higher than comparable rates for people in households above the poverty threshold (Table 4.35). Consumption poverty severely increases the odds of poverty existing in other dimensions.

Table 4.35b: The percentage of the population below and above the relative poverty line experiencing deprivation in other dimensions in 2015(n=16,155)

| | Equivalent monthly household expenditure | | Pearson chi2 Sig. |
|---|---|---|---|
| | < 171.8 GEL | ≥ 171.8 GEL | |
| Lack of utilities | 72.9 | 49.6 | *** |
| Subjective poverty | 62.0 | 28.2 | *** |
| Material deprivation | 6.8 | 1.0 | *** |
| Social exclusion | 10.3 | 4.3 | *** |
| Lack of improved water source | 5.3 | 3.4 | *** |
| Lack of improved sanitation | 33.6 | 21.0 | *** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

## Summary

The current report considers the well-being of people in Georgia by using a range of perspectives, including levels and patterns of household consumption and material deprivation. As in previous reports, this report measures consumption poverty; access to the basic utilities of water, sanitation and heating; and assesses the social dimension of well-being in terms of access to education, employment, health care, financial services and social assistance.

The percentage of the population living in households where consumption is below a specified poverty threshold is known as the *population poverty rate*, whereas the percentage of households below the threshold is the *household poverty rate*. The *child poverty rate* is the share of children who live in poor households out of all children. The poverty gap for households, or people below a particular threshold, is the percentage of that threshold by which consumption would need to rise on average to bring poor households above the threshold.

'Absolute' poverty lines measure consumption relative to an international standard pegged in US dollars: $2.50 per day for 'general poverty' and $1.25 for 'extreme poverty.' The methodology uses USD to GEL conversion rates from 2009, and then adjusts it using Consumer Price Index (CPI).[28] The 'relative poverty' line is set to 60 percent of national median consumption, as calculated by the National Statistics Office of Georgia.

The number of households below the relative poverty line increased by 0.6 percentage points between 2013 and 2015 (from 20.1 percent to 20.7 percent), and the percentage of children living in poor households fell to 26.8 percent, by 0.3 percentage points (Table 4.1b). Using the lowest threshold (77.6 GEL), 1.7 percent of households in Georgia and 2.1 percent of the population still live in extreme poverty. However, the percentage of children in extremely poor households has decreased to 2.5 percent. Under the more realistic general poverty threshold, 16.4 percent of households and 21.7 percent of children remain poor.

Between 2015 and 2013, growth elasticity of poverty was 1.9 and 3.5 for extreme and general poverty respectively. Between 2009 and 2011, growth elasticity of poverty was twice as high for generally poor households as it was for extremely poor ones. It gradually increased for extremely poor households, suggesting that Georgia's extremely poor tend to benefit more as of late due to increased consumption.

As the *number* of children in the household increases, poverty rates measured on the relative and general thresholds are all significantly higher. Using the relative poverty line, 24.5 percent of households with one or two children are living in poverty. This figure rises significantly to almost 32 percent for households with three or more children. On the other hand, only 17.7 percent of households without children are under the relative poverty threshold.

The education of women in households is statistically important. The poverty rate of households where women have higher education is at least half of the poverty rates of other types of households.

28 Haughton et al (2009) Handbook on poverty and inequality.

Having a member of the household in regular paid work reduces the risk of relative child poverty more than twice. In 2015, only 5.6 percent of households were materially deprived (lacking five or more of the listed items), compared with 10.3 percent in 2013, 17.5 percent in 2011, and 27.2 percent in 2009. The percentage of households experiencing each housing problem decreased from 2011 to 2013, but started to increase again in 2015. The percentage of children living in households suffering housing deprivation has increased by 5.3 percentage points, from 17.9 percent in 2013 to 23.6 percent in 2015.

Double material deprivation refers to households with material deprivation in durable goods *and* in housing. Household rates of double material deprivation continued to drop in 2015 to 3.7 percent, from 5.5 percent in 2013, and 10.6 percent in 2011. The percentage of all children living in households experiencing double material deprivation fell significantly from 13 percent in 2009, to 2.3 percent in 2015.

Even though there was a decline in consumption poverty rates and double material deprivation in 2015, people's perceptions of being in poverty have increased. These subjectively poor households comprise 36 percent of the population, 37.2 percent of all children, and 40.1 percent of all pensioners.

Although there was a drop in problems of gaining access to medical services, the percentage of households reporting the purchase of medicines as the main problem, increased from 18.4 percent to 26.4 percent in 2015.

At the household level, there hasn't been an improvement in any aspect of social exclusion since 2013, except in access to social assistance. The household is defined as being socially excluded if it experiences at least three of the aspects of exclusion. In 2015, 5 percent of all households fell into this category, including 5.7 percent of all residents, 8.1 percent of all children, and 5.4 percent of all pensioners. No household experienced all five types of exclusion.

Table 4.34 above summarizes the changes in the multiple dimensions of poverty from 2009 to 2015, both for households and children.

# 5 TRENDS AND TRAJECTORIES

## 5.1 Summary of trends and trajectories of poverty

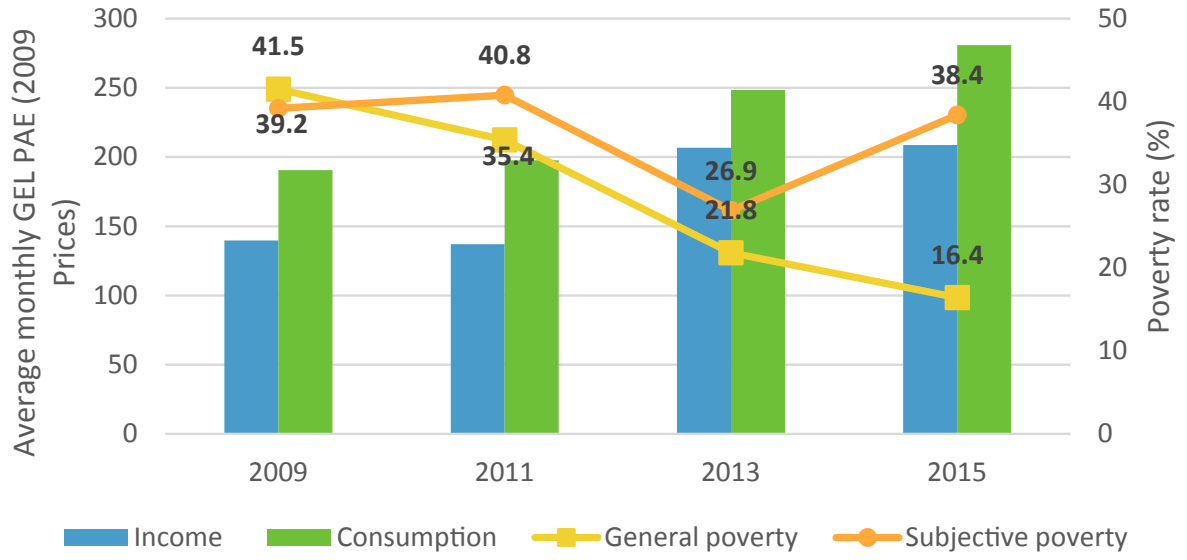
Section 4.1.1 showed that household poverty rates based on all three consumption thresholds fell overall between 2009 and 2015 (Table 5.1).

Table 5.1: Summary of changes in household poverty rates 2009 to 2015

| | 2009 (n=4,646) | | 2011 (n=4,147) | | 2013 (n=3,726) | | 2015 (n=4,533) | |
|---|---|---|---|---|---|---|---|---|
| | Threshold | Rate | Threshold | Rate | Threshold | Rate | Threshold | Rate |
| Extreme | 61.1 | 8.9 | 71.7 | 8.3 | 71.2 | 3.1 | 77.6 | 1.7 |
| Relative | 89.7 | 23.7 | 109.2 | 21.8 | 137.2 | 20.1 | 171.8 | 20.7 |
| General | 122.2 | 41.5 | 143.4 | 35.4 | 142.4 | 21.8 | 155.1 | 16.4 |

However, these figures mask the changes in overall wellbeing of households. Figure 5.1 shows that an increase in average consumption is not always associated with an increase in average income. In this case, even though the consumption poverty rates decrease, the subjective assessments of the households become more pessimistic.

Figure 5.1 Average household monthly income and consumption PAE in constant prices in 2009, 2011, 2013 and 2015



Moreover, the overall consumption poverty figures mask the dynamics of change. They represent the net effect of changes. However, some households have risen from poverty, while others have become newly poor. Table 5.2 is based on the 2,816 households included in the 2015 and 2013 waves of the survey.

Table 5.2: Changing Poverty Status of Households between 2013 and 2015 (n=2,816)

| Poverty threshold | Rising out of poverty (%) | No change (%) | Falling into poverty (%) | Net % raise out of poverty |
|---|---|---|---|---|
| Extreme | 2.8 | 95.5 | 1.7 | 1.1 |
| Relative | 11.4 | 76.6 | 12.0 | -0.6 |
| General | 14.0 | 77.2 | 8.8 | 5.2 |

At the general threshold, significantly more households rose out of poverty than became newly poor. Despite social protection and support programmes from government, only 11.4 per cent of all households were lifted out of relative poverty over the two years, while 12 per cent of panel households became newly poor.

### *5.1.1 Characteristics of newly poor households*

Panel households that have fallen below the *relative* poverty threshold since 2013 are, on average, significantly more likely to live in rural areas, include a disabled person, and have less education. Table 5.3 compares newly relatively poor households with all other households using the panel data. Out of households that are newly poor, 60.6 percent reside in rural households, whereas 47.5 percent of all other households are from rural areas. 7.4 percent of newly poor households include at least one disabled person, compared to only 3.5 percent of other households including a disabled person.

Table 5.3: The percentage of newly relatively poor households with particular characteristics compared with the percentage of other households in 2015 (n=2,816)

| | Newly poor in 2015(n=369) | Other households (n=2,447) | χ2 Sig |
|---|---|---|---|
| **% rural households** | 60.6 | 47.5 | ** |
| **% of pensioner-only households** | 16.1 | 18.9 | Ns |
| **% of households that include a disabled person** | 7.4 | 3.5 | ** |
| **% of households with IDP status** | 5.7 | 5.2 | Ns |

| | Newly poor in 2015(n=369) | Other households (n=2,447) | χ2 Sig |
|---|---|---|---|
| **Highest educational level attained in household:** | | | |
| **% below secondary** | 5.5 | 3.8 | ** |
| **% secondary** | 39.4 | 27.5 | |
| **% vocational** | 25.4 | 20.8 | |
| **% higher** | 29.7 | 47.9 | |

| | Newly poor in 2015(n=369) | Other households (n=2,447) | χ2 Sig |
|---|---|---|---|
| **Highest educational level of women in the household:** | | | |
| **% below secondary** | 6.6 | 5.0 | |
| **% secondary** | 40.7 | 31.6 | * |
| **% vocational** | 22.6 | 20.8 | |
| **% higher** | 24.9 | 38.2 | |
| **Number of children in the household:** | | | |
| **% none** | 64.9 | 62.7 | Ns |
| **% one or two** | 28.8 | 31.9 | |
| **% three or more** | 6.4 | 5.4 | |
| **% Azeri households** | 3.5 | 4.6 | Ns |
| **% Armenian households** | 5.3 | 5.9 | Ns |

There are demographic features of households that are related to poverty levels. The presence of an internally displaced person (IDP) in the household has no significant effect on the likelihood of falling into poverty. In contrast, the presence of a person with a disability significantly increases this likelihood, as does low educational attainment. The effect of ethnicity is not significant.

Region also has a significant effect on new poverty. Table 5.4 shows that when compared with other households that have remained static or have risen out of relative poverty, Samegrelo contains a disproportionate number of newly poor households. About 16 percent of newly poor households are in Samegrelo, while 9.4 per cent of other types of household are located in that region. Tbilisi, on the other hand, contains 18.1 percent of newly poor households, but 27.6 percent of other types of households.

Table 5.4: The distribution of newly poor households and other households (that have remained static or risen out of relative poverty) by region in 2015 (n = 2,816)

| | % of newly poor households in the region (n=369) | % of other households in the region (n=2,447) |
|---|---|---|
| Tbilisi | 18.1 | 27.6 |
| Adjara | 10.3 | 7.5 |
| Guria | 4.7 | 3.2 |
| Imereti, Racha | 20.1 | 18.7 |
| Kakheti | 9.1 | 9.7 |
| Mtskheta-Mtianeti | 2.5 | 2.4 |
| Kvemo Kartli | 6.4 | 10.3 |
| Samtskhe-Javakheti | 4.7 | 4.3 |
| Samegrelo | 15.8 | 9.4 |
| Shida Kartli | 8.3 | 6.9 |
| **Total** | **100.0** | **100.0** |

Changes in household consumption, and underlying changes in relative poverty status are positively correlated with changing income PAE when adjusted for inflation ($r = 0.32$; $p<0.001$). However, while incomes from salaries, self-employment and foreign transfers have significant effects, there is a smaller correlation between changes in consumption and changes in social transfer income. Yet, changes in social transfer income have a significant negative correlation with changes in salaries and other sources of income, except for private transfers and rental income. A similar correlation was observed in previous rounds of the survey.

Table 5.5: Correlation between inflation adjusted changes in household consumption PAE and income PAE by sources from 2013 to 2015 (n=2,816)

| | Consumption | Salaries | Self-employment | Social transfers | Private transfers | Rental income | Foreign transfers | Other sources |
|---|---|---|---|---|---|---|---|---|
| Consumption | 1.00 | | | | | | | |
| | | | | | | | | |
| Salaries | 0.15 | 1.00 | | | | | | |
| | 0 | | | | | | | |
| Self-employment | 0.11 | -0.17 | 1.00 | | | | | |
| | 0 | 0 | | | | | | |
| Social transfers | 0.05 | -0.11 | -0.05 | 1.00 | | | | |
| | 0.0079 | 0 | 0.0138 | | | | | |
| Private transfers | 0.07 | -0.01 | -0.10 | 0.02 | 1.00 | | | |
| | 0.0002 | 0.5421 | 0 | 0.2282 | | | | |
| Rental income | 0.04 | -0.05 | -0.03 | 0.03 | -0.08 | 1.00 | | |
| | 0.059 | 0.0153 | 0.0731 | 0.1347 | 0 | | | |
| Foreign transfers | 0.10 | -0.05 | 0.00 | -0.01 | -0.04 | 0.00 | 1.00 | |
| | 0 | 0.0046 | 0.9071 | 0.4459 | 0.0428 | 0.8614 | | |
| Other sources | 0.19 | -0.05 | 0.04 | -0.08 | 0.00 | -0.02 | 0.01 | 1.00 |
| | 0 | 0.0131 | 0.0534 | 0 | 0.9904 | 0.2608 | 0.6692 | |

### *5.1.2 Other dimensions of recent poverty*

Falling into poverty is often accompanied by other worsened circumstances. Table 5.6 shows that households becoming poor during the past two years are more likely to experience deprivation in other dimensions. For example, a household that has recently fallen into poverty is more than three times more likely to also experience material deprivation compared with other households.

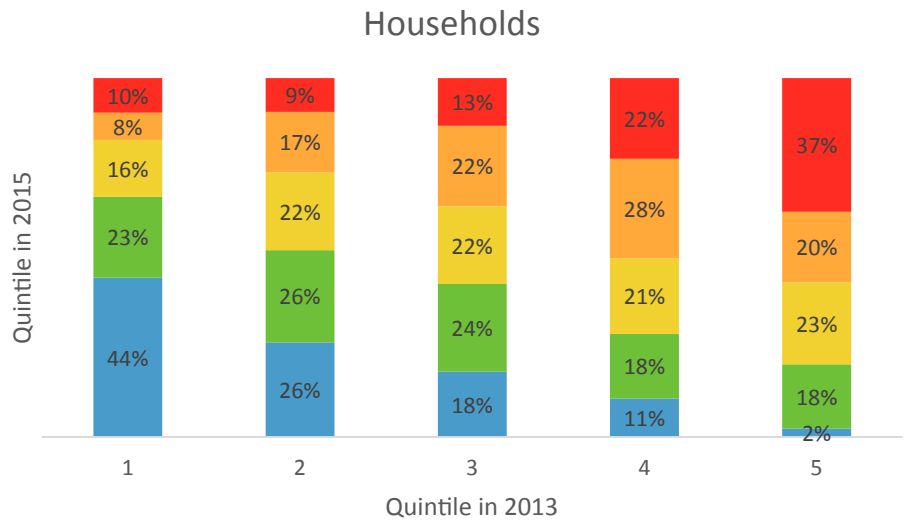
Table 5.6: The percentage of households falling into poverty between 2013 and 2015 experiencing deprivation in other dimensions (n=2,816)

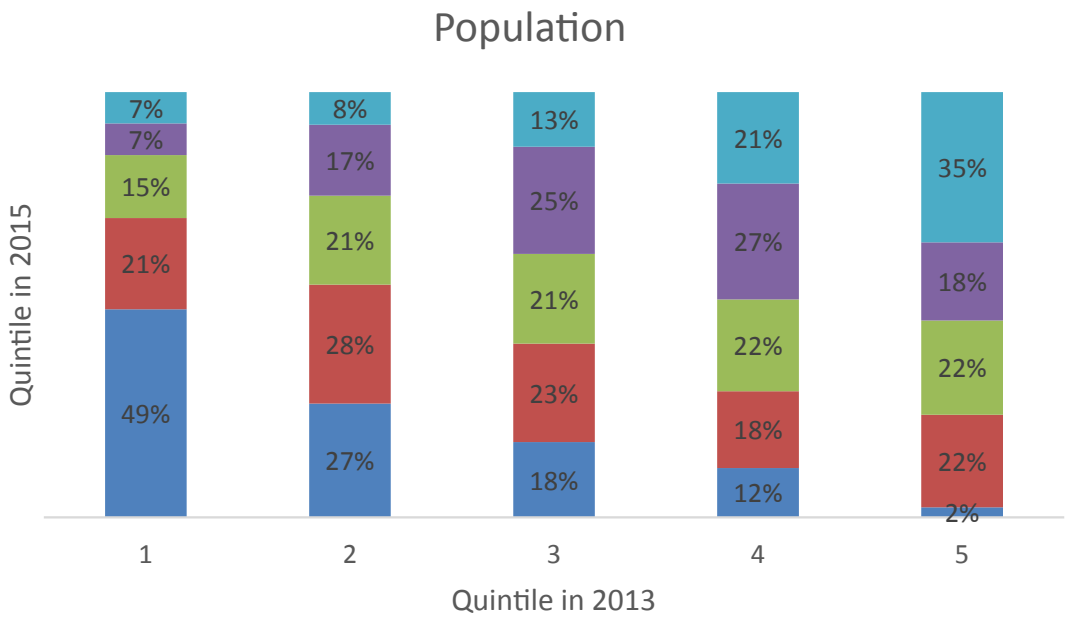
| | Falling into relative poverty between 2013 and 2015 | | Common odds ratio | Mantel-Haenszel Sig. |
|---|---|---|---|---|
| | No | Yes | | |
| % with material deprivation | 3.1 | 9.7 | 3.39 | *** |
| % with social exclusion | 5.3 | 10.2 | 2.04 | * |
| % with lack of utilities | 54.1 | 72.4 | 2.22 | *** |

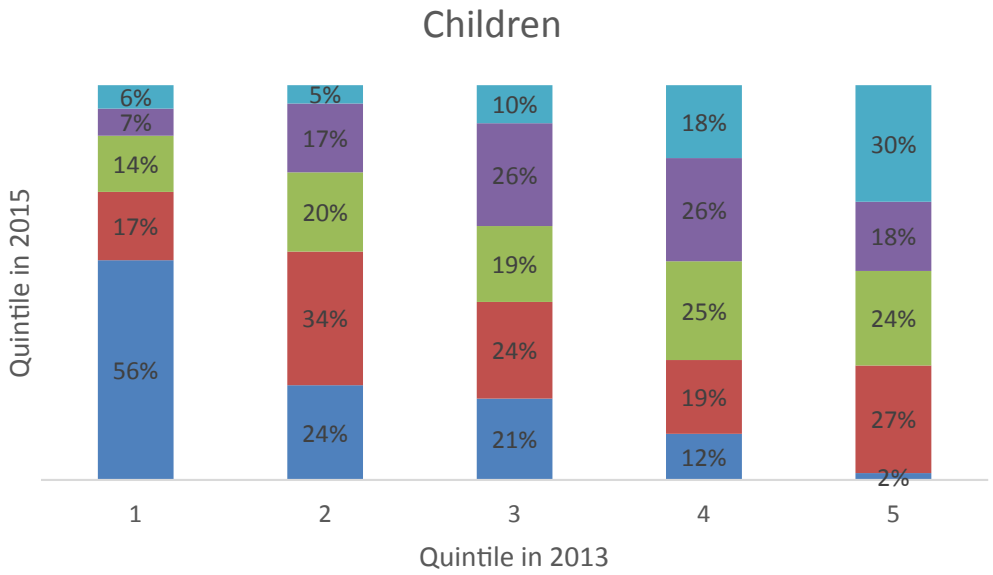
### *5.1.3 Movement across consumption quintiles*

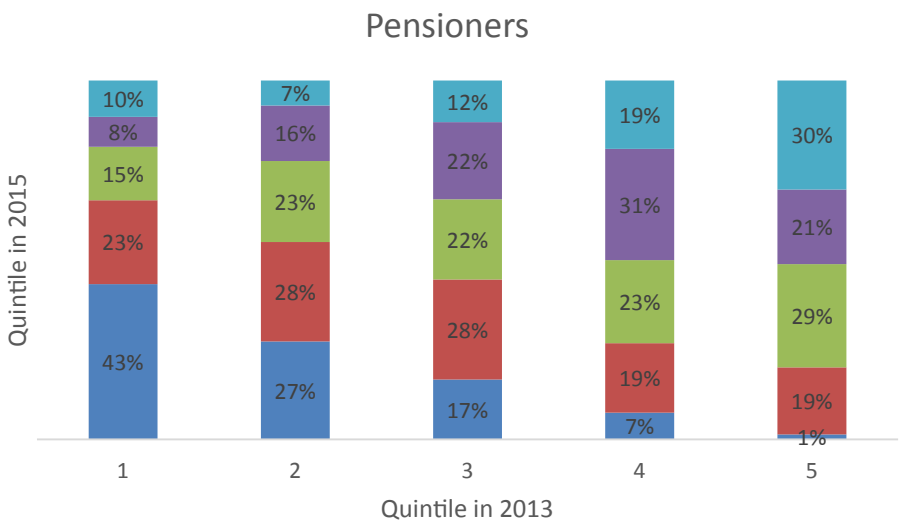
Within a two-year period, the households not only moved under poverty thresholds, but also between the consumption quintiles; 44 percent of first quintile panel households in 2013 remained in the first quintile in 2015, whereas 8 percent and 10 percent of them moved to the fourth and fifth quintile respectively in 2015 (Figure 5.2). Conversely, a considerable share of households from the upper quintiles moved to the lower quintiles, i.e. became vulnerable. On average, 25 percent of households from the 2 to 4 quintiles remained in the same quintile, while the rest of them moved either one or the other direction. 20 percent of the fifth quintile households moved to the first or second quintile. When we compared the dynamics of households, population, children and pensioners, we can see that poor children are the least dynamic group of all: the highest share of children from the first quintile in 2013 remained in the first quintile in 2015 (56 percent) and the lowest (6 percent) moved to the fifth quintile. Additionally, the percentage of children from the fifth quintile moving to either the first or second quintile was 29 percent.

Figure 5.2 Movement of households, population, children and pensioners in quintiles between 2013 and 2015




Population
Quintile in 2015
7%
7%
15%
21%
49%
8%
17%
21%
28%
27%
13%
25%
21%
23%
18%
21%
27%
22%
18%
12%
35%
18%
22%
22%
2%
1
2
3
4
5
Quintile in 2013


Children
Quintile in 2015
6%
7%
14%
17%
56%
5%
17%
20%
34%
24%
10%
26%
19%
24%
21%
18%
26%
25%
19%
12%
30%
18%
24%
27%
2%
1
2
3
4
5
Quintile in 2013




## 5.2 Modelling the probability of consumption poverty

Statistical multiple regression models can be used to predict the probability of a household with particular characteristics falling below each specified poverty line[29]. Here, we developed a model using locational, demographic, educational and employment characteristics. These possible explanatory variables were selected to allow comparison with similar models in previous rounds of the survey.

Various models were used to determine the odds of poverty based on certain characteristics. The model predicting the probability of households falling below the relative poverty line of 171.8 GEL shows the effect of a unit change on a certain household characteristic on the odds[30] of the household being poor when all other variables are fixed (Table 5.7). For example, in Kvemo Kartli, households have a lower probability of being in relative poverty compared to a household in Tbilisi.

Households consisting only of pensioners have significantly lower odds of being in poverty. Section 4.1.5 also showed that pensioner-only households are less likely than others to be poor, and this may reflect increasing government expenditures on pensions.

The odds of being in poverty are reduced significantly if there are any wage-earners in the household. In addition, the educational level of women in the household makes a significant contribution to the model. Households with an increasing level of female members' education have much lower odds of being in relative poverty.

29 The model equation is: $P(\text{poverty}) = 1/(1 + e^{-z})$ where: $Z = (b1\, x_1 + b_2 x_2 + \ldots + b_n x_n)$.

Table 5.7: Logistic regression of household characteristics on relative poverty (household monthly expenditure PAE less than 171.8 GEL) for 2015

| Household characteristic | B coefficient | Odds ratio | Wald Sig. |
|---|---|---|---|
| *Region (compared to Tbilisi)* | | | |
| Adjara | 0.29 | 1.34 | ns |
| Guria | -0.14 | 0.99 | ns |
| Imereti, Racha | -0.24 | 0.79 | ns |
| Kakheti | -0.45 | 0.64 | ns |
| Mtskheta-Mtianeti | -0.29 | 0.75 | ns |
| Kvemo Kartli | -0.9 | 0.41 | ** |
| Samtskhe-Javakheti | -0.3 | 0.74 | ns |
| Samegrelo | 0.19 | 1.21 | ns |
| Shida Kartli | -0.26 | 0.77 | ns |
| *Number of children (compared to none)* | | | |
| 1 or 2 | -0.04 | 0.96 | ns |
| 3 or more | 0.17 | 1.18 | ns |
| *Households of only pensioners compared to others* | | | |
| Single pensioner only | -0.93 | 0.4 | * |
| More than one pensioner only | -0.85 | 0.43 | ** |
| *Employment* | | | |
| Anyone in household employed | -0.09 | 0.91 | ns |
| Any earner in the household | -1.18 | 0.31 | *** |
| *IDP household* | | | |
| | -0.06 | 0.94 | ns |
| *Highest female education level in the household compared to no female in the household* | | | |
| None | -0.75 | 0.47 | * |
| Secondary | -1.04 | 0.35 | *** |
| Vocational | -1.19 | 0.31 | *** |
| Higher | -1.35 | 0.26 | *** |
| | | | |
| | | | |

*Number of cases = 2,816*

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

## Summary

When an increase in average consumption is not accompanied with an increase in average income, the subjective assessment of the households become more pessimistic, even though the consumption poverty rates have decreased.

Despite social protection and support programmes from the government, only 11.4 percent of all households were lifted out of relative poverty over the two years, while 12 percent of panel households became newly poor.

About 16 percent of newly poor households are in Samegrelo, while 9.4 percent of other types of households are located in that region. Tbilisi, on the other hand, contains 18.1 percent of newly poor households, but 27.6 percent of other types of households.

44 percent of the first quintile panel households in 2013 stayed within the first quintile in 2015, whereas 8 percent and 10 percent of them moved to the fourth and fifth quintile respectively in 2015. On average, 25 percent of households from the second to fourth quintiles remained in the same quintile, while the rest of them moved either one or the other direction. 20 percent of the fifth quintile households moved to the first or second quintile. When we compare the dynamics of households, population, children and pensioners, we can see that poor children are the least dynamic group of all: the highest share of children from the first quintile in 2013 remained in the first quintile in 2015 (56 percent), and the lowest (6 percent) moved to the fifth quintile. Additionally, the percentage of children from the fifth quintile moving to either the first or second quintile was 29 percent.

Households consisting only of pensioners have significantly lower odds of being in poverty. The odds of being in poverty are reduced significantly if there are any wage-earners in the household. In addition, the educational level of women in the household makes a significant contribution to the model.

# 6. SOCIAL TRANSFERS

## 6.1 Background

An old-age pension is available to all people of pension age – men over 65, and women over the age of 60. Old-age pensions are universal, non-contributory, social benefits, and financed via general taxation. In September of 2015, 705,122 pensioners received the benefit. The monthly budget for old-age pensioners was 113,808,541 GEL[31].

*Targeted Social Assistance* (TSA) is the main cash benefit available for families experiencing financial and material hardship. By September of 2015, 516,071 households comprised of 1,597,511 people were registered in the unified database for socially vulnerable families[32]. For the first member of the family the amount of the benefit is 60 GEL, plus 48 GEL for each additional member. 113,012 families in Georgia (10.6 percent), corresponding to a total of 342,062 people (9.2 percent of the population)[33], received a monthly cash benefit or 'subsistence allowance' during this time. The monthly budget for the TSA program was 21,403,154 GEL. The effect of revised TSA methodology that the government introduced in 2015 is not captured in this report since the benefits were transferred to the households with newly recalculated TSA scores after the field-work was completed. Hence, the 2015 WMS data can be used as a baseline when evaluating the effectiveness of the new TSA methodology.

*Categorical Benefits* include a social package, family assistance, utilities subsidies, and IDP benefits. The social package is a benefit received by special categories of people: survivors, people with a first-degree disabilities, and war veterans or victims of political repression. State compensation and academic stipends serve the same purpose as pensions for certain former public servants and members of academia who retired between 2005 and 2007.

In addition to centrally-administered social transfers, most municipalities also provide some cash and in-kind benefits, although both the coverage and the value of these benefits are quite low.
This analysis of the 2015 WMS focuses on three main benefit classes: pensions, targeted social assistance (TSA) and categorical and other benefits. For the purpose of this analysis, municipal social benefits are included in 'categorical and other' benefits. In each category, data are only available for benefits providing personal regular income.

## 6.2 Receipt of social transfers

Social protection benefits are the chief means of redistributing resources to improve the living standards of poor and vulnerable groups of the population. Nearly two-thirds of all households received some form of social transfer in 2015. The same was observed from 2011-2013, marking a significant increase from 59 percent in 2009. The number of households receiving more than one type of benefit has declined from 12 percent in 2013 to 10.5 percent in 2015 (Table 6.1). Among other groups, children have the highest share (40.1 percent) of not receiving any benefit.

31 Social Service Agency, 2015.
32 Social Service Agency, 2015.
33 Social Service Agency, 2015.

Table 6.1: Households in receipt of different combinations of types of social assistance in 2015

| Type of social assistance received | % of households (n=4,533) | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Pensions only | 46.1 | 45.2 | 38.2 | 81.7 |
| TSA only | 4.0 | 4.2 | 6.6 | 0.1 |
| Categorical benefits only | 2.8 | 3.1 | 3.6 | 0.1 |
| Pension and TSA | 6.6 | 4.3 | 5.1 | 10.7 |
| Pension and categorical benefits | 3.3 | 4.0 | 5.4 | 5.4 |
| TSA and categorical benefits only | 0.4 | 0.5 | 0.6 | 0.0 |
| Pension, TSA and categorical benefits | 0.4 | 0.6 | 0.9 | 0.6 |
| None of these | 36.6 | 37.3 | 40.1 | 1.5 |

According to the WMS, 56.3 percent of households were in receipt of a pension in 2015. TSA receipts decreased from 13.8 percent to 11.3 percent[34] of households, and the number of families receiving categorical benefits slightly increased to 6.9 percent (Table 6.2).

Table 6.2: Households in receipt of the three types of social assistance in 2009, 2011,2013 and 2015

| Type of social assistance received | % of households 2009 (n=4,646) | % of households 2011 (n=4,147) | % of households 2013 (n=3,726) | % of households 2015 (n=4,533) |
|---|---|---|---|---|
| Pensions | 53.8 | 57.7 | 55.3 | 56.3 |
| TSA | 8.8 | 13.3 | 13.8 | 11.3 |
| Categorical benefits | 7.2 | 7.2 | 6.8 | 6.9 |
| None of these | 41.2 | 36.1 | 36.8 | 36.6 |

Note: *Columns do not add to 100% because some households receive more than one type of benefit*

34 For comparison with the previous rounds of the survey, this figure is based on TSA households where the amount received is known.

Of course, there is a likelihood that some households may actually not need any social assistance. However, if we assess the poverty status of households on the basis of their consumption *before* social transfers (pensions, TSA and categorical benefits) are taken into account, there are still 2.7 percent of extremely poor, 15.6 percent of relatively poor and 14 percent of generally poor households receiving no benefit payments at all (Table 6.3).

Table 6.3: Households in receipt of the three different types of social assistance by poverty status based on consumption before any of the three types of social transfer 2015

| Type of social assistance received | % of households 2015 (n=4,533) | % of extremely poor households (unweighted n=928) | % of relatively poor households (unweighted n=1,977) | % of generally poor households (unweighted n=1792) |
|---|---|---|---|---|
| Pensions | 56.3 | 84.2 | 73.0 | 74.3 |
| TSA | 11.3 | 39.6 | 24.2 | 26.0 |
| Categorical benefits | 6.9 | 10.9 | 8.9 | 8.9 |
| None of these | 36.6 | 2.7 | 15.6 | 14.0 |

## 6.3 The impact of social transfers on poverty

A particular form of social transfer may be well targeted, but if its coverage is too small, or if the level of benefit paid is very low, the transfer may not have much effect on poverty rates or poverty gaps. To understand the impact of social transfers on poverty, we need to examine both coverage and levels of payment. In the following sections, we examine pensions, TSA and categorical benefits in turn, assessing their performance in terms of targeting, coverage, level and effectiveness (Box 6.2).

**Box 6.2: Measurements of the Social Transfer**

- TARGETING: the proportion of all benefit recipients that are in the poorest group of households
- COVERAGE: the proportion of the poorest group of households that receive benefits
- LEVEL: the average amount of benefit received
- EFFECTIVENESS: the extent to which receipt of benefits results in a reduction in poverty rates and gaps

## 6.4 Pensions

### *6.4.1 Targeting of pensions*

Pension transfers are not intended to be means tested and Table 6.4 shows that they are more evenly distributed across households with different means-testing scores than any other form of benefit.

Table 6.4: Households in receipt of three different types of social assistance by family means-testing score in 2015 (n=4,533)

| Type of social assistance received | % 0 to 57,000 (n=645) | % 57,000 to 70,001 (n=209) | % over 70,000 (n=351) | % with unknown score (n=808) | % with no application[a] (n=2,520) |
|---|---|---|---|---|---|
| Pensions | 62.1 | 56.4 | 55.8 | 59.8 | 54.1 |
| TSA | 84.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Categorical benefits | 9.0 | 13.1 | 5.9 | 8.7 | 5.6 |
| None of these | 4.8 | 35.2 | 40.6 | 37.0 | 43.3 |

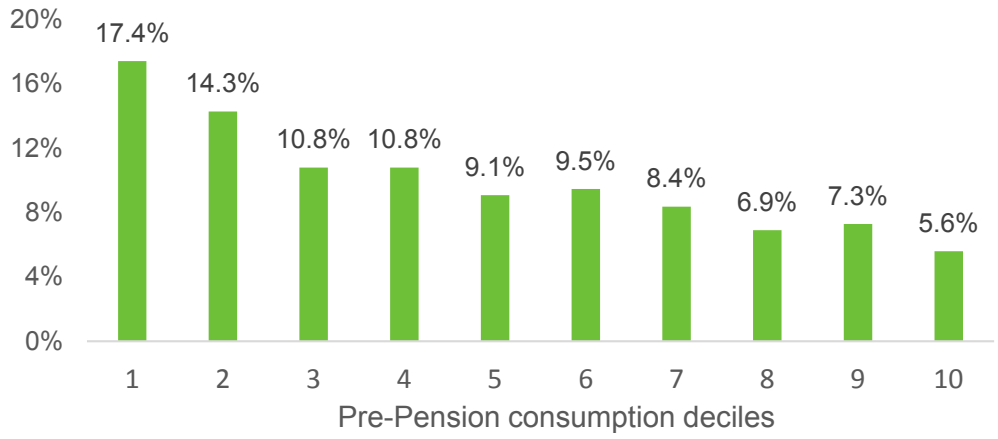
Note: *Columns do not add-up to 100 percent because some households receive more than one type of benefit*

[a] *These are households that have not applied to be registered in the database of vulnerable families*

Of course, not all households include pensioners, so pension receipt is not universally applicable. Over half (57.4 percent) of all households in Georgia include at least one person of pension age (at least one man aged 65 or more, or at least one woman aged 60 or more), indicating some impact on general and child poverty.

If household monthly PAE consumption figures are reduced by the amount of pension PAE income received, this pre-transfer consumption can be ranked from lowest to highest and split into tenths (deciles). There is some reduction in the percentage receiving pensions in the better-off households with pensioners. Figure 6.1 shows that while 17.4 percent of households receiving pensions are in the poorest tenth, over 6 percent of those with pension incomes are in the richest three deciles also. The benefit is not intended to be targeted at the poor.

Figure 6.1: Distribution of total pension recipient households across pre-pension transfer consumption deciles in 2015 (unweighted n=2,578)




### *6.4.2 Coverage of pensions*

Table 6.5 shows the consumption levels of pre-pension transfer deciles for all households. The negative consumption values for the poorest decile suggest that in some cases, transfer income exceeds consumption. The table also shows the distribution of pension receipt across all household deciles. Most households in the poorer deciles do receive pensions. In the ninth and tenth decile, where the average

monthly pre-pension PAE consumption is 496 GEL and 970 GEL respectively, 41.1 and 31.6 percent of households receive old-age pensions.

Table 6.5: Pension receipt in households by pre-pension PAE consumption decile 2015 (n=4,533)

| Decile[a] | Minimum PAE consumption (GEL) | Maximum PAE consumption (GEL) | Average monthly pre-pensions PAE consumption | % of households in decile receiving pensions 2015 |
|---|---|---|---|---|
| 1 | -282.19 | 47.36 | -3.72 | 97.9 |
| 2 | 47.60 | 100.23 | 77.66 | 80.5 |
| 3 | 100.27 | 140.64 | 121.42 | 60.7 |
| 4 | 140.87 | 174.97 | 157.48 | 60.9 |
| 5 | 175.06 | 221.49 | 197.43 | 51.0 |
| 6 | 221.92 | 270.46 | 245.51 | 53.3 |
| 7 | 270.70 | 333.32 | 301.33 | 47.3 |
| 8 | 334.09 | 424.79 | 376.72 | 38.9 |
| 9 | 424.91 | 604.85 | 495.98 | 41.1 |
| 10 | 605.40 | 8368.22 | 970.77 | 31.6 |
| Total | -282.19 | 8368.22 | 293.98 | 56.3 |

*[a]Decile group of pre-pensions PAE consumption based on ranking of all households.*

If we repeat the analysis to consider only those households containing pensioners, we see that almost all of these households receive pension benefits, especially those in the poorest deciles (Table 6.6). Pension coverage is thus very good.

Table 6.6: Pension receipt in households containing people of pension age by pre-pension PAE consumption decile in 2015(Unweighted n=2,575)

| Decile[a] | Minimum PAE consumption (GEL) | Maximum PAE consumption (GEL) | Average monthly pre-pensions PAE consumption | % of households in decile receiving pensions 2015 |
|---|---|---|---|---|
| 1 | -282.19 | 47.36 | -4.53 | 100.0 |
| 2 | 47.60 | 100.17 | 76.51 | 99.7 |
| 3 | 100.27 | 140.63 | 120.47 | 99.3 |
| 4 | 140.87 | 174.97 | 157.19 | 99.8 |
| 5 | 175.06 | 221.49 | 197.97 | 98.4 |
| 6 | 222.07 | 270.13 | 245.40 | 98.8 |
| 7 | 270.70 | 332.99 | 299.66 | 97.4 |
| 8 | 334.33 | 424.73 | 377.27 | 93.6 |
| 9 | 425.11 | 604.85 | 501.22 | 93.9 |
| 10 | 605.40 | 8368.22 | 914.25 | 93.2 |
| Total | -282.19 | 8368.22 | 224.93 | 98.0 |

*[a]Decile group of pre-pensions PAE consumption based on ranking of all households.*

### *6.4.3 Level of pensions*

In households including people of pension age, the average total amount of pension received is 194.8 GEL per month per household, with a median of 150 GEL. In fact, this constitutes the equivalent of 26 percent of the consumption of households with at least one pensioner on average (745.5 GEL per household per month, on average). In households with a single pensioner, the average total pension received constitutes 50.9 percent of mean consumption, and in households with more than one pensioner, it constitutes 57 percent.

### *6.4.4 Effectiveness of pensions in reducing poverty*

Complex household structures are prevalent in Georgia. Many households in Georgia include three generations. In 2015, 38.5 percent of households contain at least one child, and in almost half of such household resides at least one pensioner. On the other hand, 57.4 percent of households have at least one pensioner, and one third of them have a child as a family member.

Table 6.7 Percentage of households with children and pensioners in 2015 (n=4,533)

| | No pensioner | Pensioner | Total |
|---|---|---|---|
| **No child** | 22.7 | 38.8 | 61.5 |
| **Child** | 19.9 | 18.6 | 38.5 |
| **Total** | 42.6 | 57.4 | 100 |

If pension income is removed from the household consumption value used to calculate poverty rates, those rates increase considerably. This holds true not only for pensioners themselves, but also for other household members (Table 6.8). Almost one-fifth (19.3 percent) of all pensioners are living in households defined as 'poor', based on the relative poverty threshold. If there were no social transfers in the form of pensions, this figure would rise to more than one half (54 percent). Within the households defined as relatively poor, there also reside almost 10 percent of all children who are lifted out of poverty by household receipt of pension income. This effect is similar to the 2013 results, where pension receipts lifted 8.1 percent of children out of poverty.

Table 6.8: The estimated effects of pension income on poverty rates in 2015

| Poverty threshold | % of households in poverty (n=4,533) | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Extreme poverty (< 77.6GEL) | 1.7 | 2.1 | 2.5 | 1.7 |
| Excluding pensions | 14.6 | 11.1 | 7.5 | 26.2 |
| Relative poverty (< 171.8 GEL) | 20.7 | 23.1 | 26.8 | 19.3 |
| Excluding pensions | 39.1 | 37.1 | 36.5 | 54.0 |
| General poverty (< 155.1 GEL) | 16.4 | 18.4 | 21.7 | 15.0 |
| Excluding pensions | 34.5 | 31.9 | 30.7 | 49.4 |

In addition to affecting the rates of poverty, social transfers have the potential to reduce the amount of consumption needed to lift households out of poverty. Table 6.9 shows the effects of pensions on the poverty gap for those households that include pensioners in receipt of the benefit. In extremely poor households, for example, pension receipt reduces the average poverty gap by 60.8 percentage points.

Table 6.9: The effects of pensions on poverty gaps for poor households with pensioners in 2015

| Poverty threshold | Poor households in receipt of pensions | |
|---|---|---|
| | Poverty gap | % point effect |
| Extreme poverty (< 77.6GEL) | 19.8 | 60.8 |
| Excluding pensions | 80.6 | |
| Relative poverty (< 171.8 GEL) | 25.0 | 32.2 |
| Excluding pensions | 57.2 | |
| General poverty (< 155.1 GEL) | 23.5 | 35.2 |
| Excluding pensions | 58.7 | |

In summary, pensions are received by households across all consumption deciles. They are not means-tested, and for households that include pensioners, benefit coverage is extremely high so they have a large impact in terms of reducing poverty rates. They also reduce poverty substantially for those households with pensioners who receive them.

## 6.5 TSA

In contrast to pensions, TSA receipt is based on proxy means testing and Table 6.4 above has shown that of the households with a means–testing score below the TSA threshold of 57,000, eighty-four percent receive the benefit. TSA is specifically designed to identify poor households.

Nevertheless, only 40 percent of households in extreme poverty, 26 percent of those in relative poverty, and 27 percent of households in general poverty, receive the benefit.

There is also considerable regional variation (Table 6.10). Over 23 percent of households in Shida Kartli receive TSA, compared to only 3.7 percent in Samtskhe-Javakheti, and 3.4 percent in Kvemo Kartli.

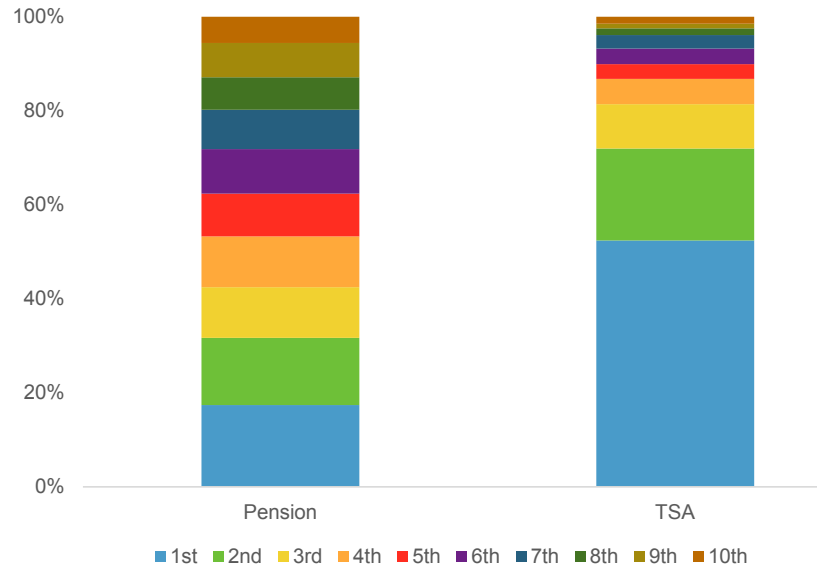
Table 6.10: TSA receipt by region in 2015 (n=4,533)

| | % of all households receiving TSA |
|---|---|
| Tbilisi | 9.7 |
| Adjara | 5.3 |
| Guria | 14.8 |
| Imereti, Racha | 17.0 |
| Kakheti | 12.8 |
| Mtskheta-Mtianeti | 16.3 |
| Kvemo Kartli | 3.4 |
| Samtskhe-Javakheti | 3.7 |
| Samegrelo | 8.7 |
| Shida Kartli | 23.4 |
| Total | 11.3 |

### *6.5.1 Targeting of TSA*

When we rank households by their pre-TSA consumption, and group them into deciles or quintiles, we find that 64.8 percent of all TSA paid goes to households in the poorest decile, and more than four-fifths (82 percent) goes to the poorest fifth of households. More than half (52.4 percent) of households receiving TSA are in the poorest decile, and 72 percent of TSA recipients are in the poorest fifth of households (Figure 6.2).

Figure 6.2: Distribution of households in corresponding pre-transfer consumption deciles 2015



Such a benefit is well targeted in some ways: very few recipient households are in the better-off deciles. However, in others, there is room for improvement, as there are still many households in the poorer deciles that do not receive the benefit. In the following section, we examine the extent of TSA coverage.

### *6.5.2 Coverage of TSA*

Table 6.11 shows the consumption levels of pre-TSA transfer deciles for all households, as well as the coverage of TSA receipt across all household deciles.

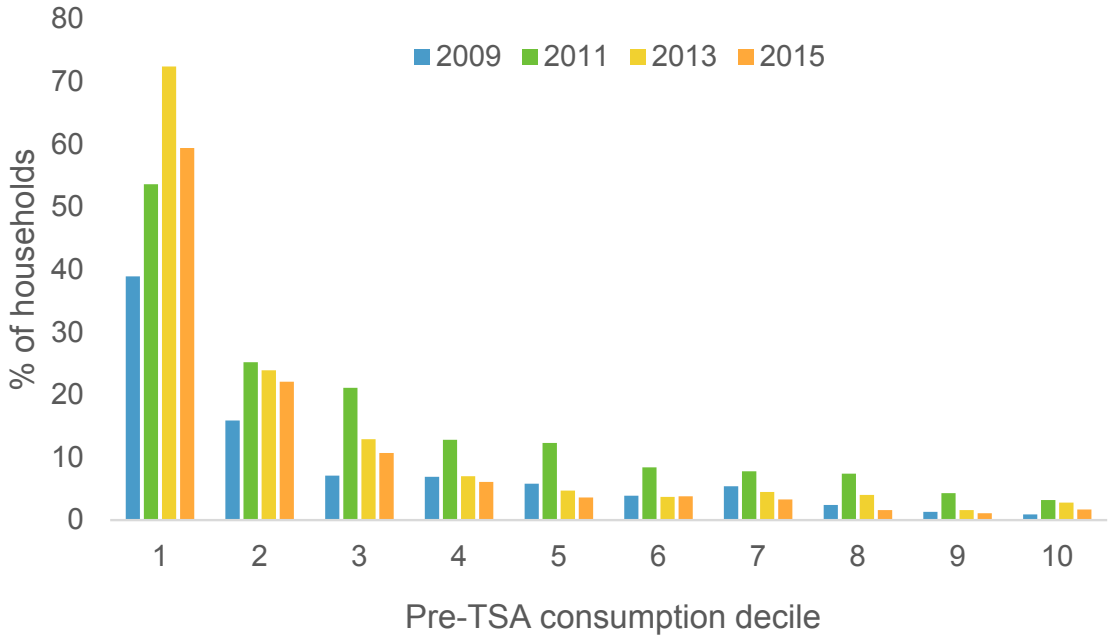
Table 6.11: TSA receipt by pre-TSA PAE consumption decile 2015 (n=4,533)

| Decile[a] | Minimum PAE consumption (GEL) | Maximum PAE consumption (GEL) | Average monthly pre-TSA PAE consumption | % of households in decile receiving TSA 2015 |
|---|---|---|---|---|
| 1 | -44.77 | 110.46 | 66.58 | 59.4 |
| 2 | 110.67 | 154.76 | 135.36 | 22.1 |
| 3 | 154.77 | 195.45 | 174.75 | 10.7 |
| 4 | 195.46 | 236.12 | 215.32 | 6.1 |
| 5 | 236.25 | 282.27 | 259.44 | 3.6 |
| 6 | 282.50 | 327.65 | 304.60 | 3.8 |
| 7 | 327.66 | 380.17 | 353.03 | 3.3 |
| 8 | 380.22 | 462.82 | 419.99 | 1.6 |
| 9 | 462.98 | 656.29 | 544.16 | 1.1 |
| 10 | 656.97 | 8565.58 | 1011.60 | 1.7 |
| Total | -44.77 | 8,565.58 | 345.42 | 11.3 |

[a] *Decile group of pre-TSA PAE consumption based on ranking of all households.*

Households in the first and second deciles have average consumptions below the relative poverty line of 171.8 GEL PAE per month, yet only 59.4 percent of households in the poorest decile, and less than a quarter of those in the second decile, receive TSA. While there has been significant improvement since 2009 (Figure 6.3), about 40 percent of the poorest tenth, and 78 percent of the next poorest tenth of households receive no TSA.

Figure 6.3: Household TSA receipt by decile in 2009, 2011, 2013 and 2015




### *6.5.3 Level of TSA*

For those households that do receive TSA, the benefit can make an important contribution to total consumption, despite the fact that the amounts being dispersed are quite low. On average, these households receive 73.3 GEL PAE with a median value of 74.5 GEL. TSA constitutes the equivalent of 34.9 percent of household consumption PAE on average, and makes up all consumption in 4.8 percent of recipient households.

### *6.5.4 Effectiveness of TSA in reducing poverty*

Over one-fifth (20.7 percent) of all households are relatively poor. If there were no social transfers in the form of TSA, this figure would rise to 24.1 percent. As in 2009 and 2011, TSA also results in a significant reduction in extreme child poverty – in fact, by more than three times (from 8.9 percent to 2.5 percent). In the households defined as relatively poor, 3.7 percent of all children are lifted out of poverty by household receipt of TSA income. (Table 6.12).

Table 6.12: The estimated effects of TSA income on poverty rates 2015

| Poverty threshold | % of households in poverty (n=4,533) | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Extreme poverty (< 77.6GEL) | 1.7 | 2.1 | 2.5 | 1.7 |
| Excluding TSA | 5.3 | 6.3 | 8.9 | 4.7 |
| Relative poverty (< 171.8 GEL) | 20.7 | 23.1 | 26.8 | 19.3 |
| Excluding TSA | 24.1 | 26.0 | 30.5 | 22.8 |
| General poverty (< 155.1 GEL) | 16.4 | 18.4 | 21.7 | 15.0 |
| Excluding TSA | 20.1 | 21.7 | 25.9 | 18.6 |

Table 6.13 shows the effects of TSA on the poverty gap for those households that receive the benefit. In extremely poor households for example, TSA receipt reduces the average poverty gap by 32.7 percentage points.

Table 6.13: The effects of TSA on poverty gaps for poor households 2015

| Poverty threshold | Poor households in receipt of TSA | |
|---|---|---|
| | Poverty gap | % point effect |
| Extreme poverty (< 77.6 GEL) | 22.5 | 32.7 |
| Excluding TSA | 55.2 | |
| Relative poverty (< 171.8 GEL) | 30.3 | 23.4 |
| Excluding TSA | 53.7 | |
| General poverty (< 155.1 GEL) | 28.3 | 24.1 |
| Excluding TSA | 52.4 | |

In summary, most TSA households are in the lowest consumption deciles, reflecting successful targeting. Benefit levels are low, but represent a substantial proportion of all consumption in recipient households. However, the TSA covered population is low so that even in the poorest households, there are many who do not receive TSA.

Things have, however, improved a little since 2009. Table 6.14 shows that there have been no significant changes in targeting and leakage measures from 2013 to 2015. The coverage of the poorest decile decreased in 2015. This has resulted in smaller effects of TSA on extreme poverty rates for the population and for children.

Table 6.14: Changes in TSA between 2009, 2011, 2013 and 2015

| | 2009 | 2011 | 2013 | 2015 |
|---|---|---|---|---|
| Targeting: % of TSA recipient households in the poorest 40% | 77.8 | 73.6 | 85.0 | 86.8 |
| Leakage: % of TSA recipient households in the richest 10% | 1.0 | 2.4 | 2.0 | 1.5 |
| Level: mean amount of TSA PAE (GEL) | 34.9 | 35.0 | 68.0 | 73.3 |
| Coverage: % of the poorest decile receiving TSA | 38.9 | 53.6 | 72.4 | 59.4 |
| % point reduction in head-count poverty as a result of TSA receipt: | | | | |
| *Extreme* | 3.0 | 3.6 | 5.8 | 4.2 |
| *Relative* | 1.8 | 2.0 | 3.3 | 2.9 |
| *General* | 0.8 | 1.4 | 3.0 | 3.3 |
| % point reduction in child poverty as a result of TSA re-ceipt: | | | | |
| *Extreme* | 3.7 | 5.1 | 6.8 | 6.4 |
| *Relative* | 2.0 | 2.2 | 2.7 | 3.7 |
| *General* | 0.8 | 1.5 | 2.5 | 4.2 |

### *6.5.5 TSA and the newly poor*

We identify as the 'newly poor', the households whose consumption fell below the relative poverty threshold in 2015, but not in 2013. At the time of the 2015 survey, 248 out of 369 newly poor households (unweighted) had ever applied to be registered on the database of vulnerable families, while 1,098 of 2,447 other households had applied. Of those that did apply, the newly poor households were more successful (p=0.0667) than others in getting TSA (Table 6.15).

Table 6.15: The weighted percentage of the 1,346 households applying who receive TSA in 2015

| | **% of newly poor house-holds (n=248)** | **% of other households (n=1,098)** | **Total % (n=1,346)** |
|---|---|---|---|
| TSA received | 32.2 | 25.0 | 26.3 |

In total, only 32.2 percent of the households becoming newly poor in 2015 received TSA. The remaining 285 (unweighted) households fall into three groups:

a) Those who did not apply to be registered on the database (121)
b) Those registered, but with a ranking score over 57,000 (61)
c) Those registered, but with a ranking score of 57,000 or less (13)

(A further 10 households had not yet had their score calculated, 4 refused to disclose it, and 76 found the question too difficult to answer.)

By definition, all of these households had monthly consumption below the relative poverty threshold, but many of them experience other types of deprivation as well (Table 6.16).

Table 6.16: An overview of the living standards of newly poor households in 2015

| | Receiving TSA (n=84) | Score over 57,000 (n=61) | Not registered (n=121) |
|---|---|---|---|
| Mean monthly consumption (GEL PAE) | 128.1 | 128.0 | 136.1 |
| % Material deprivation | 18.6 | 13.6 | 4.4 |
| % Social exclusion | 3.0 | 28.7 | 2.0 |
| % Lacking utilities | 79.1 | 70.5 | 66.4 |
| Number of children (unweighted) | 61 | 41 | 82 |

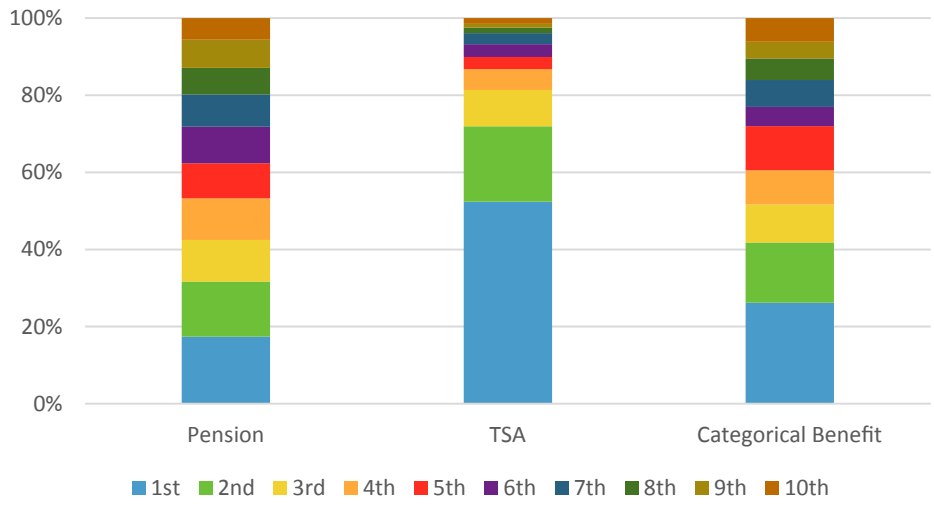
## 6.6 Categorical benefits

The WMS 2009 revealed 7.0 percent of households were in receipt of these benefits. This figure was unchanged in 2011, but marginally decreased in 2013, when 6.8 percent of households were receiving these kinds of benefits. In 2015, 6.9 percent of households were receiving at least one kind of categorical benefit.

### *6.6.1 Targeting of categorical benefits*

Figure 6.4 shows that these types of benefit are not targeted and are spread more evenly across consumption deciles.[35]

Figure 6.4: Targeting of social transfers in 2015 (n=4,533)[35]




35 For pensions, the deciles are based on consumption PAE minus pension income PAE; for TSA they are based on consumption PAE minus TSA income PAE; and for categorical benefits they are based on consumption PAE minus categorical benefit income PAE.

### *6.6.2 Coverage of categorical benefits*

Coverage of categorical benefits is low overall (6.9 percent), but is highest in the poorest tenth of households, 18 percent of which receive the benefit (Table 6.17).

Table 6.17: Receipt of categorical benefits in households by pre-categorical benefits PAE consumption decile 2015 (n=4,533)

| Decile[a] | Minimum PAE consumption (GEL) | Maximum PAE consumption (GEL) | Average monthly pre-categorical benefits PAE consumption | % of households in decile receiving categorical benefits 2015 |
|---|---|---|---|---|
| 1 | -258.38 | 127.02 | 90.30 | 18.0 |
| 2 | 127.08 | 162.87 | 145.65 | 10.7 |
| 3 | 162.94 | 200.52 | 181.17 | 6.8 |
| 4 | 200.54 | 237.38 | 219.09 | 6.1 |
| 5 | 237.56 | 280.41 | 258.86 | 7.9 |
| 6 | 280.49 | 327.34 | 303.46 | 3.4 |
| 7 | 327.37 | 379.75 | 352.95 | 4.8 |
| 8 | 379.82 | 461.24 | 418.35 | 3.9 |
| 9 | 461.28 | 654.54 | 542.57 | 3.0 |
| 10 | 654.65 | 8,565.58 | 1,010.81 | 4.2 |
| Total | -258.38 | 8,565.58 | 352.17 | 6.9 |

*[a]Decile group of pre-categorical benefits PAE consumption based on ranking of all households.*

### *6.6.3 Level of categorical benefits*

The average amount of categorical benefits in recipient households is 66.4 GEL PAE per month, which is almost double the 34.4 GEL PAE recorded in 2013. Recipient households with orphans receive 57.6 GEL per month PAE. Households with orphans are identified in the WMS by receipt of benefit, so the percentage of orphans receiving the benefit appears to be 100 percent. On the other hand, only 22.2

percent of households that contain a person with a disability[36] are in receipt of categorical benefits, at an average rate of 56.5 GEL PAE per month; and 78.6 percent of households with an IDP receive categorical benefits at a rate of 56.4 GEL PAE per month.

### *6.6.4 Effectiveness of categorical benefits in reducing poverty*

The effect that categorical benefits have on overall poverty rates is small, reducing rates by less than 2 percentage points (Table 6.18).

Table 6.18: The estimated effects of categorical benefit income on household poverty rates 2015

| Poverty threshold | % of households in poverty (n=4,533) | % of total population living in such households | % of all children living in such households | % of all pensioners living in such households |
|---|---|---|---|---|
| Extreme poverty (<77.6GEL) | 1.7 | 2.1 | 2.5 | 1.7 |
| Excluding categorical benefits | 2.5 | 3.0 | 3.6 | 2.3 |
| Relative poverty (<171.8 GEL) | 20.7 | 23.1 | 26.8 | 19.3 |
| Excluding categorical benefits | 22.3 | 25.0 | 29.1 | 21.1 |
| General poverty (<155.1 GEL) | 16.4 | 18.4 | 21.7 | 15.0 |
| Excluding categorical benefits | 17.8 | 20.1 | 23.9 | 16.8 |

It is important to note that categorical benefits have greater effects on their target groups than on national poverty levels. Focusing on only these households, the impact of categorical benefits is higher (Table 6.19).

36 In the WMS, households that are considered to include a person with a disability are those where there is someone unemployed because of disability, in receipt of social assistance to first category disabled, blind people, or to families with many children, and a disabled child.

Table 6.19: The estimated effects of categorical benefit incomes on household poverty rates for only those households that include at least one disabled person, an IDP, or an orphan in 2015

| Poverty threshold | % of households (with disabled person) in poverty (n=189) | % of households (with IDP) in poverty (n=201) | % of households (with orphan) in poverty (n=29) |
|---|---|---|---|
| Extreme poverty (<77.6 GEL) | 2.5 | 1.2 | 1.1 |
| Excluding categorical benefits | 7.4 | 9.2 | 8.5 |
| Relative poverty (<171.8 GEL) | 36.7 | 25.1 | 20.8 |
| Excluding categorical benefits | 44.4 | 40.4 | 53.7 |
| General poverty (<155.1) | 30.7 | 19.6 | 17.1 |
| Excluding categorical benefits | 35.1 | 35.4 | 53.7 |

The effect of the allowance on poverty rates for households including someone with IDP status is 8 percentage points for extreme poverty, and 15.3 percentage points for relative poverty. Households with orphans can only be identified in the WMS by receipt of social assistance for orphans. The figures in Table 6.18 suggest that such social assistance has great impact on orphans, but do not take into account the households with orphans where assistance is not received. It is also important to note that 60 percent of all households receiving categorical benefits also receive either pensions or TSA, so the net effect of social transfers will be underestimated.

## Summary

According to the WMS, 56.3 percent of households were in receipt of a pension in 2015. TSA receipt decreased from 13.8 percent to 11.3 percent of households, and the number of families receiving categorical benefits slightly increased to 6.9 percent.

However, if we assess the poverty status of households on the basis of their consumption *before* social transfers (pensions, TSA and categorical benefits) are taken into account, there are still 2.7 percent of extremely poor, 15.6 percent of relatively poor, and 14 percent of generally poor households that receive no benefit payments at all.

If pension income is removed from the household consumption value used to calculate poverty rates, those rates increase considerably – not only for pensioners themselves, but also for other household members (Table 6.8). Almost one-fifth (19.3 percent) of all pensioners are living in households defined as 'poor' based on the relative poverty threshold. If there were no social transfers in the form of pensions, this figure would rise to more than one half (54 percent).

Only 40 per cent of households in extreme poverty, twenty-six percent of those in relative poverty, and 27 percent of households in general poverty, receive the benefit. More than half (52.4 percent) of

households receiving TSA are in the poorest decile, and 72 percent of TSA recipients are in the poorest fifth of households.

While there has been significant improvement since 2009 (Figure 6.3), about 40 percent of the poorest tenth, and 78 percent of the next poorest tenth of households, still receive no TSA.

If there were no social transfers in the form of TSA, the percentage of relatively poor households would rise from 20.7 to 24.1 percent. As in previous years, TSA also significantly reduces extreme child poverty by more than three times (from 8.9 percent to 2.5 percent). In the households defined as relatively poor, 3.7 percent of all children are lifted out of poverty by household receipt of TSA income.

The effect that categorical benefits have on overall poverty rates however is small, reducing rates by less than two percentage points. It is important to note that categorical benefits have greater effects on their target groups than they do on national poverty levels. The effect of the allowance on poverty rates for households including someone with IDP status is 8 percentage points for extreme poverty, and 15.3 percentage points for relative poverty. Moreover, 60 percent of all households receiving categorical benefits also receive either pensions or TSA, so the net effect of social transfers will be underestimated.

# 7. HEALTH CARE SERVICES

## 7.1 Background

From 2013, the government of Georgia introduced a universal health program, which guarantees state support to all citizens in need of health treatment. The effect of the health reform is only slightly captured by the 2013 WMS survey.

This analysis of the WMS 2015 looks at five dimensions of financial access to healthcare provision: the composition of household spending on health; its catastrophic costs[37] ; the distribution of health insurance; barriers to obtaining healthcare and services[38] ; and the impoverishing effects of spending on health[39] .

## 7.2 Composition of spending on healthcare in 2015

The mean annual household expenditure on healthcare in the year preceding the 2015 WMS was 347 GEL per equivalent adult (median 177 GEL). Adjusted for inflation, this shows an increase of 31 percent from mean expenditure of 243 GEL, and a 32 percent increase from median expenditure of 122.8 GEL in 2013. Moreover, its share of all household expenditures, increased from 7 percent to 8.1 percent over the same period (see Table 3.6). Expenditures on healthcare covers emergency medical assistance (including transportation costs), visits to doctors, medical procedures, surgical operations, hospital services, maternity care fees, women's consultations, regular checkups, immunization costs, nursing and carer fees, purchase of medicines, medical insurance premiums and other informal costs. Only 3.3 percent of households in the survey incurred no health costs at all. In 2013, 5.8 percent of households had no health costs.

Section 4 showed that buying medicines and medical services were stated as the main problems confronted by 26.4 percent and 5.7 percent of households, respectively (Table 4.22). While the percentage of households that consider paying for medical services to be their main problem has halved since 2013, the percentage those struggling to buy medicines has increased considerably.

Columns 2 and 3 of Table 7.1 show that on average, the purchase of medicines remains the main component of healthcare spending, both in absolute terms, and as a percentage of all health-related expenditures. Average values mask the variation in health spending since not all households have the same needs for services. Column 4 of the table shows for example, that 96.3 percent (92.2 percent in 2013) of households spent money on purchasing medicines in the last year at an average cost of 242.3 GEL (178.6 GEL in 2013) (Column 5). Almost 7 percent paid for surgical operations at an average cost of 350.8 GEL. The remaining 93 percent however, had zero expenditure on this item, so the average cost for all households is much lower (23.8 GEL).

37 The costs of health care in a household are defined as 'catastrophic' if they constitute over 10 percent of total household consumption, or over 25 percent of household non-food consumption.

38 A household has barriers to obtaining healthcare and services if at least one person in the household needed medical services, for which the household could not afford to pay or a medical facility was not available.

39 The impoverishing effects of out-of-pocket healthcare payments are identified by the percentage of households that would fall below the different thresholds of consumption poverty if all healthcare services were provided free-of-charge.

Table 7.1: Use of healthcare services and average composition of annual healthcare spending by households over the past year 2015 (n=4,533)

| | Average annual expenditure (GEL PAE) | Average % of all health expenditure | % of households using each form of health care | Average expenditure of users (GEL PAE) |
|---|---|---|---|---|
| Purchasing medicines | 233.3 | 67.3% | 96.3% | 242.3 |
| Surgical operations | 23.8 | 6.9% | 6.8% | 350.8 |
| Visits to doctor | 35.3 | 10.2% | 36.7% | 96.2 |
| Emergency medical help | 3.0 | 0.9% | 4.7% | 64.2 |
| Hospital services | 7.6 | 2.2% | 5.7% | 132.8 |
| Regular check-ups | 19.0 | 5.5% | 20.5% | 92.9 |
| Maternity care | 4.6 | 1.3% | 2.9% | 160.1 |
| Medical insurance premiums | 9.3 | 2.7% | 4.7% | 196.8 |
| Women's consultations | 3.5 | 1.0% | 4.5% | 77.6 |
| Other items | 4.1 | 1.2% | 3.3% | 122.6 |
| Nursing and care fees | 3.3 | 1.0% | 0.2% | 1638.1 |
| Immunization costs | 0.0 | 0.0% | 0.3% | 12.5 |
| **Total** | **346.8** | | | |

Average annual spending on all forms of healthcare per equivalent adult has increased to 342.7 GEL in urban areas, compared to 272 GEL PAE in 2013; 296 GEL PAE in 2011, and 285 GEL PAE in 2009. This represents a 15.7 percent increase compared to 2013 when adjusted for inflation. One of the main reasons for the increase is the cost of medicines. In rural areas, it has increased from 212 GEL to 351.1 GEL PAE, and when adjusted for inflation, there is a 52 percent increase compared with 2013. The difference in total spending on healthcare between urban and rural parts of the country was not significant in 2015.

However, there are significant differences in spending on particular services (Table 7.2). Overall expenditure on private health insurance premiums is significantly higher for households in urban areas. None of the differences between rural and urban areas are significant for the average health-related expenditures of actual users.

Table 7.2: Average composition of annual healthcare spending (GEL PAE) by urban and rural location in 2015 (n=4,533)

| | Average annual expenditure (GEL PAE) | | | Service users only | |
|---|---|---|---|---|---|
| | **Urban** | **Rural** | **t-test significance** | **Urban** | **Rural** |
| Purchasing medicines | 224.3 | 242.6 | ns | 233.1 | 251.9 |
| Surgical operations | 21.5 | 26.1 | ns | 303.3 | 404.8 |
| Visits to doctor | 31.6 | 39.1 | * | 91.3 | 100.8 |
| Emergency medical help | 1.8 | 4.3 | ** | 56.5 | 68.1 |
| Hospital services | 8.6 | 6.5 | ns | 140.4 | 123.5 |
| Regular check-ups | 17.5 | 20.7 | ns | 87.9 | 97.8 |
| Maternity care | 6.7 | 2.4 | ns | 219.2 | 89.7 |
| Medical insurance premiums | 15.8 | 2.5 | *** | 202.9 | 165 |
| Women's consultations | 3.5 | 3.5 | ns | 78.3 | 76.9 |
| Other items | 4.9 | 3.2 | ns | 205.5 | 75.3 |
| Nursing and care fees | 6.4 | 0.02 | ns | 1830.5 | 50.3 |
| Immunization costs | 0.06 | 0.01 | ns | 12.7 | 11.6 |
| **Total for all items** | **342.7** | **351.1** | **ns** | **353.9** | **363.3** |

*Note: ns Not significant; * p<0.05; ** p<0.01; *** p< 0.001*

In 2013, spending on most types of healthcare was higher in Tbilisi than in other regions, though it is not the case in 2015. Overall spending is highest in Guria and Mtskheta-Mtianeti, due largely to high levels of spending on purchasing medicines, expenses on surgical operations and regular check-ups. Expenditure on medicines is also particularly high in Kakheti (Table 7.3a).

Table 7.3a: Average composition of annual healthcare spending (GEL PAE) by region in 2015 (n=4,533)

| | Average annual expenditure (GEL PAE) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tbilisi | Adjara | Guria | Imereti Racha | Kakheti | Mtskhe-ta-Mtianeti | Kvemo Kartli | Samtskhe-Ja-vakheti | Samegrelo | Shida Kartli | Total |
| Purchasing medicines | 220.9 | 167.1 | 239.2 | 255.6 | 273.2 | 290.4 | 193.4 | 204.4 | 264.2 | 245.4 | 233.3 |
| Surgical operations | 22.8 | 13.5 | 50.7 | 14.8 | 21.4 | 21.4 | 41.5 | 56.2 | 20.7 | 13.6 | 23.8 |
| Visits to doctor | 26.3 | 19.5 | 34.7 | 49.7 | 27.9 | 25.3 | 57.0 | 40.3 | 31.6 | 34.0 | 35.3 |
| Emergency medical help | 0.6 | 1.5 | 7.7 | 4.1 | 5.9 | 0.5 | 2.5 | 8.0 | 1.9 | 5.1 | 3.0 |
| Hospital services | 10.1 | 4.8 | 10.9 | 5.0 | 4.0 | 5.3 | 7.0 | 6.5 | 8.3 | 13.0 | 7.6 |
| Regular check-ups | 19.2 | 15.9 | 48.1 | 14.9 | 15.6 | 32.8 | 22.5 | 14.4 | 24.7 | 9.5 | 19.0 |
| Maternity care | 10.3 | 3.2 | 2.5 | 2.7 | 4.0 | 4.7 | 2.5 | 1.3 | 1.3 | 1.0 | 4.6 |
| Medical insurance pre-miums | 23.2 | 10.2 | 1.8 | 2.6 | 6.3 | 6.9 | 14.8 | 0.2 | 2.9 | 3.7 | 9.3 |
| Women's consultations | 3.7 | 3.0 | 4.7 | 4.3 | 2.8 | 3.2 | 5.2 | 5.0 | 1.9 | 0.8 | 3.5 |
| Other items | 7.3 | 1.0 | 3.3 | 4.7 | 1.9 | 7.6 | 2.1 | 5.0 | 2.9 | 0.0 | 4.1 |
| Nursing and care fees | 12.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 3.3 |
| Immunization costs | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| **Total** | **356.7** | **239.8** | **403.6** | **358.4** | **363.0** | **398.5** | **338.5** | **341.3** | **360.4** | **326.1** | **346.8** |

Table 7.3b shows health care expenditure by region for actual users of each service. Although the regional effect on spending is significant overall, when each type of service is taken separately, small number of actual users in some cases does not allow to significantly differentiate average cost of each type of healthcare.

Table 7.3b: Average composition of annual health care spending by actual users of each service (GEL PAE) by region in 2015

| | Average annual expenditure (GEL PAE) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Tbilisi | Adjara | Guria | Imereti Racha | Kakheti | Mtskheta-Mtianeti | Kvemo Kartli | Samtskhe-Ja-vakheti | Samegrelo | Shida Kartli | Total |
| Purchasing medicines | 233.0 | 171.9 | 252.4 | 263.9 | 277.4 | 303.0 | 200.8 | 217.7 | 275.3 | 248.2 | 242.3 |
| Surgical operations | 284.4 | 201.3 | 548.0 | 256.3 | 322.7 | 309.5 | 503.9 | 711.8 | 358.4 | 522.2 | 350.8 |
| Visits to doctor | 78.9 | 61.5 | 123.2 | 121.9 | 81.5 | 94.5 | 104.9 | 105.6 | 86.9 | 114.9 | 96.2 |
| Emergency medical help | 29.3 | 54.1 | 59.7 | 79.5 | 60.2 | 26.9 | 53.0 | 90.6 | 58.2 | 89.6 | 64.2 |
| Hospital services | 152.8 | 58.0 | 161.4 | 117.9 | 60.1 | 130.1 | 191.0 | 171.9 | 106.9 | 368.8 | 132.8 |
| Regular check-ups | 89.8 | 89.9 | 160.0 | 92.2 | 92.1 | 126.9 | 70.4 | 85.1 | 109.5 | 67.5 | 92.9 |
| Maternity care | 278.1 | 91.5 | 126.0 | 87.0 | 116.2 | 141.4 | 98.8 | 126.1 | 69.7 | 123.9 | 160.1 |
| Medical insurance premiums | 205.5 | 193.0 | 139.2 | 187.1 | 183.7 | 109.7 | 178.4 | 109 | 186.0 | 249.8 | 196.8 |
| Women's consulta-tions | 68.6 | 60.8 | 97.9 | 67.8 | 87.8 | 64.9 | 164.8 | 156.2 | 54.3 | 45.3 | 77.6 |
| Other items | 347.6 | 26.9 | 74.3 | 93.0 | 54.8 | 453.3 | 53.7 | 60.4 | 113.8 | 12.3 | 122.6 |
| Nursing and care fees | 1830.5 | 0.0 | 0.0 | 0.0 | 9.2 | 143.9 | 0.0 | 0.0 | 0.0 | 0.0 | 1638.1 |
| Immunization costs | 12.6 | 0.0 | 3.6 | 7.9 | 0.0 | 29.0 | 6.1 | 0.0 | 15.7 | 0.0 | 12.5 |
| **Total** | **373.9** | **246.0** | **421.0** | **368.9** | **367.9** | **411.3** | **348.9** | **359.1** | **374.5** | **329.8** | **358.5** |

Table 7.3c shows healthcare expenditure by type of insurance of each individual household member for actual users of each service. However, the spending might not be by the individual household member. For example, households in which individuals with age-specific universal health coverage reside spend about 115 GEL per year PAE on maternity care, but not the individuals themselves. Overall, out-of-pocket, health-related expenditures are the highest for employer-sponsored and private insurance holders, and the lowest for targeted universal health insurance beneficiaries.



94

Table 7.3c: Average composition of annual healthcare spending by actual users of each service (GEL PAE) by type of health insurance in 2015

| | Average annual expenditure (GEL PAE) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Self-financed corporate | Employer-spon-sored | Private | Universal Minimal | Universal Basic | Universal Age | Universal Targeted | Universal Veteran | Other | Don't know | Total |
| Purchasing medicines | 154.2 | 190.0 | 287.4 | 199.1 | 158.3 | 265.6 | 182.3 | 256.9 | 260.8 | 100.3 | 190.5 |
| Surgical operations | 472.3 | 174.5 | 105.8 | 112.2 | 287.5 | 343.7 | 207.7 | 705.0 | 1386.8 | 134.4 | 303.8 |
| Visits to doctor | 64.4 | 64.0 | 192.4 | 57.7 | 71.7 | 87.3 | 77.8 | 98.2 | 54.9 | 24.4 | 75.9 |
| Emergency medical help | 72.8 | 15.5 | 0 | 238.1 | 50.7 | 68.7 | 59.1 | 22.7 | 0 | 0 | 56.0 |
| Hospital services | 181.8 | 192.7 | 0 | 142.6 | 112.5 | 107.5 | 55.4 | 35.0 | 180.1 | 38.2 | 111.2 |
| Regular check-ups | 69.2 | 67.5 | 88.5 | 38.4 | 73.2 | 77.3 | 85.4 | 40.2 | 43.4 | 42.4 | 74.8 |
| Maternity care | 250.8 | 179.7 | 28.4 | 0 | 156.8 | 115.2 | 70.7 | 0 | 139.6 | 118.7 | 141.1 |
| Medical insurance premi-ums | 85.3 | 189.8 | 397.7 | 178.3 | 149.5 | 181.5 | 123.9 | 208 | 0 | 0 | 182.0 |
| Women's consultations | 48.2 | 132.6 | 18.9 | 0 | 65.3 | 69.1 | 84.1 | 68.4 | 93.1 | 0 | 70.2 |
| Other items | 96.4 | 1075.9 | 176.3 | 14.5 | 65.7 | 67.9 | 43.7 | 58.5 | 0 | 24.9 | 118.6 |
| Nursing and care fees | 0 | 60.4 | 0.0 | 9.2 | 1437.2 | 206.9 | 0.0 | 0.0 | 0.0 | 0.0 | 739.9 |
| Immunization costs | 7.9 | 12.2 | 7.4 | 35.7 | 11.0 | 9.6 | 9.7 | 0.0 | 0 | 0.0 | 10.8 |
| **Total** | **280.9** | **460.2** | **653.0** | **265.8** | **267.8** | **388.3** | **233.9** | **418.0** | **1492.5** | **150.6** | **303.7** |



95

## 7.3 Catastrophic healthcare costs

Since 2013, average household spending (PAE) on healthcare, even when adjusted for inflation, has increased by 31 percent. Additionally, as a percentage of all consumption and all non-food consumption, it has increased for households in all quintiles (Table 7.4).

Table 7.4: Yearly household healthcare spending by consumption quintile in 2009 prices (1 is lowest)

| | | PAE Consumption Quintile | | | | | |
|---|---|---|---|---|---|---|---|
| | **Year** | **1** | **2** | **3** | **4** | **5** | **Total** |
| Total yearly healthcare spending (GEL PAE) | 2009 | 65.2 | 115 | 188.6 | 292.2 | 593 | 250.7 |
| | 2011 | 62.5 | 121.5 | 176.2 | 244.7 | 591.2 | 239.1 |
| | 2013 | 66.1 | 142.4 | 190.0 | 245.9 | 396.5 | 208.2 |
| | 2015 | 102.1 | 188.6 | 250.1 | 329.6 | 495.2 | 273.1 |
| Healthcare spending as % all consumption | 2009 | 10.7 | 9.4 | 11.1 | 11.7 | 11.6 | 10.9 |
| | 2011 | 8.3 | 9.1 | 9.4 | 9.5 | 11.1 | 10.1 |
| | 2013 | 6.5 | 8.3 | 8.0 | 7.4 | 6.1 | 7.0 |
| | 2015 | 8.6 | 9.8 | 9.3 | 9.0 | 6.7 | 8.1 |
| Healthcare spending as % non-food consumption | 2009 | 20.5 | 20.7 | 22.2 | 21.1 | 18.2 | 20.5 |
| | 2011 | 23.5 | 24.6 | 23.8 | 21.4 | 18.7 | 20.6 |
| | 2013 | 17.5 | 19.2 | 17.2 | 14.5 | 9.7 | 13.0 |
| | 2015 | 20.6 | 20.4 | 18.7 | 16.0 | 10.6 | 14.4 |

*Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726) and 2015 (n=4,533) adjusted for inflation (2009 prices)*

For some households, out-of-pocket expenditure on medical services and medicines can be catastrophic. The costs of healthcare in a household are defined as 'catastrophic' if they constitute over 10 percent of total household consumption, or over 25 percent of household non-food consumption. These costs constituted over 10 percent of total consumption in 29.8 percent of all households – more than in 2013 (23 percent) and almost the same as in 2011 (31 percent). Moreover, in 25.1 percent of households, healthcare expenditure accounted for more than 25 percent of non-food consumption, which marks an increase from 2013 when the figure was 22 percent.

## 7.4 Health insurance

The Universal Healthcare Program was introduced in 2013, and all citizens became entitled to the program. It comprises five types of coverage: minimal, basic, age-specific, targeted and veteran. Individuals may also have private, self-financed corporate or employer-sponsored health insurance.

About 50 percent of the population is covered by basic universal health coverage (Table 7.5), and about a fourth of the population benefits from age-specific universal health coverage. The third most common type of the state health program is universal-targeted for TSA recipient individuals. Corporate, employer-sponsored or private insurance is more common in urban than it is in rural areas. Almost 7 percent of the population reports, that they are not registered in any health insurance program, don't knowing that they are the beneficiaries of the state healthcare program.

Table 7.5: Distribution of types of health insurance and state programs beneficiaries by location 2015

| | Per Cent | | |
|---|---|---|---|
| **Type of health insurance and state programs** | Urban (n=5,400) | Rural (n=10,755) | Total (n=16,155) |
| Self-financed corporate | 2.5 | 1.3 | 1.9 |
| Employer-sponsored | 6.4 | 1.6 | 4.0 |
| Private | 0.5 | 0.0 | 0.3 |
| Universal Health Program | | | |
| Minimal | 0.6 | 0.6 | 0.6 |
| Basic | 52.6 | 47.8 | 50.2 |
| Age-specific | 22.4 | 24.0 | 23.2 |
| Targeted | 11.1 | 13.9 | 12.5 |
| Veteran | 0.1 | 0.2 | 0.2 |
| Other | 0.0 | 0.0 | 0.0 |
| Don't know | 0.1 | 0.4 | 0.2 |
| **Total** | **100** | **100** | **100** |

### *7.4.1 Health insurance and state programs by region*

Table 7.6 shows the distribution of types of health insurance and state health programs by region. The largest share of respondents don't knowing that they are beneficiaries of one of the state health programs reside in the Mtskheta-Mtianeti (24.1 percent), Samegrelo (17.1 percent) and Kvemo Kartli (15.8 percent) regions.

Table 7.6: Distribution of types of health insurance and state programs by region 2015 (n = 16,155)

| | Tbilisi | Adjara | Guria | Imereti Racha | Kakheti | Mtskhe-ta-Mtianeti | Kvemo Kartli | Samtskhe-Javakheti | Samegrelo | Shida Kartli | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Self-financed corporate | 0.9 | 3.0 | 1.4 | 2.6 | 1.3 | 1.5 | 1.9 | 2.2 | 3.4 | 1.2 | 1.9 |
| Employer-sponsored | 8.7 | 4.2 | 0.8 | 1.3 | 3.8 | 3.7 | 3.1 | 0.8 | 1.4 | 2.2 | 4.0 |
| Private | 0.8 | 0.2 | 0.2 | 0.0 | 0.0 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 |
| Universal Health Program | | | | | | | | | | | |
| Minimal | 0.1 | 1.0 | 0.2 | 0.8 | 1.2 | 0.5 | 1.1 | 0.6 | 0.4 | 0.1 | 0.6 |
| Basic | 53.6 | 51.0 | 56.0 | 50.1 | 49.9 | 36.9 | 52.5 | 62.9 | 40.6 | 38.4 | 50.2 |
| Age-specific | 21.4 | 20.4 | 24.9 | 24.3 | 25.9 | 21.3 | 22.7 | 25.7 | 25.4 | 23.0 | 23.2 |
| Targeted | 11.5 | 6.9 | 15.6 | 19.2 | 15.1 | 11.0 | 2.7 | 6.8 | 11.5 | 24.0 | 12.5 |
| Veteran | 0.1 | 0.0 | 0.0 | 0.5 | 0.0 | 0.1 | 0.0 | 0.1 | 0.1 | 0.3 | 0.2 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Don't know | 0.1 | 1.1 | 0.0 | 0.1 | 0.4 | 0.3 | 0.2 | 0.4 | 0.1 | 0.0 | 0.2 |
| No Health insurance | 2.8 | 12.2 | 0.9 | 1.1 | 2.4 | 24.1 | 15.8 | 0.6 | 17.1 | 11.0 | 6.9 |
| **Total** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** | **100.0** |

### *7.4.2 Health insurance and state programs by TSA ranking scores*

In the WMS 2015 survey, 41.5 percent of households had applied to be registered for the database of socially unprotected families. Of these, almost 60 percent provided their ranking scores. Table 7.7 shows the distribution of the types of health insurance and state programs by TSA score.

Table 7.7: Distribution of types of health insurance and state program beneficiaries by household TSA ranking scores 2015 (Unweighted n=16,155)

| Type of health insurance and state programs | 0-57,000 | 57,001-70,000 | Over 70,000 | No score provided | No application | Total |
|---|---|---|---|---|---|---|
| Self-financed corporate | 0.4 | 1.2 | 0.7 | 1.5 | 2.5 | 1.9 |
| Employer-sponsored | 0.2 | 0.5 | 3.1 | 2.8 | 5.5 | 4.0 |
| Private | 0.0 | 0.6 | 0.0 | 0.0 | 0.4 | 0.3 |
| Universal Health Program | | | | | | |
| Minimal | 0.1 | 0.6 | 0.6 | 0.8 | 0.7 | 0.6 |
| Basic | 12.8 | 49.6 | 58.2 | 56.4 | 55.5 | 50.2 |
| Age-specific | 7.7 | 21.5 | 25.1 | 26.5 | 25.5 | 23.2 |
| Targeted | 75.8 | 20.0 | 3.5 | 4.9 | 1.8 | 12.5 |
| Veteran | 0.2 | 0.0 | 0.0 | 0.1 | 0.2 | 0.2 |
| Other | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Don't know | 0.4 | 0.3 | 0.4 | 0.2 | 0.2 | 0.2 |
| No Health insurance | 2.5 | 5.8 | 8.5 | 6.8 | 7.8 | 6.9 |
| Total | **100** | **100** | **100** | **100** | **100** | **100** |
| Unweighted number of individuals | **2,110** | **711** | **1,237** | **2,778** | **9,313** | **16,155** |

### *7.4.3 Health insurance and state programs by consumption levels*

While 79 percent of the poorest fifth of households had no health insurance at all in 2009, the figure fell to 70 percent in 2011. In 2015, only 7.7 percent of the population from the poorest consumption decile stated that they do not have health insurance, although most of them are included in one of the universal health programs This share is not much different in other consumption deciles.

Table 7.8: Distribution of types of health insurance and state program beneficiaries(n= 16,155) by PAE consumption quintile of household 2015

| % individuals by consumption quintile of household | | | | | | |
|---|---|---|---|---|---|---|
| Type of health insurance | **1** | **2** | **3** | **4** | **5** | **Total** |
| Self-financed corporate | 0.7 | 0.7 | 1.5 | 2.9 | 4.2 | 1.9 |
| Employer-sponsored | 0.3 | 3.0 | 1.9 | 6.5 | 9.5 | 4.0 |
| Private | 0.0 | 0.0 | 0.2 | 0.9 | 0.2 | 0.3 |
| Universal Health Program | | | | | | |
| Minimal | 0.5 | 1.0 | 0.1 | 0.9 | 0.6 | 0.6 |
| Basic | 45.1 | 47.8 | 53.0 | 52.4 | 53.9 | 50.2 |
| Age-specific | 17.4 | 24.5 | 27.5 | 25.4 | 21.9 | 23.2 |
| Targeted | 27.8 | 16.1 | 7.6 | 3.9 | 3.9 | 12.5 |
| Veteran | 0.2 | 0.2 | 0.0 | 0.1 | 0.3 | 0.2 |
| Other | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| Don't know | 0.4 | 0.2 | 0.2 | 0.0 | 0.3 | 0.2 |
| No Health insurance | 7.7 | 6.6 | 8.0 | 6.9 | 5.2 | 6.9 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |
| **Unweighted number of individuals** | **3,790** | **3,576** | **3,174** | **3,013** | **2,602** | **16,155** |

## 7.5 Financial barriers to healthcare

Cost of medicines and services is the major barriers to accessing health services. Almost 19 percent of the population in 2013 needed medical service that could not be afforded by the household. In 2015, the share of the population increased to 22 percent.

About 38.4 percent of all households in 2013 included at least one person who needed medical services, for which the household could not afford to pay. Two years after the introduction of the Universal Healthcare Program, the percentage of households with this barrier to access health services increased both in urban and rural areas (Table 7.9).

Table 7.9: Financial barrier to healthcare by urban or rural location in 2009, 2011, 2013 and 2015

| % of households experiencing financial barrier | | | | |
|---|---|---|---|---|
| | **2009** | **2011** | **2013** | **2015** |
| Urban | 44.8 | 47.7 | 37.0 | 41.0 |
| Rural | 52.6 | 52.2 | 39.9 | 45.3 |
| **Total** | **48.6** | **49.9** | **38.4** | **43.1** |
| **Number of households** | **4,646** | **4,147** | **3,726** | **4,533** |

The regions in which problems with affordability limited access to medical services among the highest percentage of households in 2009 were Kvemo Kartli and Guria. In Kvemo Kartli, almost two-thirds of households went without certain medical services in the year before the survey because they were not affordable. In 2011, the relative situations of the regions were different. Kakheti and Shida Kartli had the highest percentage of households unable to afford the medical services they needed. In 2013, Shida Kartli continued to have the most unaffordable healthcare services, together with Mtskheta-Mtianeti. In 2015, Kakheti, Guria and Kvemo Kartli remained the most disadvantaged regions in terms of access to healthcare services (Table 7.10).

Table 7.10: Financial barrier to healthcare by region in 2009, 2011, 2013 and 2015

| % of households experiencing financial barrier | | | | |
|---|---|---|---|---|
| | **2009** | **2011** | **2013** | **2015** |
| Tbilisi | 49.6 | 49.5 | 40.6 | 44.3 |
| Adjara | 37.1 | 53.1 | 38.9 | 28.4 |
| Guria | 58.9 | 46.3 | 40.0 | 49.4 |
| Imereti Racha | 51.1 | 41.3 | 26.5 | 44.1 |
| Kakheti | 36.0 | 66.6 | 43.9 | 50.5 |
| Mtskheta-Mtianeti | 41.4 | 59.2 | 52.2 | 43.8 |
| Kvemo Kartli | 62.6 | 48.8 | 30.3 | 48.8 |
| Samtskhe-Javakheti | 36.5 | 31.9 | 31.2 | 39.9 |
| Samegrelo | 49.1 | 46.6 | 46.5 | 38.7 |
| Shida Kartli | 54.4 | 62.2 | 52.6 | 39.2 |
| **Total** | **48.6** | **49.8** | **38.4** | **43.1** |
| **Unweighted number** | **4,646** | **4,147** | **3,726** | **4,533** |

Not surprisingly, cost as a barrier to healthcare still affects a higher percentage of households at lower levels of consumption. The share of households in the poorest quintile unable to afford medical services increased by 12 percentage points from 2013 to 2015. (Table 7.11).

Table 7.11: Financial barrier to healthcare by consumption (PAE) quintile of household in 2009, 2011, 2013 and 2015

| % of households experiencing financial barrier | | | | |
|---|---|---|---|---|
| | **2009** | **2011** | **2013** | **2015** |
| Quintile 1 | 64.1 | 56.5 | 44.5 | 56.5 |
| 2 | 57.7 | 55.5 | 43.8 | 49.4 |
| 3 | 50.3 | 51.7 | 39.4 | 43.9 |
| 4 | 44.1 | 48.4 | 35.8 | 36.5 |
| Quintile 5 | 27.0 | 37.5 | 28.6 | 29.1 |
| **Total** | **48.6** | **49.9** | **38.4** | **43.1** |

## 7.6 The impoverishing impact of out-of-pocket expenditure on health care

We can illustrate the impoverishing effects of out-of-pocket healthcare payments by identifying the percentage of households that would fall below the different thresholds of consumption poverty if all healthcare services were provided free-of-charge. Adding the amount spent on healthcare to each household's total expenditure, simulates the effect of free healthcare services by recompensing households for their health service costs.

Under this scenario, the number of households living in poverty would be lower. The size of the effect depends on the poverty threshold used. Table 7.12 below shows that extreme poverty rates fall by only 0.2 percentage points, and both relative and general poverty by 3.4 percentage points when expenditure on healthcare is credited back to household budgets. Such decline in poverty rates can be regarded as increased well-being if there were to be no decrease in the level of healthcare provided.

Table 7.12: The estimated effects on poverty rates of providing free healthcare services in 2015

| Poverty threshold | % urban households | % rural households | % total households |
|---|---|---|---|
| Extreme poverty (77.6 GEL) | 1.5 | 1.9 | 1.7 |
| Excluding healthcare expenditure | 1.4 | 1.6 | 1.5 |
| Relative poverty (171.8 GEL) | 17.0 | 24.5 | 20.7 |
| Excluding healthcare expenditure | 14.3 | 20.5 | 17.3 |
| General poverty (155.1 GEL) | 13.6 | 19.2 | 16.4 |
| Excluding healthcare expenditure | 10.8 | 15.3 | 13.0 |

An alternative approach is to illustrate the impoverishing effects of out-of-pocket healthcare payments by identifying the percentage of households that fall below the different thresholds of consumption poverty after expenditure on health is deducted from total consumption PAE. Poverty rates increase quite substantially as the total consumption measure falls (Table 7.13).

Table 7.13: Increases in household poverty rates when healthcare costs are deducted from total consumption in 2015

| % households in poverty | | | |
|---|---|---|---|
| | Before deduction of healthcare spending | After deduction of healthcare spending | % point increase 2015 (2013; 2011; 2009) |
| Extreme poverty (77.6 GEL) | 1.7 | 2.3 | 0.6 (1.3; 2.8; 3.7) |
| Relative poverty (171.8 GEL) | 20.7 | 26.9 | 6.2 (4.6; 5.1; 6.7) |
| General poverty (155.1 GEL) | 16.4 | 21.6 | 5.2 (4.8; 6.4; 8.4) |

The effect is more than in 2013 on relative and general thresholds, suggesting that the costs of healthcare are driving even more households below poverty thresholds.

## Summary

Average annual spending on all forms of healthcare per equivalent adult has increased to 342.7 GEL in urban areas, compared to 272 GEL PAE in 2013, 296 GEL PAE in 2011, and 285 GEL PAE in 2009. This represents a 15.7 percent increase compared to 2013 when adjusted for inflation. One of the main reasons for this increase is the cost of medicines. In rural areas, it has increased from 212 GEL to 351.1 GEL PAE, and when adjusted for inflation, there is a 52 percent increase compared to 2013. The difference in total spending on healthcare between urban and rural parts of the country was not significant in 2015. Overall, out-of-pocket health-related expenditures are the highest for employer-sponsored and private insurance holders, and the lowest for targeted universal health program beneficiaries.

Since 2013, average household spending (PAE) on healthcare, even when adjusted for inflation, has increased by 31 percent. Healthcare costs constituted over 10 percent of total consumption in 29.8 percent of households, which is more than in 2013 (23 percent), and almost the same as in 2011 (31 percent). Moreover, in 25.1 percent of households, healthcare expenditure accounted for more than 25 percent of non-food consumption, which is an increase from 2013 when the figure was only 22 percent.

While 79 per cent of the poorest fifth of households had no health insurance at all in 2009, the figure fell to 70 percent in 2011. In 2015, only 7.7 percent of the population from the poorest consumption decile stated that they did not have health insurance, although most of them are covered by one of the state health programs.

38.4 percent percent of all households in 2013 included at least one person who needed medical services, for which the household could not afford to pay. Two years after the introduction of the Universal Healthcare Program, the percentage of households with this access barrier to health services increased both in urban and rural areas.

# 8. HOUSEHOLD COPING STRATEGIES

## 8.1 Background

Table 4.22 above shows that there has been a decrease in the proportion of households reporting unemployment and the affordability of medical services as their main problem, with increases in problems related to buying medicines, hunger, malnutrition and payment of debt or bank loans.

Economic situations were reported as 'worsening' over the previous year in 44.9 percent of households. This figure has increased significantly since 2013, when it was 24.8 percent, and even surpassing the 2011 figure, when it was 43.2 percent (Table 8.1). For almost half of the households, the economic situation has not change over the previous year, and for only 3.7 percent of households it has improved.

Table 8.1: Respondents' views of the changing economic situation of household in 2009, 2011, 2013 and 2015

| **Change over last year** | **% Total households** | | | |
|---|---|---|---|---|
| | **2009** | **2011** | **2013** | **2015** |
| Worsened | 49.3 | 43.2 | 24.8 | 44.9 |
| Not changed | 46.0 | 50.7 | 65.1 | 48.8 |
| Improved | 2.2 | 4.1 | 8.2 | 3.7 |
| Don't know | 2.4 | 1.8 | 1.9 | 2.5 |
| Refused to answer | 0.1 | 0.1 | 0.0 | 0.1 |
| **Number of respondent households (unweighted n)** | **4,648** | **4,147** | **3,726** | **4,533** |

As in previous rounds of the survey, analysis of the valid answers to the question regarding changing situations reveals a significant effect of consumption level (Table 8.2). In the two poorest consumption quintiles, a significant worsening of economic conditions was much more common (16 and 12.9 percent respectively) than in the richest fifth (6.5 percent) of households. It is also telling that perceived improvement in the economic conditions of households increase with consumption quintile. Only 0.1 percent of the poorest fifth of households report improved conditions, compared to 8.1 percent of the richest fifth.

Table 8.2: Respondents views of the changing economic situation of the household by quintile group of PAE consumption in 2015 (1 is lowest)

| Change over last year | Quintile | | | | | Total |
|---|---|---|---|---|---|---|
| | Bottom | 2nd | 3rd | 4th | Top | |
| Has significantly worsened | 16.0 | 12.9 | 8.3 | 8.3 | 6.5 | 10.4 |
| Has worsened | 35.5 | 38.4 | 36.7 | 36.1 | 31.8 | 35.7 |
| Has not changed essentially | 47.4 | 45.8 | 52.0 | 51.9 | 53.3 | 50.1 |
| Has improved | 0.1 | 2.5 | 2.8 | 3.6 | 8.1 | 3.6 |
| Has significantly improved | 0.0 | 0.4 | 0.2 | 0.1 | 0.3 | 0.2 |
| **Number of households (unweighted n=4,405 [a])** | **932** | **929** | **879** | **854** | **811** | **4,405** |

[a] *Excludes those who answered 'Do not know' or who refused to answer*

## 8.2 Reasons for worsening household situations

In households where the economic situation had worsened or significantly worsened during the last 12 months, respondents were asked to provide up to three main reasons. The total number of reasons given by people among 2,079 households was 3,260 (Table 8.3). Increased prices were cited as the main reason for the worsening economic situation in households. The last component (economic situation in the country) combines answers related to general unemployment, GEL devaluation and economic crisis.

Table 8.3: Reasons for worsening economic circumstances, in 2015, 2013 and 2011

| | Responses | | % House-holds (2015, n=2,079) | % Households (2013, n=939) | % Households (2011, n=1,792) |
|---|---|---|---|---|---|
| | N | % | | | |
| Debt repayments | 188 | 5.8 | 10.0 | 10.0 | 74.0 |
| Serious illness | 589 | 18.1 | 26.5 | 39.5 | 27.0 |
| Decrease in household income | 387 | 11.9 | 19.0 | 23.5 | 17.3 |
| Decreased remittances from abroad | 24 | 0.7 | 1.1 | 0.7 | 14.3 |
| Loss of job(s) | 182 | 5.6 | 10.0 | 18.5 | 13.6 |
| Decreased agricultural production | 187 | 5.7 | 7.2 | 13.2 | 13.1 |
| Loss of breadwinner | 102 | 3.1 | 4.6 | 5.9 | 4.4 |
| Increased prices | 1491 | 45.7 | 73.0 | 28.4 | 0.9 |
| Termination of social assistance | 29 | 0.9 | 1.9 | 1.9 | 0.6 |
| Loss of family member(s) | 3 | 0.1 | 0.2 | 0.3 | 0.2 |
| Need to leave the house | 23 | 0.7 | 0.9 | 2.1 | |
| Economic situation in the country | 55 | 1.7 | 2.5 | | |
| **Total** | **3260** | **100** | | | |

Note: *shown as the percentage of times they were mentioned and as the percentage of households in which they were mentioned*

Table 8.4 shows some important changes in the percentages of households reporting the reasons for their worsening circumstances. The good news is that households appear to have recovered from the burden of excessive debt repayments, with the percentage remaining steady at 10 percent of households in 2015 and 2013, instead of 74 percent in 2011.

While problems related to decreased income and job loss were more prevalent in 2009, 2011 and 2013, with a higher percentage of households attributing financial difficulties, decreased production and loss of remittances from abroad, the situation in 2015 is much different. Increased prices and serious illness are mentioned as one of the main reasons for the worsened economic situation in 73 and 26.5 percent of affected households respectively.

Table 8.4: Reasons given by household members for worsening economic circumstances in 2009, 2011, 2013 and 2015

| | % households | | | |
|---|---|---|---|---|
| | **2009 (n=2,185)** | **2011 (n=1,792)** | **2013 (n=939)** | **2015 (n=2,079)** |
| Increased prices | 2.4 | 0.9 | 28.4 | 73.0 |
| Debt repayments | 63.9 | 74.0 | 10.0 | 10.0 |
| Serious illness | 29.2 | 27.0 | 39.5 | 26.5 |
| Decrease in household income | 22.9 | 17.3 | 23.5 | 19.0 |
| Loss of job(s) | 19.7 | 13.6 | 18.5 | 10.0 |
| Decreased agricultural production | 10.3 | 13.1 | 13.2 | 7.2 |
| Decreased remittances from abroad | 9.1 | 14.3 | 0.7 | 1.1 |

## 8.3 Additional sources of livelihood

As it was in the previous rounds of the survey, households were asked which of a list of additional sources of livelihood they were able to draw upon when their economic situation worsened. These are shown in Table 8.5.

In 2009, most households (62 percent) faced with worsening economic situations had no additional source of livelihood. By 2011, this figure had grown to 65 percent, and in 2013, it had decreased to 41 percent. However, by 2015 the figure has risen back up to 62.7 percent. Alternative sources of livelihood are comprised mainly of assistance from relatives or friends (16.3 percent) and borrowing money from financial institutions (8.5 percent).

Table 8.5: Additional sources of livelihood mentioned by members of households experiencing worsened economic circumstances in 2015

| | Responses | | % Households (n=2,079) |
|---|---|---|---|
| | N (2,034) | % | |
| Have had no additional livelihood source | 1284 | 63.1 | 62.7 |
| Assistance from a relative or a friend | 313 | 15.4 | 16.3 |
| Borrowing from a bank or other financial institution | 191 | 9.4 | 8.5 |
| Borrowing from a relative or a friend | 45 | 2.2 | 2.1 |
| Social assistance to vulnerable households | 87 | 4.3 | 4 |
| Dissaving | 32 | 1.6 | 1.8 |
| Sale of property (land, house, livestock, car, etc.) | 18 | 0.9 | 0.7 |
| Assistance from a non-relative or a non-friend | 18 | 0.9 | 0.8 |
| Borrowing from a non-relative or a non-friend | 17 | 0.8 | 1.2 |
| Other social assistance | 7 | 0.3 | 0.4 |
| Assistance from municipality | 21 | 1.0 | 1.1 |
| Assistance from religious organizations | 1 | 0.0 | 0.05 |
| Assistance from another NGO (charity organization) | 0 | 0.0 | 0 |
| **Total** | **2034** | **100** | |

When the types of alternatives mentioned are grouped into broader categories it is clear that there have been changes in the way urban and rural households deal with their difficulties. In 2009, assistance in kind from relatives, friends or other people was a more common additional source of livelihood for urban households compared to rural households. The same was true of borrowing. In 2011, these patterns were reversed and rural households were more likely to rely on friends, family or borrowing. While in 2013, assistance in kind from relatives, friends or other people were again a more common additional source of livelihood for urban households compared with rural households. The rate of borrowing in rural households increased substantially in 2013. While in 2009, it was rural households that were more likely to have had no alternative means of support, it was urban households that were most likely to be in that position in later years (Table 8.6).

In all rounds of the survey, rural households were more likely than urban ones to have relied on social assistance, and this differential was highest in 2011. The share of those households that had no additional sources of livelihood doubled in rural areas from 2013 to 2015, and increased by 17.9 percentage points in urban areas.

Table 8.6: Additional sources of livelihood mentioned by members of households experiencing worsening economic circumstances in urban and rural areas in 2009, 2011, 2013 and 2015

| | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural |
|---|---|---|---|---|---|---|---|---|
| | **2009** | | **2011** | | **2013** | | **2015** | |
| Assistance in kind | 26.8 | 17 | 17.8 | 23.7 | 27 | 23.6 | 17.6 | 15.9 |
| Borrowing or dissaving | 17.6 | 12 | 13.1 | 22.4 | 19.2 | 34.4 | 12.7 | 11.7 |
| Renting or sale of goods | 2.4 | 3.3 | 2.7 | 3.5 | 3.4 | 4.9 | 0.5 | 1 |
| Charitable assistance | 0.5 | 1.3 | 0 | 0.4 | 0 | 0.8 | 0.1 | 0 |
| Social assistance | 4.3 | 9.6 | 1.9 | 11 | 8.8 | 17.7 | 4.2 | 6.5 |
| None | 58.2 | 67.2 | 71.7 | 57.3 | 47.4 | 33.6 | 65.3 | 60 |
| Unweighted number | **711** | **1,339** | **533** | **1,032** | **281** | **658** | **683** | **1396** |

It remains the case in 2015 that it is generally the better-off households that have alternative sources of livelihood available to them, particularly borrowing or dissaving (Table 8.7). 8.5 percent of households in the poorest quintile still rely on social assistance, and the percentage of the households with no alternative support is high in all quintiles.

Table 8.7: Additional sources of livelihood mentioned in households experiencing worsening economic circumstances by quintile group (1 is lowest) in 2015

| | **% of households in each quintile** | | | | |
|---|---|---|---|---|---|
| | **1** | **2** | **3** | **4** | **5** |
| Assistance in kind | 17.7 | 10.8 | 20.7 | 17.2 | 18.0 |
| Borrowing or dissaving | 6.9 | 9.5 | 16.0 | 15.2 | 14.8 |
| Renting or sale of goods | 1.0 | 0.3 | 0.8 | 0.7 | 0.8 |
| Charitable assistance | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Social assistance or pension | 8.5 | 7.5 | 4.4 | 3.2 | 1.7 |
| None | 63.8 | 66.7 | 58.4 | 61.5 | 62.1 |

## 8.4 Alleviating the impact of worsening economic situations

The most frequent way in which respondents said they tried to alleviate the impact of their worsened economic circumstances was by reducing food consumption (mentioned in almost 37 percent of households), or consuming cheaper food (mentioned in 30.6 percent of households).

In more than 13 percent of households the purchase of some non-food items was stopped and in many cases, a switch was made to buying cheaper or second-hand items. Reductions in visits to the doctor for regular check-ups were mentioned in 4.9 percent of households. In 37.8 percent of households,

nothing specific was reported as helping to alleviate the worsening economic conditions (Table 8.8).

Table 8.8: Means used to alleviate the impact of worsening economic situations in households reporting problems in 2015

| | Responses | | % Households (n=2,079) |
|---|---|---|---|
| | N | % | |
| Did nothing special | 823 | 27.4 | 37.8 |
| Reduced food consumption | 717 | 23.8 | 36.9 |
| Started consuming cheaper food | 661 | 22.0 | 30.6 |
| Stopped buying some non-food items | 252 | 8.4 | 13.2 |
| Started buying cheaper non-food items | 154 | 5.1 | 8.2 |
| Reduced visits to doctor for regular checkups | 105 | 3.5 | 4.9 |
| Started buying second-hand items | 90 | 3.0 | 4.5 |
| Spend less on entertainment | 40 | 1.3 | 3.1 |
| Produced more food for own consumption | 51 | 1.7 | 1.9 |
| Spend less on mass media (newspapers, internet) | 15 | 0.5 | 1.3 |
| Made greater use of public transport or walked more | 30 | 1.0 | 1.7 |
| Household member went elsewhere for seasonal work | 46 | 1.5 | 2.3 |
| Made greater use of public health care services | 15 | 0.5 | 0.7 |
| Withdrew child from nursery, school or college | 1 | 0.0 | 0.03 |
| Transferred children from private to public school | 2 | 0.1 | 0.1 |
| Postponed admission to nursery, school or college | 1 | 0.0 | 0.04 |
| Transferred children from private to less expensive school | 0 | 0.0 | 0 |
| Withdrew from private health insurance | 1 | 0.0 | 0.05 |
| Gave up courses in languages, computer, etc. | 3 | 0.1 | 0.1 |
| **Total** | **3007** | **100** | |

Rural households were significantly more likely to have increased their subsistence production or do nothing. Urban households on the other hand, were more likely to have changed their food and non-food consumption, use of education services, and reduced their use of private transport (Table 8.9).

Table 8.9: Means used to alleviate the impact of worsening economic situations in urban and rural households reporting problems in 2015

| | % Urban households | % Rural households | Total |
|---|---|---|---|
| Change in food consumption | 53 | 45.2 | 49.2 |
| Moving to find work | 1.9 | 2.7 | 2.3 |
| Increase in subsistence production | 0.6 | 3.2 | 1.9 |
| Change in non-food consumption | 25.5 | 16.8 | 21.2 |
| Change in use of educational services | 6.7 | 1.3 | 4.1 |
| Change in use of health services | 6.2 | 4.8 | 5.5 |
| Reduced use of private transport | 2.3 | 1.1 | 1.7 |
| None | 34.7 | 41.1 | 37.8 |
| **Total number of households** | **683** | **1396** | **2079** |

In 2009 and 2011, while most means of alleviating economic pressure varied only slightly across consumption quintiles, there was a marked difference regarding food. Reducing food or buying cheaper food was a means used in 96 percent of households in the poorest quintile, compared to only just over one half of the best-off group in 2011. In contrast, in 2013, the greatest difference across quintiles was observed for the change in non-food consumption. In 2015, change in food consumption is again the most frequent answer: 58.2 percent of the households in the first quintile used change in food consumption expenditure as the means of alleviating economic pressure, while in the highest quintile this is used in 40 percent of households (Table 8.10).

Table 8.10: Means used to alleviate the impact of worsening economic situations in households reporting problems across PAE consumption quintiles (1 is lowest) in 2015

| | | Quintile | | | | Total |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | |
| Change in food consumption | 58.2 | 46.9 | 47.5 | 50.8 | 39.9 | 49.2 |
| Moving to find work | 1.5 | 1.8 | 4.5 | 1.5 | 2.4 | 2.3 |
| Increase in subsistence production | 0.7 | 2.6 | 2.5 | 2.3 | 1.4 | 1.9 |
| Change in non-food consumption | 25.0 | 20.1 | 19.1 | 22.0 | 19.3 | 21.2 |
| Change in use of educational services | 2.8 | 1.9 | 4.3 | 3.2 | 9.4 | 4.1 |
| Change in use of health services | 4.7 | 5.0 | 4.7 | 6.5 | 7.0 | 5.5 |
| Reduced use of private transport | 1.1 | 1.6 | 2.4 | 2.2 | 1.1 | 1.7 |
| None | 33.0 | 40.8 | 40.1 | 34.4 | 41.8 | 37.8 |
| **Total number of households (unweighted)** | **491** | **480** | **391** | **386** | **331** | **2,079** |

## 8.5 Debt and borrowing

During the year preceding the WMS 2015, nearly 45 percent of all households had borrowed money – the same as in 2011 and 2013, but significantly more than in 2009 (36 percent). In many households, there was more than one type of borrowing. In total, 2,198 types of borrowing were reported throughout 2,021 households. People in these households had most frequently borrowed from a bank or pawn shop (80.3 percent). However, borrowing from a relative or friend (9.1 percent), and micro-finance organizations (8.3 percent) are the second-most frequent means of borrowing. That being said, since 2009, there has been a substantial decrease in people borrowing from friends and relatives and from credit associations. At the same time, there has been an increase in households turning to banks or pawn shops for loans (Table 8.11).

Table 8.11: Sources of borrowing among crisis-affected households during the year before the survey (2009, 2011, 2013 and 2015)

| Source | Number of loans | % Loans | % House-holds 2015 | % House-holds 2013 | % House-holds 2011 | % House-holds 2009 |
|---|---|---|---|---|---|---|
| Relative or friend | 152 | 6.9 | 9.1 | 16.8 | 29.4 | 36.8 |
| Private person or money lender | 86 | 3.9 | 4.5 | 8.1 | 7 | 6.6 |
| Bank or pawn shop | 1613 | 73.4 | 80.3 | 71.8 | 60.4 | 48.7 |
| Credit association | 15 | 0.7 | 0.6 | 0.3 | 1.2 | 3.1 |
| Shop or drugstore | 136 | 6.2 | 5.3 | 16.7 | 22.6 | 24.6 |
| Micro finance orga-nization | 196 | 8.9 | 8.3 | 4.1 | | |
| **Total** | **2198** | **100** | **n=2,021** | **n=1598** | **n=1667** | **n=1773** |

The shift away from relatives and friends as a source of financial support is marked both in urban and rural households (Table 8.12).

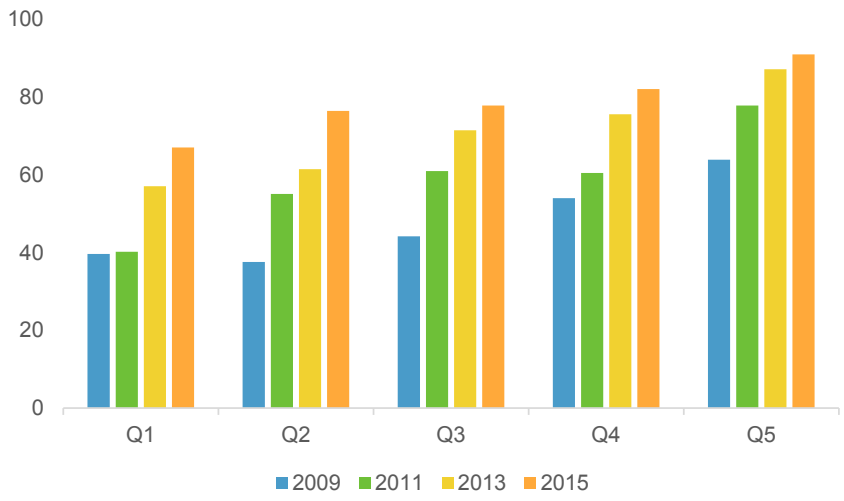
Table 8.12: Sources of borrowing among crisis-affected urban and rural households during the year before the survey

| Source | Urban | Rural | Urban | Rural | Urban | Rural | Urban | Rural |
|---|---|---|---|---|---|---|---|---|
| | 2009 | | 2011 | | 2013 | | 2015 | |
| Relative or friend | 20.9 | 52.4 | 24.2 | 35.2 | 11.8 | 22.5 | 11.0 | 7.2 |
| Private person or money lender | 6.5 | 6.7 | 6.7 | 7.3 | 8.5 | 7.6 | 4.8 | 4.2 |
| Bank or pawn shop | 64.1 | 33.5 | 69.8 | 50.2 | 80.6 | 61.9 | 80.7 | 79.8 |
| Credit association | 6.1 | 0.1 | 1.7 | 0.7 | 0.1 | 0.5 | 0.3 | 0.8 |
| Shop or drugstore | 12.9 | 36.1 | 13.4 | 32.7 | 12 | 21.9 | 5.6 | 5.0 |
| Micro finance organi-zation | | | | | 1.4 | 7 | 6.3 | 10.4 |
| **Number of house-holds** | **824** | **839** | **925** | **849** | **510** | **1,088** | **684** | **1,337** |

Table 4.38 shows that households that have fallen into poverty since 2013 are significantly more likely than other households to live in rural areas, and section 4.1.3 indicates higher poverty rates in rural Georgia. This may explain why family and friends are increasingly less able to provide support, leaving households to turn to formal sources of credit. In 90 cases, 2.3 percent of all households, a relative or friend had been approached during the previous 12 months, but had not lent any money. In 37 of these situations, the reason given was insufficient income.

Although the use of banks and pawnshops by households increased substantially in all quintiles since 2011, the poorest quintile has shown the highest increase; they are no longer the preserve of the rich (Figure 8.1). The implication of the resulting effect of interest rates on the ability of poorer households to repay their loans is a cause for some concern.

Figure 8.1: The percentage of households borrowing money in each quintile who used banks or pawnshops in 2009, 2011, 2013 and 2015



In 10.4 percent of these households in 2015, debts had not even been partially repaid. The figure is at 9.6 percent for urban and 11.2 percent for rural households. In the lowest consumption quintile, 25.6 percent of households that had borrowed money still had not repaid any of it at the time of the survey. This figure was only 6.1 percent of households in the richest quintile. However, no information is available on the ages of the loans. Borrowing could have taken place on the previous day or up to a year before the survey.

In 2015 only 5.6 percent of households managed to save money. One-fourth of them do it monthly, and 56.2 percent save only 10 percent or less of their income.

## 8.6 Future prospects

In 23.1 percent of households, respondents did not know how their economic situations were likely to change over the next 12 months. Of those who did express an opinion, only 15.2 percent took the view that things would improve. This is a significant fall from the 2013 figure (38 percent), and similar to the figure of 17.5 percent for 2011 and 16.8 percent for 2009. A high proportion (57.7 percent) did not foresee any essential changes, and about 23.3 percent anticipated worsening conditions. There is no significant difference in the percentage of rural households (4.8 percent) and urban households (3.8 percent) who thought that their economic situations would significantly worsen. Pessimistic views however, are still markedly more apparent in the lower consumption quintiles (Table 8.13).

Table 8.13: Household opinions of their changing economic situations during the next 12 months by PAE consumption quintile in 2015 (n=3,492[a])

| | % of PAE consumption quintile | | | | | Total |
|---|---|---|---|---|---|---|
| **Economic situation** | **1** | **2** | **3** | **4** | **5** | |
| Will significantly worsen | 6.3 | 6.4 | 3.3 | 3.2 | 2.5 | 4.3 |
| Will worsen | 30.4 | 28.7 | 19.1 | 22.1 | 14.4 | 22.9 |
| Will not change essentially | 54.8 | 53.6 | 62.8 | 58.4 | 58.9 | 57.7 |
| Will improve | 8.4 | 11.3 | 14.6 | 16.2 | 23.6 | 14.9 |
| Will significantly improve | 0.2 | 0.1 | 0.3 | 0.2 | 0.7 | 0.3 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

[a] *Excludes those who answered 'Do not know' or who refused to answer*

In the poorest quintile, households perceiving a high or very high risk that the household will not be able to satisfy even its minimum needs during the next 12 months have decreased significantly from 72 percent in 2011, to 47 percent in 2013, but this increased back up to 72.1 percent in 2015. The figure is almost 28 percent even in the highest quintile. (Table 8.14).

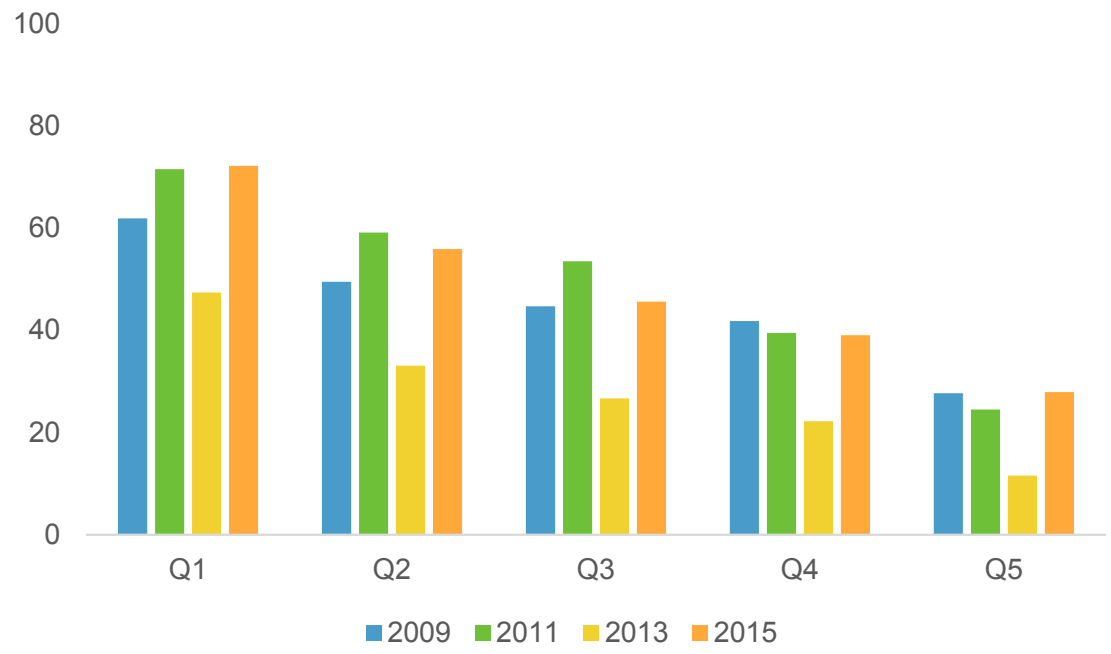
Table 8.14: Household opinions of the risk that the household will not be able to satisfy its minimum needs during the next 12 months by PAE consumption quintile in 2015 (n= 3,828[a])

| Extent of risk | % of PAE consumption quintile | | | | | Total |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | |
| Very high | 26.0 | 17.7 | 12.2 | 10.2 | 7.5 | 14.8 |
| Higher than medium | 46.1 | 38.2 | 33.4 | 28.9 | 20.4 | 33.5 |
| Medium | 22.9 | 35.9 | 44.5 | 36.9 | 34.2 | 34.8 |
| Lower than medium | 3.5 | 5.6 | 7.0 | 15.8 | 16.4 | 9.6 |
| Our household will not suffer from this problem | 1.4 | 2.6 | 2.9 | 8.3 | 21.5 | 7.3 |
| **Total** | **100** | **100** | **100** | **100** | **100** | **100** |

[a]*Excludes those who answered 'Do not know' or who refused to answer*

The percentage of households seeing themselves as vulnerable has significantly increased in all quintiles compared to 2013 (Figure 8.2).

Figure 8.2: The percentage of households seeing a very high or higher than medium risk of being unable to satisfy its basic needs in the coming year (2009, 2011, 2013 and 2015)



## Summary

Economic situations were reported as worsening over the previous year by 44.9 percent of households. This figure has increased significantly since 2013, when it was 24.8 percent, and has become even higher than the 2011 figure, when it was 43.2 percent.

In the two poorest consumption quintiles, a significant worsening of economic conditions was much more common (16 and 12.9 percent, respectively) than in the richest fifth (6.5 percent) of households. It is also telling that perceived improvements in economic conditions of households increase with consumption quintile. Only 0.1 percent of the poorest fifth of households report improved conditions, compared to 8.1 percent of the richest fifth.

Increased prices and serious illness is mentioned as one of the main reasons for the worsened economic situation in 73 and 26.5 percent of affected households respectively.

In 2009, most households (62 percent) faced with worsening economic situations had no additional source of livelihood. By 2011, this figure had grown to 65 percent, and in 2013, it decreased to 41 percent. However, in 2015 that figure has risen back to 62.7 percent. Alternative sources of livelihood consist mainly of assistance from relatives or friends (16.3 percent) and borrowing money from financial institutions (8.5 percent).

It remains the case in 2015 that it is generally the better-off households that have alternative sources of livelihood available to them, particularly borrowing or dissaving (Table 8.7). 8.5 percent of households in the poorest quintile still rely on social assistance, and the percentage of the households with no alternative support is high in all quintiles.

The most frequent way in which respondents said they tried to alleviate the impact of their worsened economic circumstances was by reducing food consumption (mentioned in almost 37 percent of households) or consuming cheaper food (mentioned in 30.6 percent of households).
Rural households were significantly more likely to have increased their subsistence production or do nothing. Urban households on the other hand, were more likely to have changed their food and non-food consumption, use of education services and reduced their use of private transport.
In total, 2,198 types of borrowing were reported among 2,021 households. People in these households had most frequently borrowed from a bank or pawn shop (80.3 percent). Borrowing from a relative or friend (9.1 percent), and micro-finance organizations (8.3 percent) are the second-most frequent means of borrowing.

Although use of banks and pawnshops by households increased substantially in all quintiles since 2011, the poorest quintile has shown the highest increase; they are no longer the preserve of the rich (Figure 8.1). The implication of the resulting effect of interest rates on the ability of poorer households to repay their loans is a cause for some concern.

In 10.4 percent of these households in 2015, debts had not even been partially repaid. The figure is at 9.6 percent for urban and 11.2 percent for rural households. In the lowest consumption quintile, 25.6 percent of households that had borrowed money still had not repaid any of it at the time of the survey. This figure was only 6.1 percent of households in the richest quintile.

In 23.1 percent of households, respondents did not know how their economic situations were likely to change over the next 12 months. Of those who did express an opinion, only 15.2 percent took the view that things would improve. This is a significant fall from 2013 figure (38 percent), and similar to the figure of 17.5 percent for 2011 and 16.8 percent for 2009.

In the poorest quintile, households perceiving a high or very high risk that the household would not be able to satisfy even its minimum needs during the next 12 months have decreased significantly from 72 percent in 2011, to 47 percent in 2013. Unfortunately, this figure has since risen back to 72.1 percent in 2015. This figure is almost 28 percent even in the highest quintile.

# 9. CHILD WELLBEING

## 9.1 Child poverty

38 percent of households in the WMS 2015 sample include at least one child under 16 years of age. Poverty rates for these children have fallen overall for every threshold level, except relative. Children are still more likely to be poor than the general population or pensioners. 46.8 percent of all households with children are situated in rural areas. Percentage point changes in child poverty rates were of the same magnitude for urban and rural areas in 2015. Moreover, the child poverty rates were about 50 percent higher in rural areas compared to urban areas in 2015. (Table 9.1).

Table 9.1: Changes in urban and rural child poverty rates between 2009, 2011, 2013 and 2015

| | | 2009 (n=3,258) | 2011 (n=2,713) | 2013 (n=2,374) | 2015 (n=2,939) | % point change 2011-2009 | % point change 2013-2011 | % point change 2015-2013 |
|---|---|---|---|---|---|---|---|---|
| Extreme | Urban | 10.0 | 6.4 | 5.8 | 2.1 | -3.6 | -0.6 | -3.7 |
| | Rural | 13.0 | 12.7 | 6.1 | 3.0 | -0.3 | -6.6 | -3.1 |
| | **Total** | **11.5** | **9.4** | **6.0** | **2.5** | **-2.1** | **-3.4** | **-3.5** |
| Relative | Urban | 19.6 | 19.7 | 22.6 | 22.1 | 0.1 | 2.9 | -0.5 |
| | Rural | 37.6 | 31.0 | 31.9 | 32.1 | -6.6 | 0.9 | 0.2 |
| | **Total** | **28.4** | **25.2** | **27.1** | **26.8** | **-3.2** | **1.9** | **-0.3** |
| General | Urban | 37.7 | 34.1 | 23.6 | 17.4 | -3.6 | -10.5 | -6.2 |
| | Rural | 60.7 | 48.0 | 33.6 | 26.3 | -12.7 | -14.4 | -7.3 |
| | **Total** | **49.0** | **40.9** | **28.4** | **21.7** | **-8.1** | **-12.5** | **-6.7** |

The material living conditions of children have also improved significantly in terms of durable goods in households. Table 9.2 shows how the percentage of children in households lacking durable goods has changed since 2009. While 20.9 percent lived in households lacking five or more types of goods in 2009, the corresponding figure for 2011 was 8.9 percent; in 2013 the figure was 4.7 percent, and in 2015 only 2.8 percent.

Table 9.2: Children living in households lacking different numbers of types of durable goods 2009, 2011, 2013 and 2015

| Number of selected types of item lacked by household | % of all children living in such households | | | |
|---|---|---|---|---|
| | 2009 | 2011 | 2013 | 2015 |
| 0 | 10.0 | 12.6 | 16.9 | 21.9 |
| 1 | 16.1 | 21.0 | 26.0 | 28.9 |
| 2 | 15.8 | 19.1 | 25.1 | 23.7 |
| 3 | 19.3 | 19.6 | 17.0 | 14.5 |
| 4 | 17.9 | 18.9 | 10.3 | 8.3 |
| 5 | 14.7 | 6.2 | 3.9 | 2.3 |
| 6 | 5.1 | 2.3 | 0.7 | 0.5 |
| 7 | 1.1 | 0.4 | 0.1 | 0.0 |
| | 100 | 100 | 100 | 100 |

*Note: shaded cells indicate households lacking 5 or more types of goods*

On the other hand, there have been no significant reductions in the proportion of children living in dwellings that are in poor condition (Table 9.3). In fact, only the size of the dwelling became less of a problem for households with children, and the decrease is only marginal.

Table 9.3: Children living in households reporting housing problems in 2009, 2011,2013 and 2015

| | % of all children living in such households | | | |
|---|---|---|---|---|
| | **2009** | **2011** | **2013** | **2015** |
| Damaged, leaking roof | 43.0 | 36.9 | 33.0 | 33.9 |
| Damaged floor or walls | 40.3 | 35.0 | 28.3 | 31.4 |
| Earth floor | 13.9 | 11.5 | 4.7 | 5.6 |
| Dwelling is damp | 43.1 | 38.6 | 29.0 | 31.1 |
| Broken windows | 20.3 | 16.8 | 10.8 | 15.2 |
| Noise | 10.2 | 9.3 | 6.3 | 8.1 |
| Dwelling too small | 39.2 | 32.4 | 24.4 | 22.6 |

In 2009, 13 percent of all children lived in households lacking five or more types of durable goods, experiencing at least two types of major housing problems and in dwellings confirmed by interviewers to be in bad or very bad condition. The extent of this double material deprivation for children fell to 5.7 percent in 2011, to 2.9 percent in 2013 and to 2.3 percent in 2015.

Table 9.4 summarizes the changes in multiple deprivation over the period between the WMS waves, highlighting the situation of children. While the material and monetary poverty rates for children are decreasing, subjective poverty and social exclusion are on the rise in 2015.

Table 9.4: Changes in multiple dimensions of poverty and social exclusion between 2009, 2011, 2013 and 2015

| **Dimension** | **Children in poor and deprived households (%)** | | | |
|---|---|---|---|---|
| | **2009** | **2011** | **2013** | **2015** |
| Extreme poverty | 11.5 | 9.4 | 6.0 | 2.5 |
| Relative poverty | 28.4 | 25.2 | 27.1 | 26.8 |
| General poverty | 49.0 | 40.8 | 28.4 | 21.7 |
| Material deprivation | 13.1 | 5.7 | 2.9 | 2.3 |
| Subjective poverty | 36.3 | 32.1 | 22.9 | 37.2 |
| Social exclusion | 8.6 | 6.7 | 5.6 | 8.1 |
| Lack of utilities | 60.3 | 59.8 | 53.7 | 53.9 |

Access to adequate supplies of clean water is a fundamental need that has considerable health and economic benefits to households and individuals. The lack of access to adequate water contributes to deaths and illnesses, especially in children. Thus, the improvement of access to water is a crucial element in the reduction of under-five mortality and morbidity, particularly in poor urban areas.

Using the measures described in Section 4, the WMS 2015 shows that over 6 percent of children in rural Georgia live in households where there is no improved source of drinking water (Table 9.5).

Table 9.5: Percentage of Children in Households with Improved/Unimproved Water in 2015

| Water source | Urban | Rural | Total |
|---|---|---|---|
| Piped on premises | 90.8 | 55.5 | 73.9 |
| Other improved | 9.0 | 38.4 | 23.1 |
| Unimproved | 0.2 | 6.1 | 3.0 |
| **Unweighted n** | **1,046** | **1,893** | **2,939** |

Almost 7 percent of urban children live in households with unimproved sanitation facilities. The figure is much higher (41.3 percent) for rural children. Many of these unimproved facilities consist of pit latrines with no slab (Table 9.6).

Table 9.6: Percentages of children living in households with improved and unimproved sanitation facilities in 2015

| Sanitation | Urban | Rural | Total |
|---|---|---|---|
| Improved | 93.2 | 58.7 | 76.7 |
| Unimproved | 6.8 | 41.3 | 23.3 |
| Shared | 0.0 | 0.0 | 0.0 |
| **Unweighted n** | **1,046** | **1,893** | **2,939** |

## 9.2 Patterns of income and consumption

The patterns of income and expenditure in households with children differ from households without children. Total average household monthly income is 33 percent higher, and the average income from salaries is 50 percent higher in households with children than it is in households without children. Although, when the income is adjusted to the number of household members, the picture is reversed (Table 9.7).

Table 9.7: Average total monthly household income (GEL) and income PAE by source 2015 (n=4,533)

| Source of income | Income | | | Income PAE | | |
|---|---|---|---|---|---|---|
| | Without children | With children | Total | Without children | With children | Total |
| Salaries | 257.6 | 387.6 | 307.7 | 121.8 | 117.8 | 120.3 |
| Self-employment | 79.8 | 121.3 | 95.8 | 40.8 | 36.9 | 39.3 |
| Social transfers | 146.6 | 136.5 | 142.7 | 97.9 | 39.9 | 75.6 |
| Private transfers | 7.7 | 7.8 | 7.8 | 6.5 | 3.0 | 5.1 |
| Rental income | 2.7 | 1.9 | 2.4 | 1.2 | 0.7 | 1.0 |
| Foreign transfers | 13.4 | 23.0 | 17.1 | 8.8 | 8.0 | 8.5 |
| Other sources | 32.6 | 40.1 | 35.5 | 17.3 | 12.4 | 15.4 |
| **Total monthly income** | **540.4** | **718.2** | **608.9** | **294.3** | **218.7** | **265.2** |

The PAE income is lower in the households with at least one child, and the difference is remarkable in cases of social transfer: households without children receive on average 97.9 GEL PAE a month as social assistance, whereas the amount is 39.9 on average for households with children.

The trend is the same when we examine consumption patterns: average household consumption is 50 percent higher in households with children than it is in the households without children. However, PAE consumption is 20 percent lower in the households with children (Table 9.8).

Table 9.8: Average total monthly household consumption (GEL) and consumption PAE by category 2015 (n=4,533)

| Category of consumption | Consumption | | | Consumption PAE | | |
|---|---|---|---|---|---|---|
| | Without children | With children | Total | Without children | With children | Total |
| Eating in the household | 275.9 | 414.2 | 329.2 | 158.6 | 126.6 | 146.3 |
| Long-term non-food | 257.5 | 400.1 | 312.4 | 136.9 | 124.5 | 132.1 |
| Education | 20.4 | 35.1 | 26 | 7.9 | 10.4 | 8.9 |
| Healthcare | 55.8 | 68.2 | 60.6 | 34.1 | 20.6 | 28.9 |
| Eating out of home | 18.6 | 25.9 | 21.4 | 10.1 | 8.1 | 9.3 |
| Current non-food | 61.6 | 89.2 | 72.2 | 33.2 | 28.1 | 31.2 |
| **Total monthly consumption** | **689.8** | **1032.7** | **821.8** | **380.8** | **318.3** | **356.7** |

## 9.3 Birth Registration

The number of children who have acquired their right to a legal identity is based on birth registration figures. These were collated from the Multiple Indicator Cluster Survey (MICS) in Georgia in 2005. Table 9.9 compares the data on birth registration for 2005 with those obtained from the WMS 2011 and 2013, showing improved rates across the board. Rates are not significantly affected by gender, region, location, women's education, consumption levels or nationality.

Table 9.9: Birth registration rates of children aged 0 to 59 months between 2005 and 2015

| | % births registered MICS 2005 (n=2,222) | % births registered WMS 2011 (n=888) | % births registered WMS 2013 (n=788) | % births registered WMS 2015 (n=972) |
|---|---|---|---|---|
| **Gender** | | | | |
| Male | 91.6 | 98.1 | 99.4 | 99.7 |
| Female | 92.3 | 99.0 | 99.9 | 99.5 |
| **Region** | | | | |
| Tbilisi | 98.8 | 99.2 | 100.0 | 100.0 |
| Adjara | 95.8 | 100.0 | 100.0 | 98.2 |
| Guria | 96.4 | 100.0 | 100.0 | 100.0 |
| Imereti, Racha | 98.5 | 98.8 | 100.0 | 100.0 |
| Kakheti | 80.9 | 93.9 | 98.9 | 100.0 |
| Mtskheta-Mtianeti | 96.2 | 100.0 | 98.2 | 100.0 |
| Kvemo Kartli | 78.9 | 98.1 | 98.1 | 99.5 |
| Samtskhe-Javakheti | 84.7 | 100.0 | 100.0 | 100.0 |
| Samegrelo | 89.0 | 98.6 | 100.0 | 98.4 |
| Shida Kartli | 91.2 | 96.1 | 100.0 | 100.0 |
| **Location** | | | | |
| Urban | 96.6 | 98.7 | 99.6 | 99.7 |
| Rural | 87.1 | 98.3 | 99.7 | 99.5 |
| **Age** | | | | |
| 0-11 months | 91.7 | 99.0 | 99.8 | 98.6 |
| 12-23 months | 93.7 | 100.0 | 99.5 | 99.6 |
| 24-35 months | 90.7 | 95.4 | 100.0 | 100.0 |
| 36-47 months | 92.1 | 99.5 | 98.9 | 100.0 |
| 48-59 months | 91.5 | 100.0 | 100.0 | 99.6 |
| **Mother's educationa** | | | | |
| Below secondary | na | 100.0 | 100.0 | 100.0 |
| Secondary | 86.3 | 98.1 | 99.0 | 98.8 |
| Vocational | 95.0 | 97.0 | 100.0 | 100.0 |
| Higher | 96.2 | 99.5 | 100.0 | 100.0 |
| **Wealth index quintilesb** | | | | |

| | % births registered MICS 2005 (n=2,222) | % births registered WMS 2011 (n=888) | % births registered WMS 2013 (n=788) | % births registered WMS 2015 (n=972) |
|---|---|---|---|---|
| Poorest | 89.1 | 98.8 | 98.9 | 98.7 |
| Second | 83.7 | 97.8 | 100.0 | 99.7 |
| Middle | 89.8 | 98.1 | 100.0 | 100.0 |
| Fourth | 96.7 | 99.5 | 99.5 | 100.0 |
| Richest | 98.0 | 98.4 | 100.0 | 100.0 |
| **Nationality of head of household** | | | | |
| Georgian | 94.1 | 99.0 | 99.9 | 99.8 |
| Azerbaijani | 72.7 | 96.6 | 97.1 | 99.1 |
| Armenian | 89.8 | 95.5 | 100.0 | 100.0 |
| Other Ethnic | 96.9 | 100.0 | 100.0 | 91.0 |
| **Total** | **91.9** | **98.5** | **99.6** | **99.6** |

*a WMS 2011, 2013 and 2015 data based on highest educational level of all women in the household.*

*b WMS 2011, 2013 and 2015 data based on consumption quintiles.*

## 9.4 Preschool and school attendance

The current report looks at the attendance of children in formal educational institutions. In 2013, the Government of Georgia introduced a free pre-school policy for all children.

Of the 3-5 year-old children in the WMS 2015 sample, 62.3 percent in total attended kindergarten during the academic year before the survey. This included 42.8 percent of 3-year-olds, 66.2 percent of 4-year-olds, and 78.5 percent of 5-year-olds. 96.7 percent of all kindergarten pupils attended a public institution, and only 3.3 percent went to a private one. There was no significant difference in the attendance rates for girls (63.3 percent) and boys (61.5 percent). The total attendance rate has increased slightly, while the share of private preschool attendance has decreased. (Table 9.10)

Table 9.10: Kindergarten attendance rates of 3-5-year-olds by type of institution in 2011, 2013 and 2015

| Type of kindergarten | % of 3-5-year-old children attending | | |
|---|---|---|---|
| | 2011 | 2013 | 2015 |
| Public | 36.6 | 52.7 | 60.3 |
| Private | 4.4 | 5.2 | 2.0 |
| **Total** | **41.0** | **57.9** | **62.3** |

The overall kindergarten attendance rate of 3-5 year-olds in urban areas is higher than in rural areas. In addition, the regional disaggregation of the data shoes that Kvemo Kartli, Adjara, Shida Kartli and Samtskhe-Javakheti have the lowest attendance rates (Table 9.11).

Table 9.11: Urban/rural and regional pre-school attendance rates of 3-5 year olds in 2015

| | % of 3-5-year-old children attending |
|---|---|
| **Location** | |
| Urban | 67.6 |
| Rural | 55.1 |
| **Region** | |
| Tbilisi | 64.8 |
| Adjara | 45.6 |
| Guria | 77.4 |
| Imereti, Racha | 63.1 |
| Kakheti | 75.9 |
| Mtskheta-Mtianeti | 73.1 |
| Kvemo Kartli | 43.7 |
| Samtskhe-Javakheti | 52.6 |
| Samegrelo | 79.4 |
| Shida Kartli | 52.2 |
| **Total** | **62.3** |

Children from the better-off households have better access to pre-school services than do the children from poor households. Moreover, the consumption quintile of the child's household does have an impact. Table 9.12 shows that while almost 70 percent of 3 to 5 year-old children in the richest fifth of households attended kindergarten, the figure for the poorest fifth is 51.8 percent. As reported above, the attendance of children in the poorest quintile is still much lower than that of children in the richest households.

Table 9.12: Kindergarten attendance of 3 to 5 year-olds by consumption quintile of household (PAE) in 2015 (n=574)

| Quintile group | Total number attending kinder-garten | % | % of girls | % of boys | % in 2013 |
|---|---|---|---|---|---|
| 1 (Poorest) | 87 | 51.8 | 58.4 | 48.0 | 45.6 |
| 2 | 79 | 62.4 | 52.4 | 73.4 | 48.4 |
| 3 | 71 | 66.2 | 71.9 | 61.5 | 56.7 |
| 4 | 65 | 67.9 | 68.7 | 67.4 | 67.8 |
| 5 (Richest) | 51 | 69.9 | 74.2 | 66.5 | 75.8 |
| **Total** | **353** | **62.3** | **63.3** | **61.5** | **57.9** |

According to WMS 2015, the state fully funded all the children attending the state kindergarten (96.7 percent). Affordability of private kindergarten increases in higher wealth quintiles. None of the children from the first quintile attended private kindergarten, whereas 11.1 percent of the children from the richest households attended a private institution (Table 9.13).

Table 9.13: Kindergarten type of 3 to 5 year-olds by consumption quintile of household (PAE) in 2015

| Quintile group | Total number attending kindergarten | Household Fully | State Fully |
|---|---|---|---|
| 1 (Poorest) | 87 | 0.0 | 100.0 |
| 2 | 79 | 1.3 | 98.7 |
| 3 | 71 | 0.4 | 99.6 |
| 4 | 65 | 5.6 | 94.4 |
| 5 (Richest) | 51 | 11.1 | 88.9 |
| **Total** | **353** | **3.3** | **96.7** |

18 percent of all children aged 3 to 5 do not attend preschool service due to an absence of kindergartens in their districts or the absence of vacant places in existing kindergartens. The absence of infrastructure is more common in rural areas (20.7 percent) than it is in urban areas (1.9 percent). On the other hand, 11.3 percent of urban children are on a waiting list due to non-availability of vacant places, compared to 2.7 percent of rural children (Table 9.13a).

Table 9.13a: Reasons for non-attending kindergarten by 3 to 5 year-olds by locality in 2015

| | Urban | Rural | Total |
|---|---|---|---|
| Goes to Kindergarten | **67.9** | **54.6** | **62.3** |
| He/she is too young | 5.5 | 8.2 | 6.6 |
| There is no kindergarten in our district | 1.9 | 20.7 | 9.9 |
| The kindergarten is far away | 0.9 | 4.9 | 2.6 |
| We cannot afford the fee/we have no means | 0.6 | 0.2 | 0.4 |
| We have a person in the family who takes care of a child | 3.9 | 2.0 | 3.1 |
| We have a person from another family who takes care of a child | 0.0 | 0.2 | 0.1 |
| There is no kindergarten for children of her/his age | 0.5 | 0.3 | 0.4 |
| We are on a waiting list | 11.3 | 2.7 | 7.7 |
| Other | 3.3 | 2.6 | 3.0 |
| Difficult to answer | 4.3 | 3.6 | 4.0 |
| Total | **100** | **100** | **100** |

wwhich the survey questions refer. A repeated analysis to include children aged 3 to 6 years at the time of the survey produces the results shown in Table 9.14.

Table 9.14: Kindergarten attendance of 3 to 6-year-olds by consumption quintile of household (PAE) in 2015 (n=708)

| Quintile group | Total number attending kindergarten | % | % of girls | % of boys | % in 2013 |
|---|---|---|---|---|---|
| 1 (Poorest) | 117 | 56.4 | 63.6 | 52.2 | 47.6 |
| 2 | 101 | 64.8 | 56.9 | 73.0 | 46.9 |
| 3 | 92 | 70.5 | 78.0 | 63.3 | 57.1 |
| 4 | 83 | 69.0 | 72.4 | 66.9 | 68.2 |
| 5 (Richest) | 69 | 73.2 | 74.6 | 72.3 | 76.0 |
| **Total** | **462** | **65.6** | **67.7** | **64.1** | **58.2** |

Again, attendance rates are higher in better-off households, although the difference is not statistically significant.

The WMS 2015 finds almost no difference in terms of school attendance among 7 year-olds when comparing the poorest and richest groups. 96.9 percent of these children attended school: 96.2 percent of girls and 97.5 percent of boys. The gender effect is not significant, and there is no significant variation by consumption quintiles either (Table 9.15).

Table 9.15: School attendance of 7 year-olds by consumption quintile of household (PAE) in 2015 (n=358)

| Quintile group | Total number attending school | % | % of girls | % of boys | % in 2013 |
|---|---|---|---|---|---|
| 1 (Poorest) | 98 | 94.5 | 93.1 | 95.9 | 99.5 |
| 2 | 69 | 94.1 | 95.1 | 93.1 | 96.2 |
| 3 | 73 | 99.3 | 98.1 | 100.0 | 97.5 |
| 4 | 55 | 99.5 | 99.1 | 100.0 | 100.0 |
| 5 (Richest) | 48 | 97.7 | 96.8 | 98.6 | 100.0 |
| **Total** | **343** | **96.9** | **96.2** | **97.5** | **98.5** |

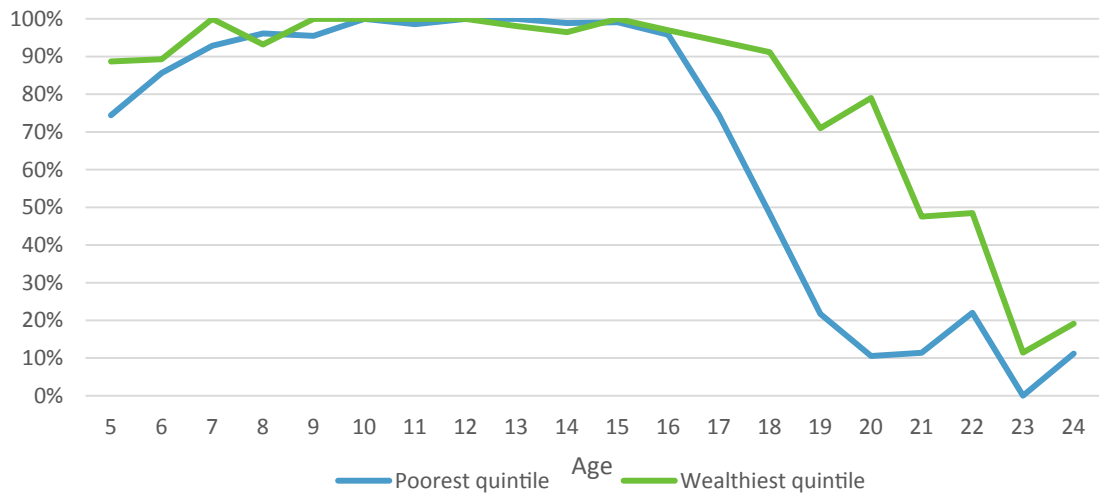
There is no statistical difference in girls and boys attending primary or secondary school, although the location is a significant factor in higher secondary school attendance: 90.9 percent of children aged 15-18 from urban areas attend secondary or tertiary school, the same rate for rural children is only 78.4 percent (Table 9.16).

Table 9.16: Primary and secondary school attendance rates in 2015

| | Primary school attendance | Secondary school attendance | |
|---|---|---|---|
| | Age 6-12 | Age 12-15 | Age 15-18 |
| | (n=1037) | (n=533) | (n=593) |
| **Gender** | | | |
| Female | 97.1 | 98.7 | 83.7 |
| Male | 97.7 | 99.4 | 84.7 |
| **Location** | | | |
| Urban | 97.7 | 99.8 | 90.9 |
| Rural | 97.1 | 98.3 | 78.4 |
| **Region** | | | |
| Tbilisi | 98.0 | 100.0 | 92.5 |
| Adjara | 100 | 98.5 | 82.2 |
| Guria | 97.0 | 93.5 | 80.8 |
| Imereti, Racha | 97.3 | 99.1 | 85.0 |
| Kakheti | 95.3 | 98.2 | 87.5 |
| Mtskheta-Mtianeti | 91.6 | 94.3 | 83.0 |
| Kvemo Kartli | 97.6 | 99.0 | 71.5 |
| Samtskhe-Javakheti | 98.6 | 100.0 | 79.4 |
| Samegrelo | 94.2 | 100.0 | 81.9 |
| Shida Kartli | 97.8 | 98.3 | 76.2 |
| **Total** | **97.4** | **99.0** | **84.3** |

There is a marked difference in the education attendance rate between the poorest and the wealthiest quintiles. In the early years of life, children from less wealthy households tend not to attend preschool or primary school. The difference is more significant after the age 16, when children from worse-off households tend to drop out of educational institutions, probably to help their households economically (Figure 9.1). Only 10 percent of 21-year-olds from the poorest quintile attend some kind of educational institution, whereas in the wealthiest decile, half of the same age group continues to pursue some kind of education.

Figure 9.1 Education institution attendance by age for the poorest and wealthiest quintiles




## 9.5 Child Development

It is well recognized that a period of rapid brain development occurs in the first 3-4 years of life, and the quality of home care is a major determinant of the child's development during this period. In this context, information on a number of activities that support early learning was collected in the survey. These included the involvement of adults with children in the following activities: reading books or looking at picture books; telling stories; singing songs; taking children outside the home, compound or yard; playing with children; and spending time with children naming, counting, or drawing things.

For 83.3 percent of children aged 3-5, an adult engaged in more than four activities that promote learning and school readiness during the three days preceding the survey (table 9.17). Father is engaged in one or more activities for 34.7 percent of children.

There are no gender differentials in terms of fathers' engagement with children. However, a slightly higher proportion of adults engaged in activities with female children (84.5 percent) compared to male children (81.7 percent). Adult engagement in activities with children was greatest in Samegrelo (100 percent) and lowest in Mtskheta-Mtianeti (66.5 percent). Although, father involvement is highest in Kakheti (56 percent) and Samegrelo (54.5 percent) and the lowest in Guria (10 percent) and Mtskheta-Mtianeti (10.6 percent). There is no significant difference in terms of an adult's engagement in activities that promote learning when comparing children from the poorest and richest households.

Table 9.17: Percentage of children age 36-59 months with whom an adult household member engaged in activities that promote learning and school readiness during the last three days and by numbers of children's books present in the household (n=381)

| | Percentage of children age 36-59 months | | Mean number of activities | Household has for the child: |
|---|---|---|---|---|
| | With whom adult household members engaged in four or more activities | With whom the father engaged in one or more activities | Any adult household member engaged with the child | 3 or more children's books |
| **Sex** | | | | |
| Male | 81.71 | 34.68 | 4.98 | 57.87 |
| Female | 84.49 | 34.7 | 4.92 | 58.17 |
| **Region** | | | | |
| *Tbilisi* | 73.34 | 32.15 | 4.47 | 74.37 |
| *Adjara* | 92.95 | 19.4 | 5.60 | 61.69 |
| *Guria* | 84.84 | 9.98 | 4.82 | 69.77 |
| *Imereti, Racha* | 88.67 | 32.85 | 5.20 | 49.62 |
| *Kakheti* | 86.65 | 56.03 | 5.13 | 61.96 |
| *Mtskheta-Mtianeti* | 66.54 | 10.62 | 3.78 | 50.34 |
| *Kvemo Kartli* | 79.33 | 39.64 | 4.78 | 45 |
| *Samtskhe-Javakheti* | 71.5 | 11.02 | 4.67 | 39.61 |
| *Samegrelo* | 100 | 54.54 | 5.49 | 49.49 |
| *Shida Kartli* | 88.16 | 35.68 | 5.24 | 44.18 |
| **Area** | | | | |
| Urban | 83.48 | 34.42 | 4.95 | 70.87 |
| Rural | 83.07 | 35.05 | 4.95 | 40.28 |
| **Age** | | | | |
| 36-47 months | 81.94 | 32.66 | 4.89 | 55.37 |
| 48-59 months | 84.76 | 36.83 | 5.02 | 60.78 |
| **Wealth index quintiles** | | | | |
| Poorest | 84.65 | 35.2 | 5.02 | 40.43 |
| Second | 77.37 | 22.27 | 4.74 | 51.34 |
| Middle | 88.79 | 35.9 | 5.15 | 69.64 |
| Fourth | 85.16 | 44.45 | 5.03 | 70.86 |
| Richest | 81.54 | 39.18 | 4.84 | 73.69 |
| **Total** | **83.31** | **34.69** | **4.95** | **58** |

Exposure to books in the early years not only provides the child with a greater understanding of the nature of print, but may also give the child opportunities to see others reading, such as older siblings doing school work. The presence of books is important for later school performance and IQ scores.
In Georgia, only 58 percent of children aged 36-59 months have three or more children's books. And while almost no gender differentials are observed, urban children appear to have more access to children's books than those living in rural households. The proportion of 3 to 5-year-old children who have three or more children's books is 70.9 percent in urban areas, compared to only 40.3 percent in rural areas. The presence of children's books is positively correlated with the wealth index; in the homes of 40.4 percent of children from the poorest quintile, there are three or more children's books, while the figure is 73.7 percent for children from the richest quintile.

The early childhood development index (ECD Index) assesses children if they are developmentally on track in literacy-numeracy, physical, social-emotional, and learning domains. Only 19.1 percent of children aged 3-5 are developmentally on track in literacy-numeracy, that is, the child can identify/name at least ten letters of the alphabet, can identify at least four simple, popular written words, or knows the name and recognizes the symbol of all numbers from 1 to 10. Even at 48-59 months of age, only 29.1 percent of children are developmentally on track in literacy-numeracy. Attendance to early childhood education slightly increases these results, as 24 percent of children attending kindergarten are developmentally on track, compared to only 13.1 percent of children not attending any early childhood education institution.

The rest of the indicators - child's development in physical, social-emotional, and learning domains - are much higher than the literacy-numeracy development indicator. About 97 percent of children aged 3-5 years-old are developmentally on track in the physical domain, meaning that the child can pick up a small object with two fingers, such as a stick or a rock from the ground, or is not sometimes too sick to play. 96 percent of children are developmentally on track in the learning domain, meaning that the child can follow simple directions on how to do something correctly or, when given something to do, is able to do it independently. The social-emotional domain is at 92.2 percent, and refers to the ability of a child to get along with other children – does not kick, bite, or hit other children, or does not get distracted easily. According to the definition, 88.4 percent of children aged 3-5 years are developmentally on track in at least three of the four domains. There is only a 5.7 percentage point difference in the ECD Index of those attending kindergarten (91.0 percent) and those not attending (85.3 percent).

Table 9.18: Percentage of children aged 36-59 months who are developmentally on track in literacy-numeracy, physical, social-emotional, and learning domains, and the early child development index score (n=381)

| | Percentage of children age 36-59 months who are developmentally on track for indicated domains | | | | Early child development index score |
|---|---|---|---|---|---|
| | Literacy-numeracy | Physical | Social-Emotional | Learning | |
| **Sex** | | | | | |
| Male | 21.39 | 96.01 | 92.48 | 95.9 | 87.66 |
| Female | 15.93 | 98.58 | 91.71 | 96.85 | 89.41 |
| **Region** | | | | | |

| | Percentage of children age 36-59 months who are developmentally on track for indicated domains | | | | Early child development index score |
|---|---|---|---|---|---|
| | Literacy-numeracy | Physical | Social-Emotional | Learning | |
| Tbilisi | 13.04 | 93.5 | 94.89 | 98.54 | 89.84 |
| Adjara | 22.12 | 100 | 97.65 | 100 | 97.65 |
| Guria | 26.27 | 100 | 94.91 | 90.02 | 90.02 |
| Imereti, Racha | 14.04 | 98.53 | 94.23 | 92.19 | 86.42 |
| Kakheti | 15.36 | 100 | 96.53 | 93.83 | 90.36 |
| Mtskheta-Mtianeti | 20.04 | 100 | 89.2 | 94.6 | 89.2 |
| Kvemo Kartli | 22.34 | 97.24 | 75.47 | 98.62 | 75.47 |
| Samtskhe-Javakheti | 10.09 | 90.58 | 78.2 | 91.86 | 76.93 |
| Samegrelo | 31.42 | 100 | 93.31 | 95.65 | 91.31 |
| Shida Kartli | 44.18 | 100 | 100 | 100 | 100 |
| **Area** | | | | | |
| Urban | 21.8 | 96.64 | 95.18 | 96.51 | 90.6 |
| Rural | 15.31 | 97.74 | 87.97 | 96.02 | 85.38 |
| **Age** | | | | | |
| 36-47 months | 9.59 | 95.35 | 91.08 | 94.32 | 84.75 |
| 48-59 months | 29.11 | 98.97 | 93.29 | 98.4 | 92.27 |
| **Attendance to early childhood education** | | | | | |
| Attending | 23.95 | 98.72 | 93.48 | 97.43 | 90.95 |
| Not attending | 13.13 | 95.14 | 90.53 | 94.93 | 85.31 |
| **Wealth index quintiles** | | | | | |
| Poorest | 19.62 | 99.46 | 94.54 | 94.7 | 89.5 |
| Second | 21.32 | 99.45 | 89.36 | 94.58 | 87.22 |
| Middle | 18.11 | 89.51 | 92.39 | 100 | 82.88 |
| Fourth | 13.06 | 94.77 | 94.32 | 94.7 | 91.08 |
| Richest | 22.98 | 100 | 88.85 | 100 | 90.72 |
| **Total** | **19.07** | **97.1** | **92.15** | **96.3** | **88.41** |

Inadequate care of a child is defined as children left alone or in the care of another child younger than 10 years of age more than one hour at least once in the past week. The percentages of children aged 3 to 5 left alone or left in the care of another child younger than 10 years of age for more than one hour at least once during the past week are presented in Table 9.19.

6.4 percent of children in this age group were left in inadequate care during the week before the survey. The highest share of 3 to 5 year-old children left alone at home was in Kvemo Kartli, Imereti and Shida Kartli regions. Rural households tend to leave young children alone more than urban households, and the wealth of the household does not seem to play any role.

Table 9.19: Percentage of children aged 3 to 5 who were left alone (n=564)

| | Percentage of children age 3 to 5 | | |
|---|---|---|---|
| | **Left alone in the past week** | **Left in the care of another child younger than 10 years of age in the past week** | **Left with inadequate care in the past week** |
| **Sex** | | | |
| Male | 4.2 | 4.1 | 6.2 |
| Female | 6.0 | 3.3 | 6.7 |
| **Region** | | | |
| *Tbilisi* | 0.0 | 2.3 | 2.3 |
| *Adjara* | 1.7 | 0.0 | 1.7 |
| *Guria* | 3.1 | 0.0 | 3.1 |
| *Imereti, Racha* | 11.8 | 6.7 | 13.0 |
| *Kakheti* | 7.6 | 3.5 | 8.7 |
| *Mtskheta-Mtianeti* | 3.5 | 0.0 | 3.5 |
| *Kvemo Kartli* | 12.6 | 7.5 | 12.7 |
| *Samtskhe-Javakheti* | 5.0 | 5.1 | 5.1 |
| *Samegrelo* | 1.5 | 3.0 | 3.0 |
| *Shida Kartli* | 6.4 | 4.4 | 11.0 |
| **Area** | | | |
| Urban | 3.3 | 2.5 | 4.5 |
| Rural | 7.4 | 5.4 | 9.0 |
| **Wealth index quintiles** | | | |
| Poorest | 5.8 | 3.5 | 5.8 |
| Second | 4.3 | 4.5 | 5.5 |
| Middle | 3.6 | 3.1 | 6.1 |
| Fourth | 5.4 | 3.8 | 7.2 |
| Richest | 5.9 | 3.6 | 8.3 |
| | | | |
| **Total** | **5.0** | **3.7** | **6.4** |

## Summary

Poverty rates for these children have fallen overall for every threshold level, except relative. Children are still more likely to be poor than the general population or pensioners. The child poverty rates are about 50 percent higher in rural compared to urban areas. The material living conditions of children have also improved significantly in terms of durable goods in households, but there are no significant reductions in the proportion of children living in dwellings that are in poor condition (Table 9.3). In fact, only the size of the dwelling became less of a problem for households with children, and this decrease is only marginal. While the material and monetary poverty rates for children are decreasing, subjective poverty and social exclusion are on the rise in 2015.

The PAE income is lower in the households with at least one child, and the difference is remarkable in the case of social transfers: households without children receive on average 97.9 GEL PAE a month as social assistance, whereas the amount is 39.9 on average for households with children.

Of the 3-5 year-old children in the WMS 2015 sample, 62.3 percent in total attended kindergarten during the academic year before the survey. 96.7 percent of all kindergarten pupils attended a public establishment and only 3.3 percent went to a private one. There was no significant difference in the attendance rates for girls (63.3 percent) and boys (61.5 percent).

While almost 70 percent of 3 to 5-year-old children in the richest fifth of households attended kindergarten, the figure for the poorest fifth is 51.8 percent. None of the children from the first quintile attend private kindergarten, whereas 11.1 percent of the children from the richest households attend a private institution.

18 percent of all children aged 3 to 5 do not attend preschool services due to the absence of kindergartens in their districts, or the absence of vacant places in existing kindergartens. The absence of infrastructure is more common in rural (20.7 percent) areas than it is in urban areas (1.9 percent). On the other hand, 11.3 percent of urban children are on a waiting list due to non-availability of vacant places, compared to 2.7 percent of rural children.

There is no statistical difference between girls and boys who are attending primary or secondary school, although the location is a significant factor in secondary school attendance: 95.1 percent of children aged 12-18 from urban areas attend secondary or tertiary school, the same rate for rural children is 87.7 percent. Only 10 percent of 21-year-olds from the poorest quintile attend some kind of educational institution, whereas in the wealthiest decile, half of the same age group continues to pursue some kind of education.

For 83.3 percent of children aged 3-5, an adult engaged in more than four activities that promote learning and school readiness during the three days preceding the survey (Table 9.17). Although, the father's involvement in at least one of these activities is the case only for 34.7 percent of children. In Georgia, only 58 percent of children aged 36-59 months have three or more children's books. And while almost no gender differentials are observed, urban children appear to have more access to children's books than do those living in rural households.