THE WELL-BEING OF CHILDREN AND THEIR FAMILIES IN GEORGIA

GEORGIA WELFARE MONITORING SURVEY FIFTH STAGE 2017

Prepared by Analysis and Consulting Team (ACT)

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A summary of the results of the Welfare Monitoring Survey was prepared by the Analysis and Consulting Team (ACT) in partnership with UNICEF.

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EXECUTIVE SUMMARY

This report presents the results of the Welfare Monitoring Survey (WMS) conducted from July to August 2017. The WMS 2017 is the fifth report in a series that commenced in 2009. It is part of a concerted effort by the United Nations Children's Fund (UNICEF) to provide relevant information for monitoring the welfare status of children and their families in Georgia.

The WMS is a biennial longitudinal household survey that covers all regions controlled by the Government of Georgia (GoG). The results for the fifth round are nationally representative, with 4,697 households having completed the questionnaire. The sampling design of the WMS is based on two-stage cluster sampling. To address attrition, from the fourth round onwards (years 2015 to 2017), a combined sampling design was developed in order to reach the required number of interviews. Together with the sampling formed in 2009, an additional sample was added by employing the random walk procedure. In 2015, an additional 1491 respondents were selected, whereas there were 814 in 2017. Overall, the attrition rate between the 1st and the 5th waves is 42%, which is an acceptable norm for an eight-year period.

The WMS 2017 overviews recent socio-economic trends in Georgia. It examines consumption poverty, material deprivation, subjective poverty, social exclusion, healthcare, household coping strategies, and the well-being of children. It also makes a particular reference to the role of social transfers and captures the effects of Georgia's Targeted Social Assistance (TSA) reform, as well as provides policy-makers detailed information on developments that have taken place since the introduction of the new methodology and child benefit scheme.

The main beneficiaries of the results of the survey include the Government of Georgia (GoG), Social Service Agency, Ministry of Health, Labour and Social Affairs of Georgia, and the World Bank Group (WBG).

The WMS 2017 shows a real increase in income over the last two years. According to survey results, Georgia's mean monthly household nominal income rose from 608.9 GEL in 2015 to 771.9 GEL in 2017. After adjusting for inflation, income increased by 18.8% in contrast to the previous round.

Household expenditures decreased between 2015 and 2017. The estimated average nominal household monthly expenditure in Georgia decreased by 4.1% (from 821.8 GEL in 2015 to 788.6 GEL in 2017). Inflation-adjusted mean household consumption per month dropped 10.1% over the last two years.

Poverty rates are on the rise in Georgia. As in previous WMS reports, the present analysis uses consumption expenditure to assess changes in poverty and the welfare of the Georgian

population. At the national level, an estimated 4.3% of all households, or 5.0% of the population, 6.8% of children and 3.7% of pensioners, live below the extreme poverty line (1.25 USD per day threshold, corresponding to 82.8 GEL PAE per month). From 2015 to 2017, the number of households, population, children, and pensioners below the extreme poverty line increased by 2.6, 2.9, 4.3, and 2.0 percentage points, respectively.

Between 2015 and 2017, the share of households and the population below the relative poverty line (60% of median consumption, corresponding to 177.1 GEL PAE per month) increased from 20.7% to 22.5% and from 23.1% to 24.8%, respectively. The percentage of children living in poor households increased from 26.8% to 31.6%. The share of pensioners living below the relative poverty line also rose from 19.3% to 20.4%.

In Georgia, the incidence of general poverty has increased from 16.4% of all households in 2015 to 19.6% of all households in 2017. Living below the general poverty threshold (2.5 USD per day, corresponding to 165.5 GEL PAE per month), are 19.6% of households, 21.7% of the population, 27.6% of children, and 17.6% of pensioners.

The key findings of this survey indicate that there has been a considerable increase in the share of children living below the subsistence minimum. Every fifth child lives in a household in which the basic needs of household members are not met.

Material deprivation decreased for children, while housing deprivation reduced for households, the general population, children, and pensioners. The subjective assessment of poverty also declined across all groups. The decrease in subjective poverty rates can be attributed to the real increase in income level.

At the relative and general poverty thresholds, significantly more panel households became newly poor than rose out of poverty from 2015 to 2017. Also, more than half of the families in general poverty are chronically poor.

The analysis of WMS 2017 focuses on three main classes of benefits: pensions, targeted social assistance (TSA) with child benefits (hereinafter referred as TSA+CB), and categorical benefits. In 2017, 67.5% of all households received some form of social transfer. Pensions have the highest impact on pensioners. If pension income is removed from household consumption, the extreme poverty measure for pensioners rises sharply from 3.7% to 34.1%.

TSA+CB has the highest positive impact on reducing child poverty. If TSA with child assistance is removed from household consumption, the extreme poverty measure for children increases from 6.8% to 13.1%.

Categorical benefits are more effective on their target groups than on national poverty levels. These benefits reduce national poverty rates by less than three percentage points across all groups. If categorical benefits are removed from household consumption, the extreme poverty measure for households with a disabled person increases from 11.2% to 23.8%. For those households including an internally displaced person (IDP), the extreme poverty rate rises from 8.5% to 15.6%.

WMS 2017 results show a considerable increase in healthcare costs. Households spent the highest share on medicine, both in absolute terms (296 GEL PAE in 2017 vs 233 GEL in 2015), and as a percentage of all health-related expenditures (69% in 2017 vs 67% in 2015).

Over the last two years, barriers to accessing health services have significantly decreased. About 43.1% of all households in 2015 included at least one person who needed medical services that the household could not afford. Two years later, the percentage of households with barriers to accessing health services substantially dropped and stood at 22.3%.

Increasing prices, serious illness and a decrease in household income are the main reasons given by household members for worsening economic conditions. Alternative sources of livelihood are comprised mainly of assistance from relatives or friends and borrowing money from financial institutions. Among the latter source, 1,629 types of borrowing were reported among 1,534 households (banks or pawn shops 80.3%; relatives/friends 6.1% and micro-financing organizations 8.7%). It should be highlighted that the use of banks and pawn shops considerably increased in the bottom quintile.

School attendance in mandatory education is 97%; however, every fifth poor child aged 15-18 is no longer involved in education. Due to the absence of kindergartens, around 14 000 children do not attend preschool services.

1. INTRODUCTION

In 2009, the United Nations Children's Fund (UNICEF) started a nationwide multi-stage panel - the Welfare Monitoring Survey (WMS) in order to measure and monitor the impact of the global economic crisis on the welfare of children and their families in Georgia. Since 2009, five waves of the survey have been undertaken inclusive of the WMS 2017. Over an eight-year period, the WMS played an instrumental role in providing the Government of Georgia (GoG) detailed information on welfare indicators in the country and advising policy actions. For instance, in 2013, GoG started a comprehensive reform of the Targeted Social Assistance (TSA) in collaboration with UNICEF. This TSA reform was based on the results obtained from the WMS 2013.

This report presents the results of the fifth round of the WMS, which was conducted in July-August 2017. The WMS is a biennial longitudinal survey covering all government-controlled regions of the country. The results for the fifth round are nationally representative, with 4,697 households having completed the questionnaire.

The aim of the WMS 2017 is three-fold: first, to review recent socio-economic trends in Georgia; second, to assess the dynamics of key welfare indicators and compare findings with the results of earlier rounds of the WMS; and finally, to capture the effects of Georgia's Targeted Social Assistance (TSA) reform and provide policy-makers detailed information on developments that have taken place since the introduction of the new methodology and child benefit scheme.

Based on the data obtained from the fifth round of the survey, the present study examines the prevalence and distribution of issues such as consumption poverty, material deprivation, subjective poverty and social exclusion, and makes a particular reference to the role of social transfers and the well-being of children.

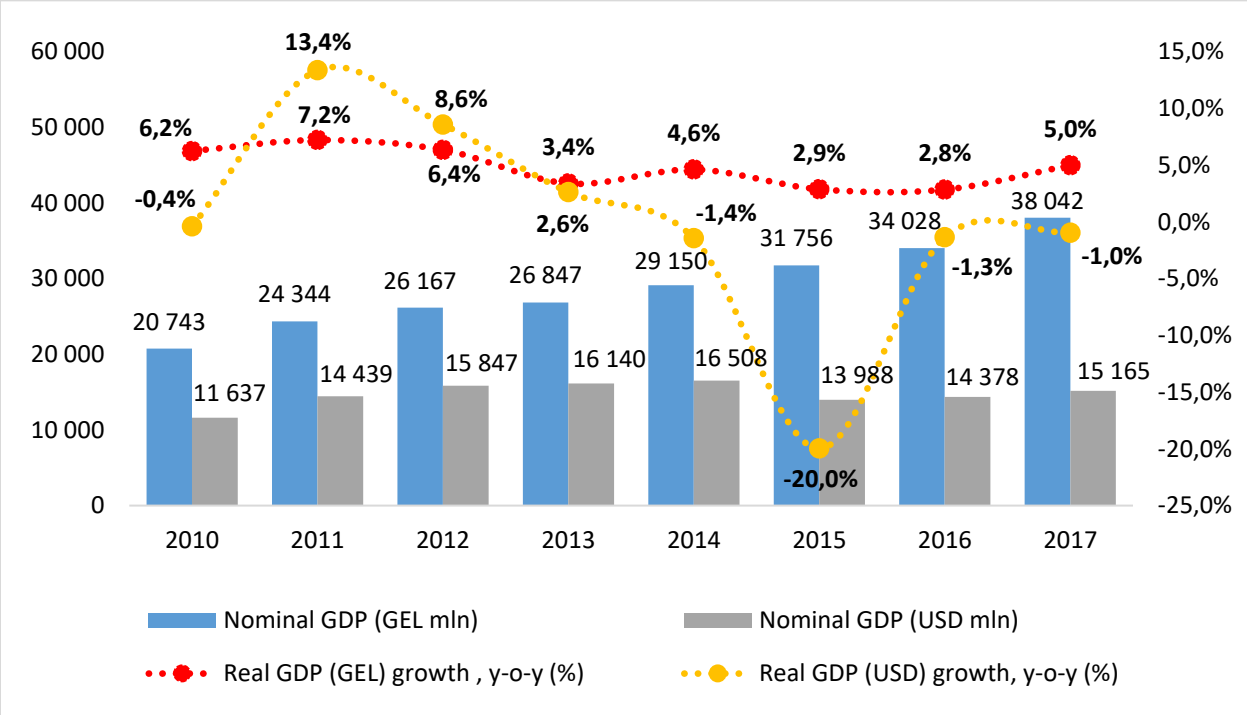
The main beneficiaries of the results of the survey include the Government of Georgia (GoG), Social Service Agency, Ministry of Health, Labour and Social Affairs of Georgia, and the World Bank Group (WBG).

2. BACKGROUND

2.1 Recent Economic and Social Developments in Georgia

The overview of socio-economic indicators, within the current economic context, has shown both disconcerting and encouraging trends in Georgia. The country's macroeconomic outlook deteriorated in both 2015 and 2016. The real economic growth rate, (i.e. growth rate adjusted for inflation) stood at 2.9% in 2015. These gains were offset, however, due to strong depreciation of the Georgian Lari (GEL)[1], as the real GDP in US dollar (USD) decreased by 20%. The economic downturn in Russia and slower growth in other trading partners (Turkey, Ukraine, Azerbaijan, Armenia) affected Georgia negatively through reduced exports (-22.9%), foreign direct investments (FDI) (-9.1%) and remittances (-25.0%). Despite fiscal stimulus, continued shocks from trade partners decelerated Georgia's economic performance in 2016. Real GDP growth further slowed to 2.8%, a 0.1% decrease when compared to the last year (Figure 2.1).

Figure 2.1: Nominal and Real Gross Domestic Product (GDP)



Source: National Statistics Office of Georgia (Geostat), 2018
Note: Nominal GDP is given at market prices

[1] On average, the Georgian lari (GEL) depreciated against the US dollar (USD) by 28.5% in 2015.

The economy of Georgia rebounded in 2017 on the back of strong export performance (+29.1%), fast-growing tourism, increasing FDI (+16.2%) and remittances (+19.8%). In 2017, the nominal Gross Domestic Product (GDP) of Georgia at the market price totaled 38,042 million GEL, an 11.8% increase from the previous year. According to the National Statistics Office of Georgia (Geostat), the real GDP expanded 5.0% year-on-year in 2017. An improvement in economic growth reflected real gains of 11.2% in construction, 11.2% in hotels and restaurants, 9.2% in financial intermediation, 7.2% in transport, 7.1% in mining and quarrying, 6.6% in trade services, 6.3% in real estate and other business activities, and 5.0% in manufacturing. A decrease in real value-added registered in agriculture, forestry and fishing (-2.7%) and in the household processing of products (-2.7%). Georgia's overall economic outlook remains positive in 2018. Pursuant to the Monetary Policy Report of the National Bank of Georgia (NBG) (2018)[2], the annual GDP growth rate for 2018 is projected to be 4.8%. In contrast, the World Bank Group (WBG)[3] and International Monetary Fund (IMF)[4] provide a more pessimistic forecast, projecting GDP growth to reach 4.2% in 2018.

Price stability is an essential prerequisite for the country's sustainable growth. In this regard the most commonly used measure is the consumer price index (CPI), which reflects an overall change in the level of consumer prices within the country. The National Statistics Office of Georgia (Geostat) produces the CPI based on an annually updated basket of goods and services. The consumer basket[5] includes 305 goods and services, which are classified into 12 broad commodity groups. Annual inflation rate, as measured by the consumer price index (CPI), increased 4.9% in July 2015, when compared to July 2014 (average of 4.0% in 2015). This increase was driven by price changes for the following groups in the consumption basket: alcoholic beverages and tobacco (+11.7%), food and non-alcoholic beverages (+7.1%), and healthcare (+7.3%). Prices increased for the food and non-alcoholic beverages subgroups, with a rise recorded in the prices of fruit and grapes (+18.7%); vegetables (+18.7%); oils and fats (+11.2%); and coffee, tea and cocoa (+8.2%). In addition, prices surged for medical products[6], appliances and equipment (+16.6%) and outpatient services (+6.0%) (Table 2.1).

[2]National Bank of Georgia (2018), "Monetary Policy Report - May," available at: https://www.nbg.gov.ge/uploads/publications/inflationreport/2018/mpr_2018q2_publish_eng_brief.pdf

[3]World Bank 2018, "Global Economic Prospects," available at: http://www.worldbank.org/en/publication/global-economic-prospects

[4]International Monetary Fund (2017), "World Economic Outlook," available at: http://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017

[5]National Statistics Office of Georgia (Geostat), "Inflation Calculation Methodology Note," available at: http://www.geostat.ge/cms/site_images/_files/english/methodology/Inflation%20Calculation%20Methodology%20Note%202018.pdf

[6]Cardiovascular dilative medicaments (up 11.3%), analgetics (up 31.1%), antibiotics (up 21.1%), vitamins (up 17.7%), digestive system medicaments (up 15.2%) and anti-inflammatory medicaments (up 15.1%).

Though Georgia's average annual inflation rate increased substantially in 2015, it tended to decrease through 2016, ending at 2.2%. Between July 2015 and July 2016, the CPI stood at 1.5%. Even though the annual inflation rate slowed, a more detailed examination of individual goods illustrates that the annual change in prices for goods falling into the "alcoholic beverages and tobacco" category reached 13.1%. The prices of food and non-alcoholic beverages increased by a mere 1.1%. At the same time, the inflation rate for water, electricity, gas and other fuels rose to 9.2%. It should be noted that electricity tariffs rose by 27.5% in July 2016, when compared to the same time period in the previous year. The health group registered an inflation rate of 4.1%, led by an 8.7% increase in outpatient services (Table 2.1).

Table 2.1: Inflation Indicators According to Individual CPI Components (% change)

	July 2015 *	July 2016 *	July 2017 *	July 2015-2017 *
Food and non-alcoholic beverages	7.1%	1.1%	7.1%	8.3%
Alcoholic beverages and tobacco	11.7%	13.1%	17.3%	32.6%
Clothing and footwear	-1.3%	-4.1%	-2.4%	-6.4%
Housing, water, electricity, gas, and other fuels	0.4%	6.1%	1.0%	7.2%
Furnishings, household equipment and maintenance	7.8%	1.1%	1.5%	2.7%
Health	7.3%	4.1%	6.9%	11.3%
Transport	-0.8%	-8.6%	12.6%	3.0%
Communication	0.1%	3.9%	-1.0%	2.9%
Recreation and culture	4.2%	0.9%	1.0%	1.9%
Education	3.0%	2.2%	1.2%	3.4%
Restaurants and hotels	5.1%	5.4%	2.5%	8.1%
Miscellaneous goods and services	8.1%	1.0%	4.0%	5.0%
Inflation	**4.9%**	**1.5%**	**6.0%**	**7.6%**

Source: National Statistics Office of Georgia (Geostat, 2018); author's calculations
*Note: *July 2015 is compared to July 2014; *July 2016 is compared to July 2015; *July 2017 is compared to July 2016; *July 2017 is compared to July 2015*

The annual inflation rate strengthened its upward trend from July 2016 to July 2017, standing at 6% - well above the National Bank's target of 4% for the same year. This trend was mainly influenced by price changes in the following groups: food and non-alcoholic beverages (+7.1%), alcoholic beverages and tobacco (+17.3%), transport (+12.6%), and healthcare (+6.9%) (Table 2.1). Within the subgroup of food and non-alcoholic beverages, significant upward contributions came from higher prices for vegetables (+25.6%); fruit and grapes (+15.9%); milk, cheese and eggs (+9.3%); meat (+9.1%); coffee, tea and cocoa (+5.6%); oils and fats (+5.5%); and fish (+4.4%). Prices also increased for the alcoholic beverages and tobacco subgroups (+17.3), with a rise recorded in the prices of alcoholic beverages (+1.3%) and tobacco (+37.1%). The transport group recorded a positive inflation rate, with prices rising 18.0% for personal transport equipment, 4.0% for the purchase of vehicles, and 3.4% for transport services. Within the health group, an increase was observed in the prices of medical products[7], appliances and equipment (+18.1%), and outpatient services (+5.5%). Throughout 2017, a few one-time factors caused inflation to rise. A surge in oil prices on the international market, the strong devaluation of the nominal effective exchange rate, and another wave of the excise tax [8]increase on tobacco and oil products were the most visible forces affecting the inflation rate. As a matter of fact, inflation edged up to 7.6% in July 2017, when compared to July 2015. The greatest pressure on consumer price changes was found in food and non-alcoholic beverages (+8.3%); alcoholic beverages and tobacco (+32.6%); housing, water, electricity, gas, and other fuels (+7.2%); and healthcare products and services (+11.3%).

The unemployment[9] rate remains high in Georgia and the distribution of employees poses the most significant challenge in terms of employment. The size of the labour force (employed + unemployed) in Georgia ranged from 2021.5 thousand people in 2015 to 1998.3 in 2016. A majority of those who are considered employed (self-employed and hired) are self-employed. In 2016, the share of self-employed and hired employees equaled 57.3% and 42.3%, respectively. Almost 48% of those who are self-employed are concentrated in agriculture, which contributes 8.2% to the GDP. The number of hired employees decreased by 1.1%, and the number of self-employed decreased by 0.7% in 2016, when compared to the previous year. Interestingly enough, both the unemployment rate and the employment rate dropped by 0.2 percentage points (unemployment rate in 2016 - 11.8% and in 2015 - 12%; employment rate in 2016 - 59.5% and in 2015 - 59.7%). During the same period, the number of unemployed people decreased by 6.5

[7]Cardiovascular dilative medicaments (up 25.2%), analgetics (up 4.4%), antibiotics (up 13.6%), vitamins (up 18.5%), digestive system medicaments (up 23.2%) and anti-inflammatory medicaments (14.0%).

[8]From January 1, 2017, excise tax rates have been increased on tobacco products, cars, oil, oil products, and oil distillates.

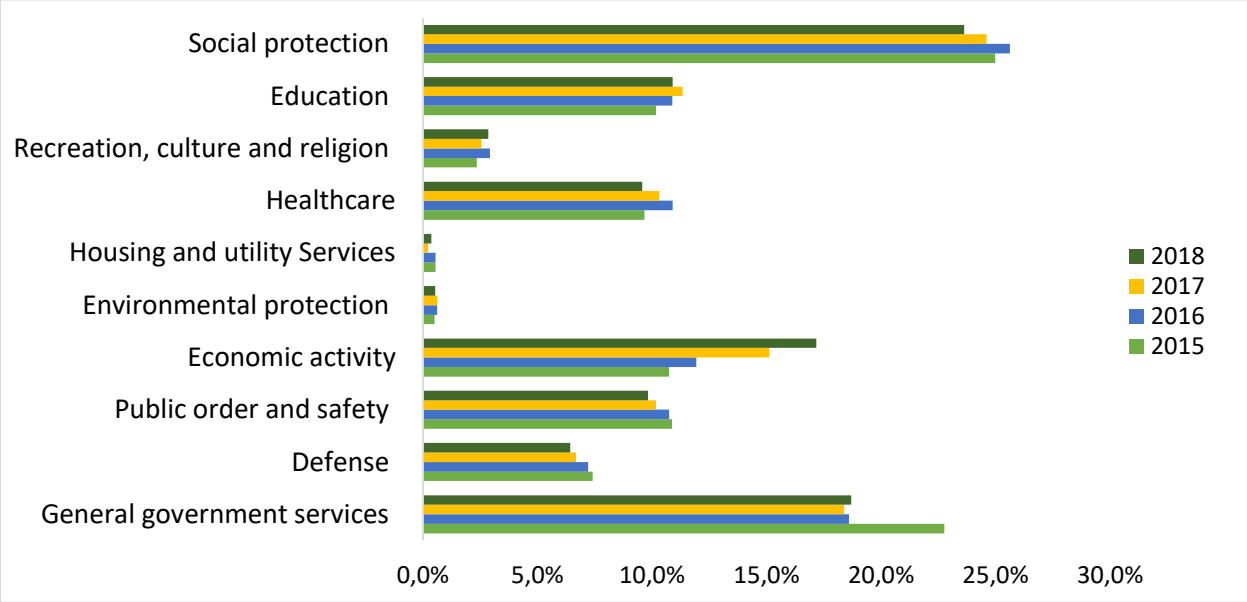
[9]Unemployment statistics is based on Geostat's estimates before recalculating according to 2014 census.

thousand. In 2016, the urban unemployment rate was significantly higher than the rural unemployment rate (21.1% vs. 5.0%), mainly because of employment in the agricultural sector.

A high level of youth unemployment remains the most important problem of the unemployment structure in Georgia. The unemployment rate by age group shows that in 2016, young people aged 15-19 and 20-24 continued to be the most disadvantaged. The unemployment rate reached the highest level for those in the 15-19 age group (31.9%), which is 5.7 percentage points higher than the previous year. The 20-24 age group also had a high indicator, at 30.0%. According to the European Training Foundation (2017)[10], in Georgia, the proportion of people aged 15-24 who are not in employment, education or training (NEET) equaled 27.9% in 2016. Meanwhile, the average Georgian earned 940 GEL per month in 2016, up from 900 GEL in 2015. The annual growth rate of the average monthly real salary adjusted for 2010 prices stood at 2.2% in 2016. In absolute terms, men benefitted from increased salaries more than women. The average nominal salary for men increased from 1074.3 GEL in 2015 to 1116.6 GEL in 2016. On the contrary, women's average nominal salary increased from 692.5 GEL in 2015 to 731.2 GEL in 2016.

The state budget of Georgia increased from 9.4 billion GEL in 2016 to 10.3 billion GEL in 2017. As a share of total budget, healthcare and social protection expenditures decreased by 0.6 and 1 percentage points, respectively (Figure 2.2).

Figure 2.2: Distribution of General Government Expenditure (% of total)



Source: Ministry of Finance of Georgia

[10] European Training Foundation (2017), "Education, Training and Employment Developments," available at: https://www.etf.europa.eu/sites/default/files/m/A07E788AAC06EBDBC125824A003E3996_Georgia%202017.pdf

Note: data for 2015, 2016 and 2017 is taken from budget execution reports, while 2018 data comes from State Budget Law for 2018, and therefore the data is preliminary. In 2015, the state budget totaled 8.8 billion GEL. In 2016, the state budget totaled 9.4 billion GEL; in 2017, it totaled 10.3 billion GEL; and in 2018, the budget is projected to total 11.3 billion GEL.

The share of education expenditures out of the total budget grew by 0.4 percentage points from 2016 to 2017. Aggregate government spending is projected to be 11.3 billion GEL in 2018, a 9.7% increase compared to the last year. In 2018, the share of education expenditures from the total budget will decrease by 0.4 percentage points. The share of healthcare expenditures is also expected to fall by 0.7 percentage points, and social protection spending by 1.0 percentage point (Figure 2.2).

Pensions, Targeted Social Assistance (TSA) coupled with the Child Benefit Programme (CBP) and Categorical Benefits are the main social security benefits in Georgia. It is noteworthy that government transfer payments on social protection accounted for 24.6% of the total state budget in 2017. Social pensions constituted approximately 62% of the total income transfer payments. The pension scheme in Georgia is the largest social assistance program, which provides a flat rate benefit to all pensioners - men over 65 and women over 60. In September 2017, 729,162 pensioners received this benefit, totaling 132,268,484 GEL[11]. In contrast, Targeted Social Assistance (TSA) is the second largest cash-assistance program of Georgia's social security system. TSA aims to improve the socio-economic conditions of families experiencing financial and material hardship. At the end of 2013, the Government of Georgia (GoG) started a technical review of the TSA in collaboration with UNICEF. As a result, new legislation was passed that modified the targeting formula and benefit scheme of the TSA alongside a new target program: the Child Benefit Programme (CPB). Implementation of the new program began in June 2015[12], and compensation measures were adopted in August 2015. The size of the TSA benefit ranges from 30 GEL to 60 GEL depending on vulnerability scores. In addition, each household receives a 10 GEL child benefit (CB) for children under the age of 16. As of September 2017, 324,177 households comprised of 977,055 people were registered in the unified database for socially vulnerable families[13]. During this time, 132,051 families (12.4% of all households), corresponding to a total of 459,699 people received a monthly cash benefit. The monthly budget for the TSA program was 21,128,468 GEL. Categorical benefits are another type of social security assistance in Georgia. These benefits include a social package, family assistance, utilities, and IDP benefits. The categorical benefit is received by survivors, people with a first-degree disability, and war

[11] Social Service Agency, 2017
[12] World Bank 2016, "Continuous Improvement: Strengthening Georgia's Targeted Social Assistance Program," available at: https://openknowledge.worldbank.org/handle/10986/24812
[13] Social Service Agency, 2017

veterans or victims of political repression. In addition, most municipalities also provide cash and in-kind benefits, however their coverage and value are quite low.

2.2 Survey Background and Sample Design Methodology

2.2.1 General Sampling Approach

The Welfare Monitoring Survey (WMS) is a biennial longitudinal household survey. The first wave of the WMS survey was conducted in 2009. Since then, five waves have been undertaken, inclusive of the WMS 2017.

The sampling design of the WMS is based on two-stage cluster sampling. The sample selection can be divided into two stages:

Stage I – The sampling frame of the first three waves (in 2009, 2011 and 2013) was based on sampling formed in 2009, where 6,758 households were selected by means of the two-stage cluster sampling design. In 2009, selected households were united in 606 PSUs (Primary Sampling Units). The sampling frame of 2009 was based on the "Integrated Household Survey" database, which was carried out by Geostat in 2008. For the following stages, the sampling size was formed based on responses obtained in previous years. For the second and third rounds, the sampling size was 4808 units in 2011 and 4147 units in 2013, respectively (Table 2.2).

Table 2.2: Survey Response Rates in 2009, 2011 and 2013

Round – Year	Original Sample (2009)	Number of conducted interviews	Wave Response Rate	Attrition Rate from Original Sample	
				Wave	Total 1-3 round
First round - 2009	6758	4808	71.15%		
Second round - 2011	4808	4147	86.25%	13.75%	**22.50%**
Third round - 2013	4147	3726	89.85%	10.15%	

It should be emphasized that from 2009 to 2013, the number of respondents decreased by 22.5%. Hence, the number of households fell from 4808 to 3716. This decline is the reason why the sampling design was changed in the following stages (Table 2.2).

Stage II - From the fourth round onwards (2015 and 2017 years), a combined sampling design was developed in order to reach the required number of interviews. In particular, together with

sampling formed in 2009, additional sample was added as well. An additional sample was generated in the same clusters that were formed in 2009.

For the additional samples, the random walk procedure was used. In 2015, an additional 1491 respondents were selected, and an additional 814 were selected in 2017 (Table 2.3).

Table 2.3: Survey Response Rates in 2009, 2011, 2013, 2015, and 2017

Round – Year	Sampling Size				Number of conducted interviews				Attrition Rate from Original Sample		
	Original Sample (2009)	Oversample (2015)	Oversample (2017)	Total Sample	Original Sample (2009)	Oversample (2015)	Oversample (2017)	Total Sample	Wave	Total 1-5 Wave	Response Rate
First round - 2009	6758	0	0	6758	4808	0	0	4808	0.0%		71.1%
Second round - 2011	4808	0	0	4808	4147	0	0	4147	13.7%		86.3%
Third round - 2013	4147	0	0	4147	3726	0	0	3726	10.2%		89.8%
Fourth round - 2015	4147	1491	0	5638	3042	1491	0	4533	18.4%	**42.0%**	80.4%
Fifth round - 2017	4147	1491	814	6452	2791	1092	814	4697	8.3%		72.8%

As a result of the combined sampling methodology, the total sample size was maintained within 4500-4800 households. This approach both increased the reliability of the survey and decreased the margin of error. The overall attrition rate between the first and fifth waves of the survey is 42%, which is an acceptable norm for an eight-year period. Besides oversampling, it was also decided to conduct interviews in 2015 and 2017 with all families that could not be contacted in 2013. Accordingly, sampling was carried out from the database of 4147 respondents in both 2015 and 2017 (Table 2.3).

2.2.2 Sampling in the Fifth Round of the WMS Survey

As mentioned in the previous chapter, sampling in the fifth round (year 2017) was undertaken with the combined design. In particular, two approaches were used:

Sampling based on lists - the sampling in the fifth round completely covered HHs from 2015. Attempts were also made to contact those respondents who could not be reached in 2015. With the use of lists, 3883 households were interviewed, from which 2791 households were selected from the original 2009 list, and 1092 households from the additional 2015 list.

Additional sampling (random walk technique) - it was decided to carry out additional sampling of 814 units. The distribution of the additional sample into clusters was performed in two stages:

(1) at the first stage clusters were filled, where fewer households were interviewed in 2015, when compared to 2009. (2) After the lacking clusters were filled, the remaining households were distributed to randomly selected clusters. For the additional sampling, the **random walk technique** was used that includes three stages:

1) **Selection of starting point** – First, a starting point was selected for all PSUs. For town-type settlements, random addresses were selected from existing lists by means of the simple random sampling method. For village-type settlements, the village centre was selected as the starting point.

2) **Selection of HHs by means of the Random Walk Principle** - in order to select HHs, interviewers were given all necessary documentation to fulfil a random walk principle. These documents included a route card and a description of how to select respondents by means of step.

3) **Selection of final respondents** - all informed HH members were inquired about the questions of the survey that refer to the HH. As for individual questions, interviewers selected the household member using the last birthday technique.

In 2017, 4697 respondents were interviewed.

2.2.3 Survey Instruments

Data for the WMS 2017 was obtained by means of “Computer-assisted Personal Interviewing (CAPI)” technology. The survey questionnaire was pre-tested using CAPI.

In the previous rounds, data collection was administrated by paper and pencil-based personal interviews. The same survey questionnaire has been used in each round of the WMS with slight revisions.

2.2.4 Data Weighting

In order to calculate the weight coefficients of population stratification marks, as well as the size of the estimated population on the household level, Geostat's data for each stratum (2016) were taken into consideration. The size of the estimated population according to strata indicates the quantity of households, which were estimated during the integrated survey of households conducted by Geostat in 2016 and envisage actualization and non-response rates. Two different weights are used in the report according to the definitions below:

- **Population weight (W1)** - population weight allows for an independent analysis of 2017 data. The weight coefficient of households was calculated for 4,697 respondents.
- **Panel weight (W2)** - panel weight allows for an analysis of the group of respondents who took part in all surveys (2009, 2011, 2013, 2015, and 2017). The panel weight coefficient was calculated for 2,396 respondents.

The following formula was used to calculate population weight:

$$\boldsymbol{W1_i = \frac{N_i^*}{n_i}}$$

Where,

$\boldsymbol{W1_i}$ is weight coefficient of i stratum, which is the same for every respondent of one concrete stratum.

$\boldsymbol{N_i^*}$ is estimated population of i stratum, which was taken from the integrated survey of HHs conducted by GeoStat in 2016.

$\boldsymbol{n_i}$ is the number of respondents inquired in i stratum.

Similar to the weight coefficient of the population, stratification marks and the size of the estimated population provided by Geostat (2016 data) were taken into consideration while calculating panel weight. The following formula for calculating panel weight was used:

$$\boldsymbol{W2_i = \frac{N_i^*}{n_i^p}}$$

Where,

$\boldsymbol{W2_i}$ is weight coefficient for i stratum, which is the same for all respondents of one concrete stratum.

N_i^* is estimated population of i stratum, which was taken from the integrated survey of HHs conducted by Geostat in 2016.

n_i^p is the number of inquired respondents who took part in all five waves of the survey (2009, 2011, 2013, 2015, and 2017).

2.2.5 Sampling Error

Sampling error has been calculated for 10 main variables, from which 4 are monetary variables and 6 are dichotomous.

Monetary variables:

1. Total monthly income
2. Average monthly HH income PAE
3. Total monthly consumption expenditure
4. Average monthly HH consumption expenditure PAE

Dichotomous variables:

1. Number of families that receive either TSA or 10 GEL assistance, or both
2. Number of HHs that receive only TSA
3. Extreme - consumption under 82.8 GEL PAE
4. New extreme - consumption under 125.8 GEL PAE
5. Relative - consumption under 177.1 GEL PAE
6. Subsistence - consumption under 148.3 GEL PAE

Error was estimated at the urban/rural and country levels. In order to estimate the standard error required for sampling error calculation, the STATA SVY procedure was employed. This procedure takes into account the specifications of complex sampling design such as: stratification, clusterization, and weight coefficients. Information reflecting sample error at the urban/rural and country levels is provided in Table 2.4 and in Table 2.5.

Table 2.4: Sampling error at the urban/rural and country levels for monetary variables

Urban/Rural	Margin of Error for Mean					Average MOE
	n	Total monthly income	Average monthly HH income PAE	Total monthly consumption expenditure	Average monthly HH consumption expenditure PAE	
Urban	1546	7.0%	6.1%	5.7%	4.5%	**5.8%**
Rural	3151	5.3%	4.5%	3.9%	3.6%	**4.3%**
Total	4697	4.7%	4.1%	3.6%	3.0%	**3.8%**

Table 2.5: Sampling error at urban/rural and country level for dichotomous variables

Urban /Rural	Margin of Error for Proportion							Average MOE
	n	Number of HH, which receive either TSA or 10 GEL assistance or both	Number of HH, which receive TSA only	Extreme-consumption under 82.8 GEL PAE	New extreme-consumption under 125.8 GEL PAE	Relative-consumption under 177.1 GEL PAE	Subsistence consumption under 148.3 GEL PAE	
Urban	1546	2.0%	2.0%	1.2%	2.0%	2.5%	2.4%	**2.0%**
Rural	3151	1.2%	1.1%	0.8%	1.3%	1.8%	1.5%	**1.3%**
Total	4697	1.2%	1.1%	0.8%	1.2%	1.5%	1.4%	**1.2%**

The sample size for 2017 (n=4697) is sufficient for obtaining reliable and highly precise results. The average total error for monetary variables is **3.8%**, while it is **1.2%** for dichotomous variables.

2.2.6 Income and Expenditure Per Adult Equivalent (PAE)

As in the previous analysis, measures of income and expenditure are utilized to compare households of different sizes and compositions. Where relevant, some statistics have been adjusted to GEL per equivalent adult (PAE), according to methods used by the National Statistics Office of Georgia (Geostat). First, household members are classified by age and gender, and then assigned an equivalent adult coefficient (Table 2.6). The sum of these coefficients represents the number of equivalent adults in households. To correct for economies of scale in larger households, the number of equivalent adults is then raised to the power α, where α=1 for a single person household, and α=0.8, where a household size is greater than one.

Table 2.6: 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

2.2.7 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. Geostat provides the CPI[14] for the months in which fieldwork was completed: 129.6 for July 2009; 152.1 for August 2011; 151.1 for August 2013; 164.6 for August 2015; and 175.6 for August 2017. For comparing changes between the four pillars, monetary data for 2017 have been converted to 2009 prices by dividing by 175.6 and multiplying by 129.6.

[14] CPI is indexed to 2005, so 2005=100.0

2.2.8 Fieldwork Management

Overall, fieldwork organization of the data collection was quite complex and involved many personnel in different positions. The following subchapter describes the composition of the fieldwork team and the implementing processes of different fieldwork activities.

Fieldwork Team: Fieldwork teams were supervised by the Field Manager. ACT involved the most experienced personnel with the relevant knowledge and background. The following positions were involved in fieldwork activities:

- Field Manager (1)
- Regional Coordinators (9) and Tbilisi Fieldwork coordinator (1)
- Interviewers (125)

Field Manager: Fieldwork management was implemented from the ACT head office in Tbilisi. The Field Manager was responsible for the overall coordination of fieldwork teams in terms of planning, logistical management, sampling accuracy, timely performance, etc. The Field Manager coordinated and monitored the performance of survey crews, as well as provided information about every detail of planning and implementation to the Project Manager. The Field Manager also ensured that field personnel followed the plan and submitted and reported all relevant field documents, prepared progress reports on field activities, and controlled whether field crews followed the fieldwork implementation plan. The Field Manager reported to the Project Manager on a regular basis and provided daily statistics on field activities, information on any issues and problems occurring in the field, and made relevant decisions on the spot.

Regional Coordinators: Regional Coordinators worked with the Field Manager to define the resources needed for fieldwork, prepare the route plan, and prepare the budget for fieldwork costs. Regional Coordinators reported to the Field Manager and worked directly with interviewers and field personnel to ensure that the fieldwork plan was executed properly. Each day, Regional Coordinators defined the work area, workload, and detailed schedule for each Interviewer and generally ensured the equal distribution of interviews among team members. They also provided team members with all necessary documentation for fieldwork implementation on a day-to-day basis. Regional Coordinators arranged for more team members to attend the training than the number of personnel required in case any of them were not able to continue fieldwork. During fieldwork, Regional Coordinators stayed in contact with field team members by mobile phone to resolve any difficulties as they occurred. Regional Coordinators were responsible for monitoring and registering fieldwork results on a daily basis, and also for ensuring target goals were achieved. At the end of each work week, the Regional Coordinators were responsible for preparing and submitting a weekly report to the Field Manager.

Field Interviewers: The main duty of a Field Interviewer was to strictly follow project guidelines and protocols during the study implementation process. Personnel were recruited from the ACT interviewers' database in accordance with policy and adopted procedures. Regional Coordinators prepared an initial database of field interviewers considering their experience in a similar field and provided it to the Field Manager. The Field Manager then prepared a final database of field personnel and submitted it to the Project Manager. Initially, a list of 136 interviewers were provided, while only 125 interviewers were selected to complete the fieldwork. Field Interviewers performed according to a schedule and to strictly defined procedural norms, and by the end of each working day they reported fieldwork progress to the Regional Coordinators.

2.2.9 Fieldwork Activities

In the first phase, the Field Manager and Project Manager coordinated to develop a detailed survey implementation plan for each region based on the sample distribution.

Fieldwork timelines were defined for each region, and before launching the fieldwork were forwarded to every Regional Coordinator.

Survey fieldwork included the following phases:

- distributing information about the submission deadlines of completed questionnaires among interviewers;
- implementing field visits and interviews;
- uploading completed questionnaires;
- performing the logical control of completed questionnaires;
- performing data quality control procedures; and
- coding open-ended questions.

2.2.10 Interviewer Training

A number of fieldwork documents were prepared before launching the fieldwork, including:

- survey instrument / questionnaire;
- survey show-cards / visual facilities;
- interviewer route cards / callback cards;
- field visit registration form; and
- interviewer technical report form.

The Project Manager prepared question-by-question instructions for instrument training on the basis of materials and instructions provided by UNICEF and distributed the instructions to all field

personnel. Fieldwork staff training was conducted according to existing ACT procedures and templates. Table 2.7 shows how trainings were distributed.

Table 2.7: Trainings of Field Personnel

Date	Location	Trainer	Field Personnel
19.07.2017	Tbilisi	Project Manager	Interviewers and Regional Coordinator of Mtskheta-Mtianeti, Revision Specialist and Tbilisi interviewers
20.07.2017	Tbilisi	Revision Specialist	Interviewers and regional Coordinators of Samtskhe-Javakheti and Kakheti
20.07.2017	Kutaisi	Project Manager	Interviewers and regional Coordinators of Imereti and Guria
21.07.2017	Tbilisi	Revision Specialist	Interviewers and regional Coordinators of Kvemo Kartli and Shida Kartli
21.07.2017	Zugdidi	Project Manager	Interviewers and Regional Coordinator of Samegrelo-Zemo Svaneti
22.07.2017	Batumi	Project Manager	Interviewers and Regional Coordinator of Adjara

All interviewers were instructed on the following issues:

- survey theme (objective and tasks);
- survey instrument;
- sampling design;
- instructions regarding completion of fieldwork forms; and
- instructions for tablet usage.

The table below reviews the agenda applied during the trainings:

Table 2.8: Training Agenda

Duration	Session	Activity
15 minutes	Opening Goals and Objectives	• Opening Remarks • Introduction of all attendees • Discussion of training schedule • Procedural issues • General Information about the survey and implementing parties • Overview of the survey design and goals and objectives of the survey

2 hours	Content of the Survey Questionnaire	• Review of questions and tables • Detailed instructions on completing each question • Questions & Answers
15 minutes	Lunch break	
1 hour	Content of the Survey Questionnaire	• Review of questions and tables • Detailed instructions on completing each question • Questions & Answers
45 minutes	Simulation Interviews	• Simulation of interviews by interviewers on tablets
15 minutes	Fieldwork Logistics and Closing Remarks	• Timetable for the fieldwork • Delivery schedule for • completed questionnaires • Distribution of field documentation

After the simulation interviews at the trainings, all interviewers were given tasks to complete and upload one questionnaire at home before going to the fieldwork. The Project Manager, Field Manager, Database Manager and Revision Specialist reviewed the completed questionnaires in the database parallel to the trainings (20-22 July, 2017), and afterwards provided additional instructions for each interviewer before beginning the fieldwork.

2.2.11 Fieldwork Implementation

Main fieldwork in all regions began on July 22, 2017. Interviewers uploaded completed questionnaires according to the preliminary agreed-upon schedule.

At the end of the fieldwork, all regional coordinators and interviewers wrote reports on the fieldwork implementation process and sent these reports to the Field Manager. In addition, information about the fieldwork process was discussed with the Field Manager verbally.

It should be noted that no significant problems were encountered during the data collection process, except for the fact that since it was summer time, people were on holidays and it was quite difficult to find the right households, especially in Tbilisi. Furthermore, considering the length of the questionnaire and household searching problems, it was almost impossible to hold more than two interviews a day. Interviewers mostly had to conduct several call-backs in order to complete questionnaires with the right households.

2.2.12 Respondent Selection Procedure

Two separate instructions were given to interviewers for the identification of the right respondents and the recording of contact results.

For panel surveys, interviewers were equipped with the appropriate lists that contained detailed addresses, names and HH compositions (number of HH members, their age and gender) of target households. Additionally, the following instructions were handed to all survey interviewers:

- First of all, identify the correct address.
- Identify who is currently living at that address and if the surname and name of household head coincides with the name provided in the list.
- Ask the representative of the household how many household members live at that address, as well as the age and gender of at least some of them.
- Ask the representative of the household if they had been inquired in 2015, 2013, 2011 and/or 2009.
- If the address, surname and size of the household coincide with the information presented in the list, and the representative certifies that the household had been surveyed during previous rounds, you may conduct an interview.
- If only size of the household does not coincide with the size provided in the list, then check if the change in the size of the household is logical (new born babies, some members died, divorce cases, etc.). If logical connections are found, then identify a respondent in the family and agree to an interview with her/him.
- If only one of the factors does not coincide with the list, try to find logical explanations. If no explanation could be found, consult the supervisor and follow her/his instructions.
- If several factors do not coincide with the data in the list, then try to find out the new address of the household from the list, and if the household is in the same district or settlement, try to locate them.
- If there is nobody at home, record first contact result and try to reach them three more times during the fieldwork.
- If the desired eligible respondent is unavailable at the time of the interview (e.g., is busy or not at home), try to contact the respondent three more times (which will result in a total of four attempts).
- If the selected potential respondent is contacted, but the time is not convenient for an interview, pay a repeated visit to the household according to the respondent's preferred schedule.

For random sampling, all survey interviewers were given appropriate sample points with corresponding codes and a number of interviews to be conducted, as well as route cards to record all contact results. They were instructed to apply the random walk procedure:

- The first household to be interviewed was the starting point. The selection of the next household was carried out using the pre-determined step size procedure. In rural settlements, every fifth household, and in urban settlements' multi story buildings – three households per entrance. If in any of the selected household nobody lived permanently, then the neighbor HH was interviewed. If someone did permanently live in the selected HH, but nobody opened the door to the visitor, then the interviewer returned to that HH later.
- Three call-backs were performed, i.e. if the interview could not be conducted at the first attempt, an additional three attempts were made.

2.2.13 Call-back Procedure

If the desired household was unavailable (*e.g.*, was not at home), the interviewer tried to contact the household three additional times. Call backs were conducted at different periods of the day in order to reach the household. If the respondent was contacted but the time was not convenient for an interview, the interviewer conducted a repeat visit to the household according to the respondents' schedule.

In case of a refusal from the main respondent of the household (informed member and last birthday) or third unsuccessful contact, the interview was given "failed" status and the interview was conducted with another household from the sampling frame or list.

A description of the callback procedure (*e.g.*, date of each visit, time, reason of refusing the interview) was recorded on the Callback Card.

2.2.14 Quality Control

Fieldwork quality control was led by the Fieldwork Quality Control and Revision Supervisor, with separate quality control teams for each region. Data quality control was implemented in two stages: fieldwork quality control and logical control.

Each region-level quality control team was comprised of one to three individuals according to workload and schedule. Staff operated according to strictly prescribed operational procedures. The fieldwork quality control process ran simultaneously with the fieldwork to ensure high quality data was gathered. Fieldwork control procedures involved the following types of quality control techniques:

- **Attendance control:** up to three percent of conducted interviews were attended by regional coordinators in each region. In the capital, the Tbilisi Fieldwork Coordinator attended the interviews. At least one interview among all of the interviews was attended by a coordinator.
- **Telephone control:** up to 15 percent of conducted interviews were checked by quality control team members conducting telephone interviews of the respondents.
- **Respondent visit:** Up to five percent of the interviews visited at one stage of the survey were verified by revisiting the respondent. The second visit to the respondent was performed by a quality control team member.
- **Questionnaire revision:** All completed questionnaires were revised by ACT revision specialists on validity and accuracy of completion in the electronic database. All problematic cases were sent back to the field department for further inquiry and correction. Additionally, information from about 37 percent of questionnaires was rechecked by phone call.

Table 2.9 shows attendance, visits and telephone controls by region.

Table 2.9: Attendance, Telephone and Visit Control by region

Regions	Attendance Control (3 percent)	Visit Control (5 percent)	Telephone Control (15 percent)	Additional Telephone Control (37 percent)
Tbilisi	14	23	70	174
Adjara	10	16	48	118
Guria	10	17	51	128
Imereti/Racha Lechkhumi	28	46	139	346
Kakheti	18	29	88	219
Mtskheta-Mtianeti	9	15	45	111
Kvemo Kartli	17	29	87	216
Samtskhe-Javakheti	10	17	50	124
Samegrelo/Zemo Svaneti	13	22	65	161
Shida Kartli	13	21	63	156
Total	**141**	**235**	**705**	**1754**

2.2.15 Data Processing and Analysis

Collected data was processed using statistical packages SPSS 20.0 and Stata 14. Coding, database management and database cleaning were all implemented in SPSS, while data analysis was done in Stata.

Coding of open ended questions was provided after the questionnaire had undergone all quality assurance procedures: quality control and logical control.

The final data file was cleaned by SPSS 20.0, with the SPSS syntax language. The cleaning process considered verification of the whole file, checking links between the variables, logic of the data entry and validity of the database in general:

- Skip errors
- Entry errors/Operator errors
- Revision/coding errors
- Registration errors
- Other types of inaccuracy
- Data omitted from questionnaire or database
- Logical control of variables

The Database Manager was responsible for the accuracy of the overall database and worked in close cooperation with the Statistician and Research Analyst.

Statistical tables and relevant outputs were analyzed and prepared in Stata. All outputs including Stata do files, statistical tables and figures were reviewed and verified by UNICEF Georgia.

2.2.16 Data Imputation

Some survey respondents could not name an exact amount of money in terms of some aspects of income and expenses. As long as these amounts were necessary to calculate the overall income and consumption of the family, it became necessary to implement imputation of "do not know" cases and refusals on certain products and services (i.e. to replace omitted answers). In order to carry out imputation for "do not know" cases for each household, member stratification of persons was carried out according to the following parameters: region, type of settlement (city/village) and gender. Most of the "don't know/refusal" answers were replaced with an unweighted 5% Trimmed Mean[15] of the respective stratum.

[15]Trimmed Mean is a method of averaging that removes a small percentage of the largest and smallest values before calculating the mean. After removing the specified observations, the trimmed mean is found using an arithmetic averaging formula. The trimmed mean looks to reduce the effects of outliers on the calculated average

2.3 Ethical Considerations

The questionnaire of the Welfare Monitoring Survey 2017 passed an independent ethics review by an Institutional Review Board (IRB) managed by the Health Research Union in Georgia.

Key principles of ethical conduct have been followed during the fieldwork and handling of the survey data. Ethical considerations involved establishing informed consent and preserving confidentiality when handling data.

Before the start of an interview, respondents were verbally provided information regarding survey implementation organization, research objectives and confidentiality of responses to obtain informed consent. Moreover, to ensure the confidentiality of the respondent's data, personal information of the survey respondents was kept separately from the rest of the survey data, and only the project team had access to this information.

Summary

The Welfare Monitoring Survey (WMS) is a biennial longitudinal household survey. The first wave of the WMS survey was conducted in 2009. Since then, five waves have been undertaken inclusive of the WMS 2017.

From the fourth round onwards (years 2015 and 2017), a combined sampling design was developed in order to reach the required number of interviews. In particular, together with sampling formed in 2009, additional sample was added as well. An additional sample was generated in the same clusters that were formed in 2009. As a result of the combined sampling methodology, the sample size totaled 4,697 households in 2017. The overall attrition rate between the first and the fifth waves is 42%, which is an acceptable norm for an eight-year period.

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

Relevant, monetary statistics were adjusted to GEL per equivalent adult (PAE), according to methods used by the National Statistics Office of Georgia (Geostat). Household members were classified by age and gender, assigned an equivalent adult coefficient, and corrected for economies of scale.

Error was estimated at the urban/rural and country levels. In order to estimate standard error required for sampling error calculation, STATA SVY procedure was employed. It takes into account specifications of complex sampling design such as: stratification, clusterization and weight coefficients. Average total error ranges from 1.2% to 3.8%.

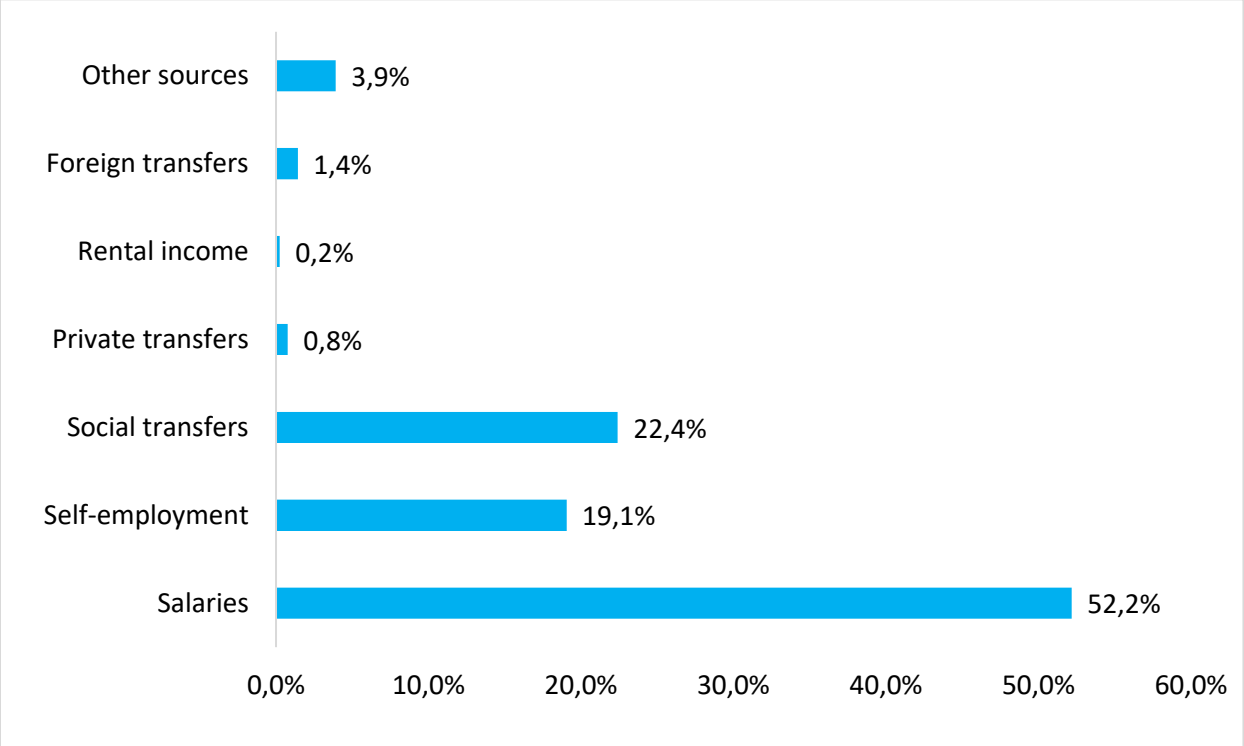
3. WELFARE PROFILE

3.1 Household Income

3.1.1 Total Income

According to the WMS 2017, Georgia's mean monthly household nominal income rose from 608.9 GEL in 2015 to 771.9 GEL[16] in 2017, a 26.8% increase. Salary income accounts for 52.2% of the average monthly household income by category, followed by income from social transfers (22.4%) and self-employment (19.1%). Other components, such as rental income, remittances, private transfers, and other sources of income constitute 6.4% of income (Figure 3.1).

Figure 3.1: Distribution of the average total monthly household income (%) by source, 2017

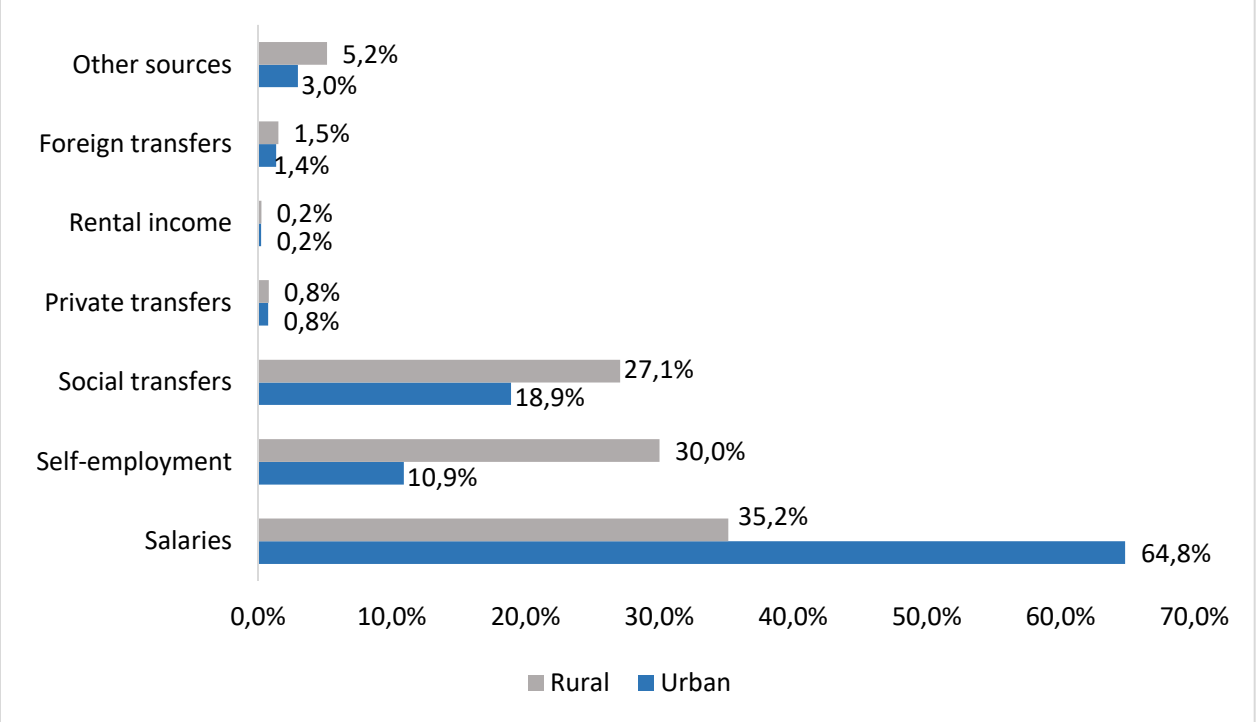


In 2017, the average urban household's nominal income was 867.1 GEL, while the average rural household's earnings stood at 672.7 GEL. On average, urban households received a monthly income of more than 29% of that of rural households. Salaries represent 64.8% of the total monthly household income in urban areas and 35.2% of the total monthly household income in rural areas. On the contrary, "self-employment income" is higher in rural areas (around 30% of

[16]In 2017, 1 GEL has the same purchasing power as 0.951 international dollars (IMF World Economic Outlook Database, October 2017).

total income) than in urban areas (10.9% of total income). Moreover, "social transfer income" is significantly higher in rural settlements (27.1%) than in urban settlements (18.9%) (Figure 3.2).

Figure 3.2: Distribution of average total monthly household income (%) by source in rural and urban areas, 2017



From 2015 to 2017, in the nominal household monthly income structure, the share of salary, self-employment, and social transfers increased by 30.9%, 53.6% and 21.2%, respectively. Conversely, the share of private transfers, rental income, remittances, and other sources of income contracted by 23.0%, 22.8%, 35.6%, and 14.9%, respectively (Table 3.1).

In 2017, real mean monthly household income[17] increased by 18.8%, when compared to the previous round. Moreover, in the real household monthly income structure, the share of salary, self-employment and social transfers increased by 22.7%, 44.0% and 23.6%, respectively. On the contrary, the share of private transfers, rental income, remittances, and other sources of income contracted by 27.8%, 27.6%, 39.6%, and 20.3%, respectively (Table 3.1).

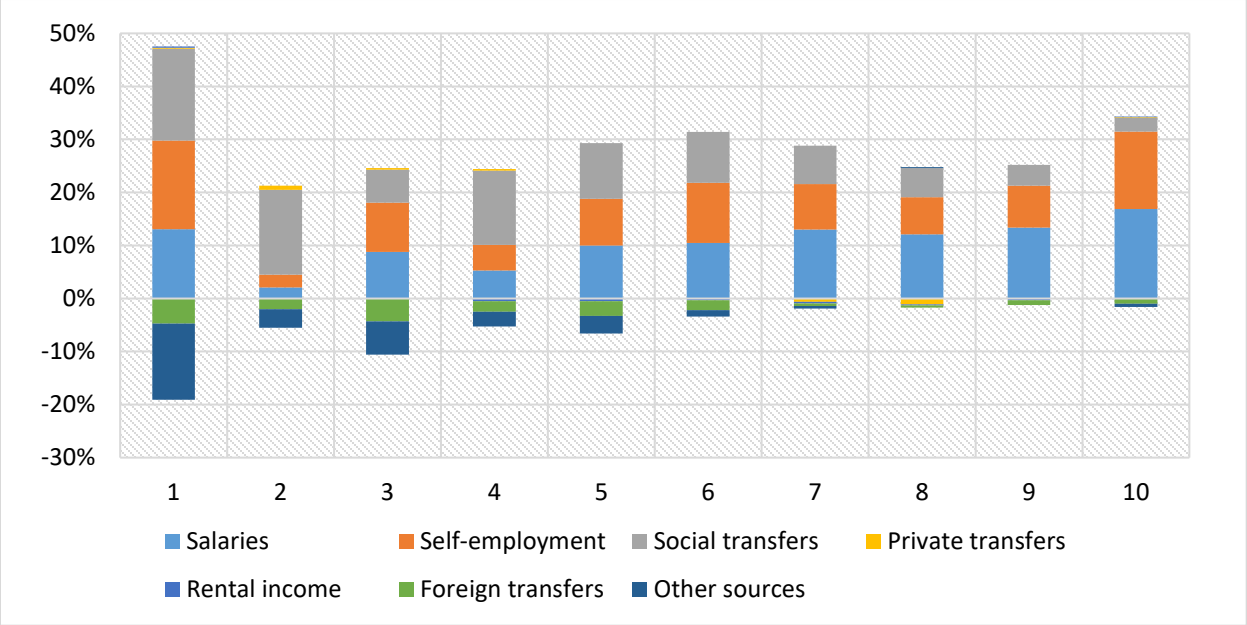
[17] Adjusted for the inflation of 2009 prices using Consumer Price Index (CPI)

Table 3.1: Changes in average household income by source from 2009 to 2017, current and 2009 prices

Source	2009	2011	2013	2015	2017	2009	2011	2013	2015	2017
	Current prices					2009 prices				
Total	321.8	371.8	562.2	608.9	771.9	321.8	316.8	482.2	479.4	569.7
Salaries	156.5	185.9	268.3	307.7	402.8	156.5	158.4	230.1	242.3	297.3
Self-employment	51.1	53.4	76.9	95.8	147.1	51.1	45.5	66.0	75.4	108.6
Social transfers	74.5	87.6	118.4	142.7	173.0	74.5	74.7	101.6	112.4	127.7
Private transfers	8.0	7.8	13.4	7.8	6.0	8.0	6.6	11.5	6.1	4.4
Rental income	1.5	1.8	11.1	2.4	1.9	1.5	1.5	9.5	1.9	1.4
Foreign transfers	7.9	11.9	18.6	17.1	11.0	7.9	10.2	16.0	13.5	8.1
Other sources	22.2	23.2	55.5	35.5	30.2	22.2	19.7	47.6	27.9	22.3

Figure 3.3 presents changes in nominal household income across different decile groups and different categories of income. The most important contributors to the observed change in income have been the relatively strong growth in social transfers, self-employment income, and salaries of the households in the poorest 10% (1st decile). In the second decile, the main driver of income change is associated with an increase in social transfers. The change in household income for the middle 60% (3rd to 8th decile) is attributed to an increase in salaries, self-employment income, and social transfers. The contribution of salaries to income change is the most salient in the richest 20% of households (9th and 10th decile). Moreover, a decline in other sources of income is the major factor for decreased income in the first decile, and remittances are decreased for the total distribution.

Figure 3.3: Main drivers in nominal income change by source and decile groups between 2015 and 2017 (n=2,396)



Note: Panel weights for true panel households are used.

3.1.2 Income Per Adult Equivalent (PAE)

WMS 2017 shows that the mean nominal income per adult equivalent (PAE) totaled 348.1 GEL in 2017, which was a 31.3% increase from 265.2 GEL in 2015. Monthly income PAE is statistically significantly higher in urban areas than in rural areas. On average, urban households received a nominal income PAE of more than 36.0% of that of rural households. There is a statistically significant variation between mountainous and lowland areas. Average income PAE in lowland areas are 17.7% higher than those in mountainous regions (Table 3.2).

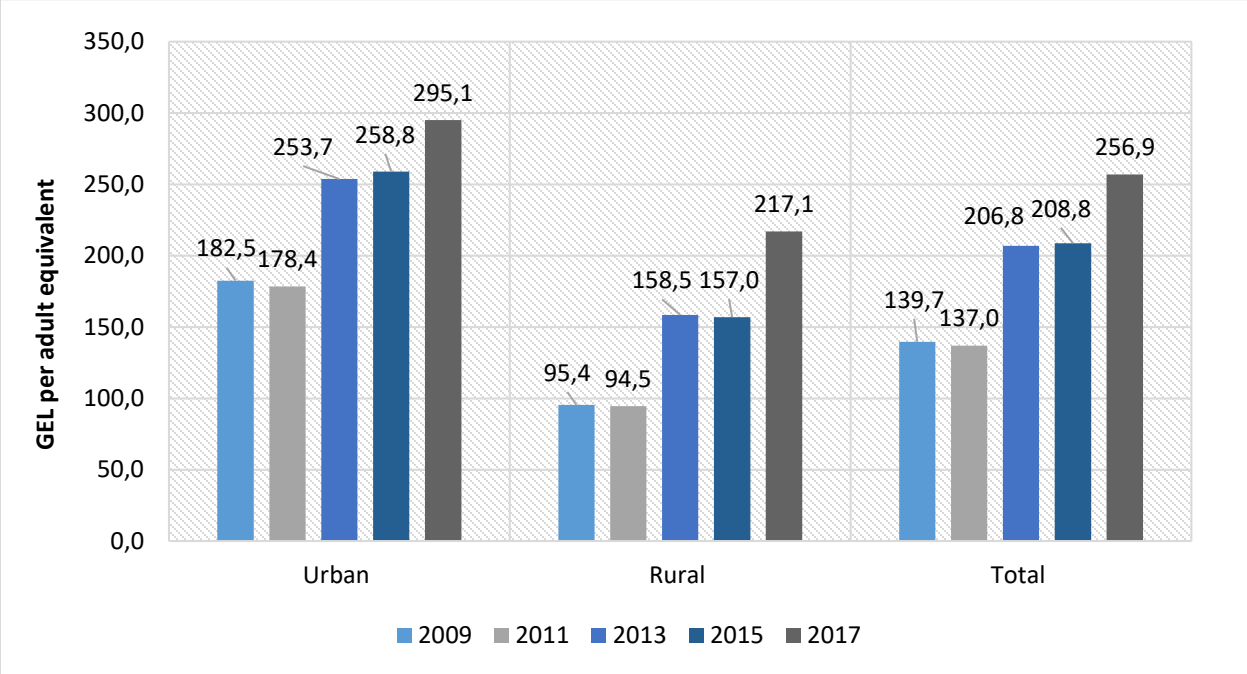
Table 3.2: Average monthly equivalent household income (PAE GEL) by rurality and terrain in 2017

Location	N	Mean monthly income (PAE)	t	Sig.
Urban	1546	399.9	7.49	***
Rural	3151	294.1		
Total	4697	348.1		
Lowland	4152	353.0	3.33	***
Mountain	545	299.9		
Total	4697	348.1		

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

As seen in Figure 3.4, after adjusting for inflation, average household income PAE rose from 208.8 GEL in 2015 to 256.9 GEL in 2017, a 23.1% increase. In urban areas, average real household income PAE grew by 14.0%, and in rural areas this figure grew by 38.3%.

Figure 3.4: Household income (PAE) between 2009 and 2017 (at 2009 prices)



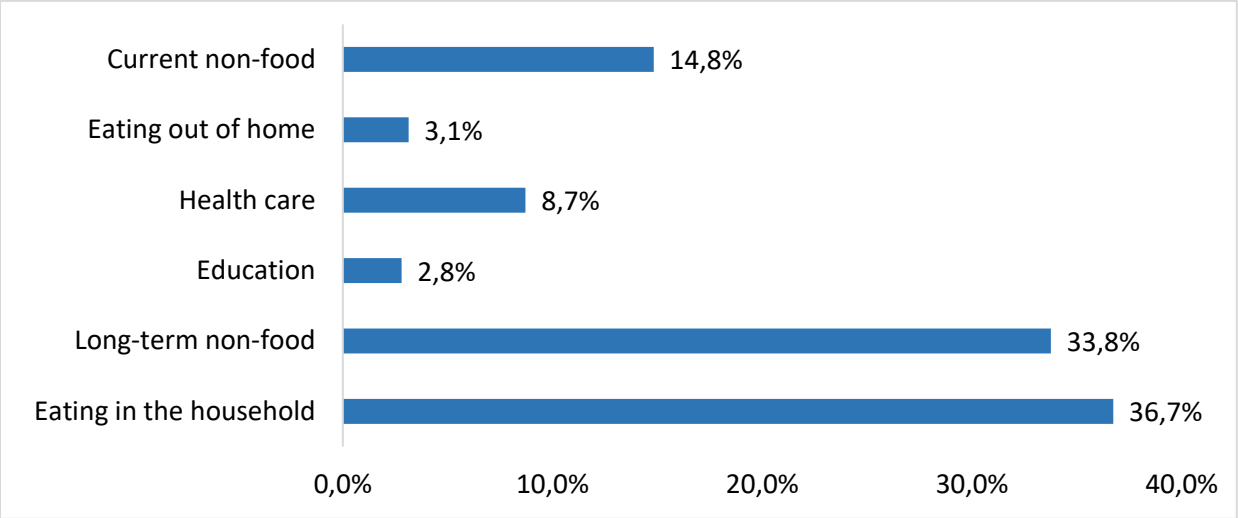
3.2 Household Consumption

3.2.1 Total Consumption[18]

In 2017, the average nominal household monthly expenditure was estimated to be 788.6 GEL. Among the major categories of consumption expenditure, households spent the highest share of their budgets (36.7%) on food in 2017. The average household long-term non-food expenditure accounted for 33.8%, while spending on healthcare and current non-food items amounted to 8.7% and 14.8%, respectively. In addition, small shares of earnings were spent on education (2.8%), as well as eating outside the home (3.1%) (Figure 3.5).

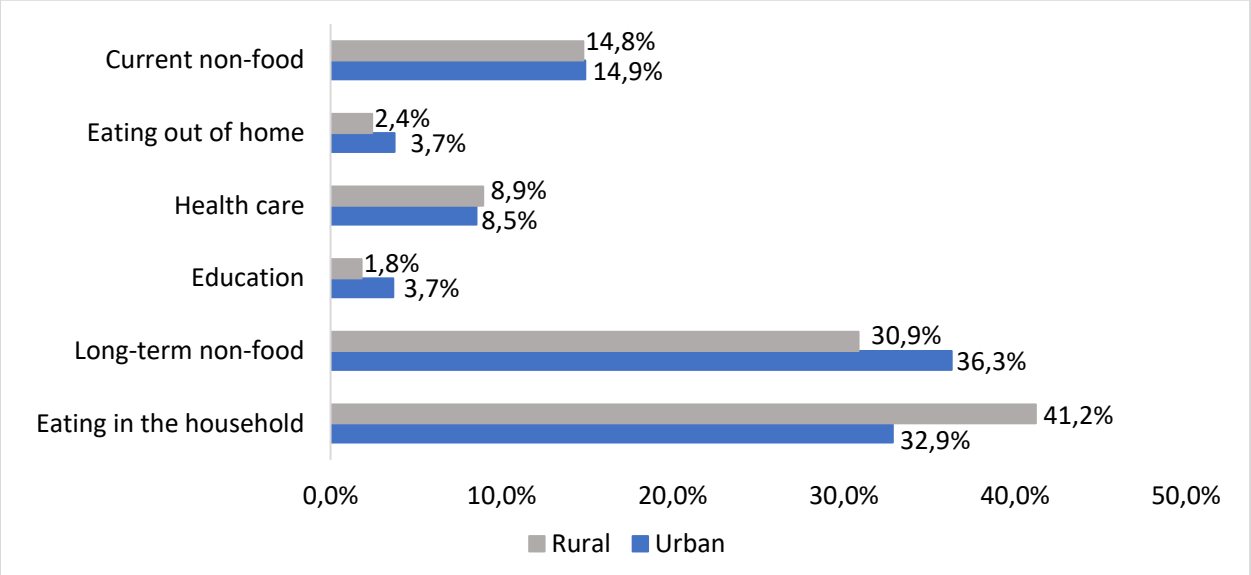
[18]The term consumption includes directly reported cash expenditures and other expenditures calculated from reported consumption.

Figure 3.5: Distribution of average total monthly household consumption (%) by category



In nominal terms, urban residents spent an average of 827.3 GEL in 2017, which was 10.6% more than the 748.2 GEL spent by rural residents in the same period. Food expenditures for the home represent 32.9% of the total monthly household consumption in urban areas and 41.2% in rural areas. Conversely, "eating outside the home" is higher in urban areas (3.7% of the total expenditure) than in rural areas (2.4%). In addition, "long-term non-food item" and "education" expenditures are significantly higher in urban settlements (36.3% and 3.7%) than in rural settlements (30.9% and 1.8%). Spending on healthcare accounts for 8.5% of the total monthly expenditures in urban areas and 8.9% in rural areas (Figure 3.6).

Figure 3.6: Distribution of average total monthly household consumption (%) by category in rural and urban areas, 2017



According to survey results, the estimated average nominal household monthly expenditure in Georgia decreased by 4.1%, from 821.8 GEL in 2015 to 788.6 GEL in 2017. Over the last two years, in the nominal household monthly expenditure structure, the share of food, long-term non-food items and education contracted by 12.0%, 14.8% and 15.0%, respectively. The share of healthcare, eating outside the home and current non-food items increased by 13.4%, 15.3% and 62.0%, respectively (Table 3.3).

When adjusting for inflation, mean household consumption per month dropped 10.1% between 2015 and 2017. In the real[19] household monthly expenditure structure, the share of food, long-term non-food items and education contracted by 17.5%, 20.1% and 20.3%, respectively. At the same time, the share of healthcare, eating outside the home and current non-food items increased by 6.3%, 8.0% and 51.8%, respectively (Table 3.3).

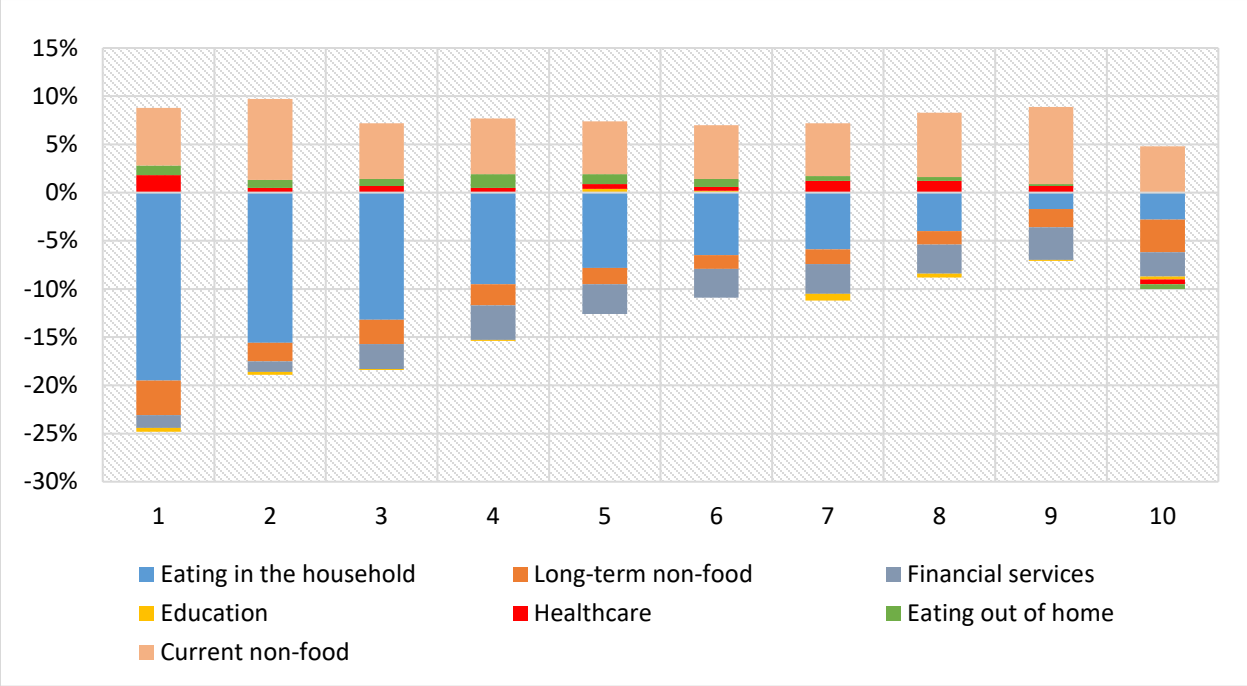
[19] Adjusted for 2009 prices.

Table 3.3: Average monthly household consumption in GEL by category from 2009 to 2017, current and 2009 prices

	2009	2011	2013	2015	2017	2009	2011	2013	2015	2017
	Current prices					2009 prices				
Total monthly consumption	441.5	542.4	671.5	821.8	788.6	441.5	462.2	576.0	647.1	582.0
Eating in the household	176.4	263.4	290.9	329.2	289.8	176.4	224.4	249.5	259.2	213.9
Long-term non-food	152.4	186.8	235.0	312.4	266.3	152.4	159.2	201.6	246.0	196.5
Education	17.5	20.9	25.5	26.0	22.1	17.5	17.8	21.9	20.5	16.3
Healthcare	45.6	50.4	42.6	60.6	68.7	45.6	42.9	36.5	47.7	50.7
Eating out of home	11.4	10.9	14.2	21.4	24.7	11.4	9.3	12.2	16.9	18.2
Current non-food	38.1	10.1	63.4	72.2	117.0	38.1	8.6	54.4	56.9	86.3

Figure 3.7 depicts changes in nominal household consumption by different wealth groups and different categories of expenditure. Since 2013, the WMS has been segregating payments of financial products, such as bank loans and installment payments in long-term non-food expenditures. Expenditures on food, long-term non-food items, financial services, and education were the main drivers of the consumption decrease in panel households from 2015 to 2017. It should be noted that payments on food decreased for the total distribution, however, the magnitude of change was the most significant in the poorest 20% of households (1st and 2nd decile). Expenditures on eating out of the home increased for the lower 90% of the distribution, whereas current non-food consumption increased for the whole distribution. Interestingly enough, healthcare spending increased for the lower 90% of the distribution. The increase was sharp in the poorest 10% of households, despite the availability of the Universal Healthcare program introduced in 2013.

Figure 3.7: Main drivers in nominal consumption changes by source and decile group between 2015 and 2017 (n=2,396)



3.2.2 Household Consumption Per Adult Equivalent (PAE)

The estimated mean nominal consumption PAE was 356.7 GEL, and the median was 295.1 GEL in 2017. Monthly consumption PAE is statistically significantly higher in urban areas than in rural areas. On average, an urban household's nominal consumption PAE is more than 12% of that of rural households. There is a statistically significant variation between mountainous and lowland areas. Average nominal consumption PAE in lowland areas is 13.6% higher than in mountainous areas (Table 3.4).

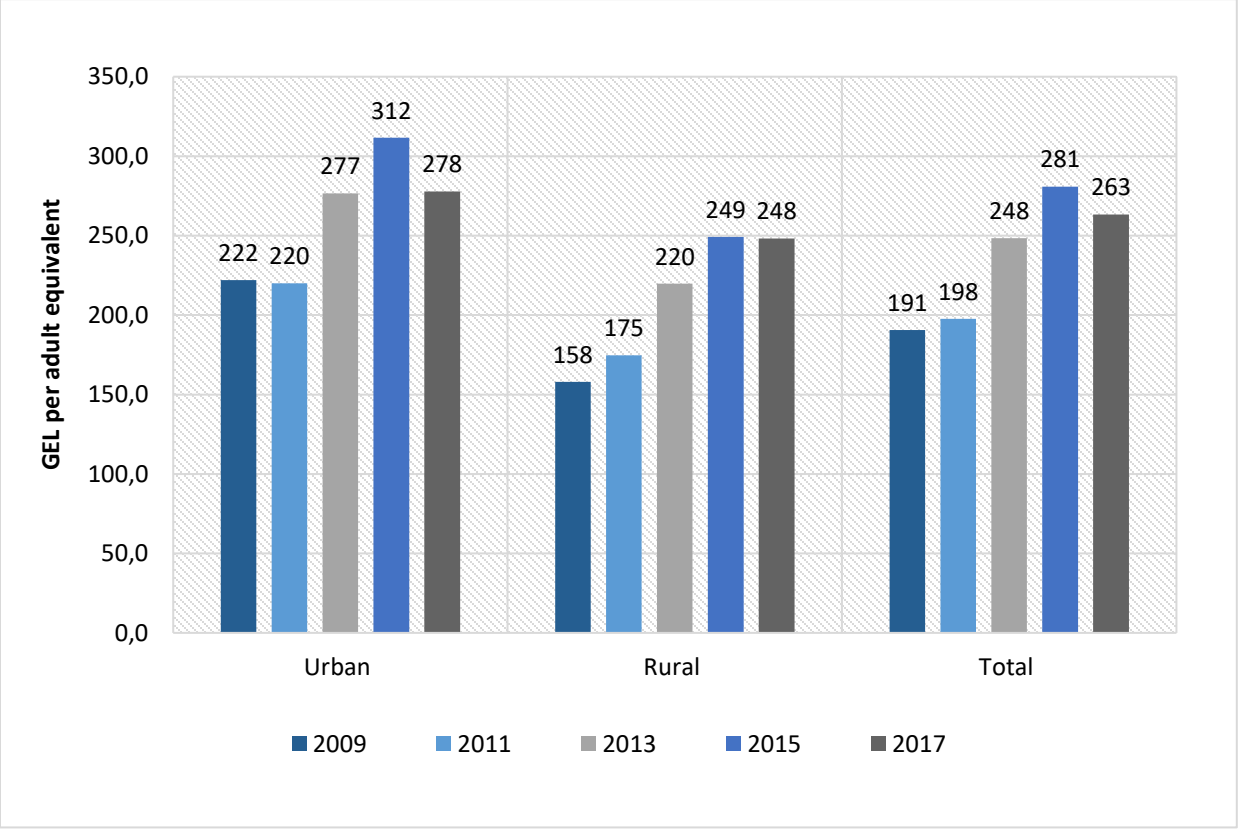
According to Figure 3.8, inflation adjusted household consumption PAE fell by 6.3% from 281 GEL in 2015 to 263 GEL in 2017. The average monthly real consumption PAE for urban households was 278 GEL compared to 248 GEL for rural households. From 2015 to 2017, real consumption expenditures PAE fell by 0.4% for rural households and by 10.9% for urban households.

Table 3.4: Average monthly equivalent household consumption (PAE GEL) by rurality and terrain in 2017

Location	n	Mean monthly consumption (PAE)	t	Sig.
Urban	1546	376.4	3.78	***
Rural	3151	336.3		
Total	4697	356.7		
Lowland	4152	360.7	2.64	**
Mountain	545	317.6		
Total	4697	356.7		

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Figure 3.8: Household consumption (PAE) between 2009 and 2017 (2009 prices)



3.3 Income and Consumption Inequality

Gini coefficient (Gini) is the most commonly used indicator to measure the depth of inequality of an income or consumption distribution. The Gini is based on the Lorenz curve, which plots cumulative proportions of the total income or consumption of the population on the y-axis, and cumulative shares of the population from the poorest to richest depending on income or consumption on the x-axis. The Gini can take values between zero and one, where zero expresses perfect equality and one expresses perfect inequality.

Inequality in income (PAE) has decreased slightly in Georgia from 0.43 in 2015 to 0.42 in 2017. In urban areas, it decreased from 0.42 to 0.41, whereas in rural areas it increased from 0.39 to 0.42 (Figure 3.9).

Inequality is less when measured by household consumption PAE (Gini coefficient = 0.36) than when it is measured by income PAE (Gini coefficient = 0.42). In Georgia, overall consumption inequality has not changed since 2015 (2015 - Gini coefficient = 0.36 vs. 2017 - Gini coefficient = 0.36). Nevertheless, consumption inequality in urban areas decreased from 0.37 in 2015 to 0.35 in 2017, whereas in rural areas it increased from 0.35 to 0.36 (Figure 3.10). The Lorenz curves shown in Figure 3.11 are based on the monthly household income PAE and consumption PAE values reported in WMS 2017.

Figure 3.9: Gini index based on monthly household income PAE, 2009 - 2017

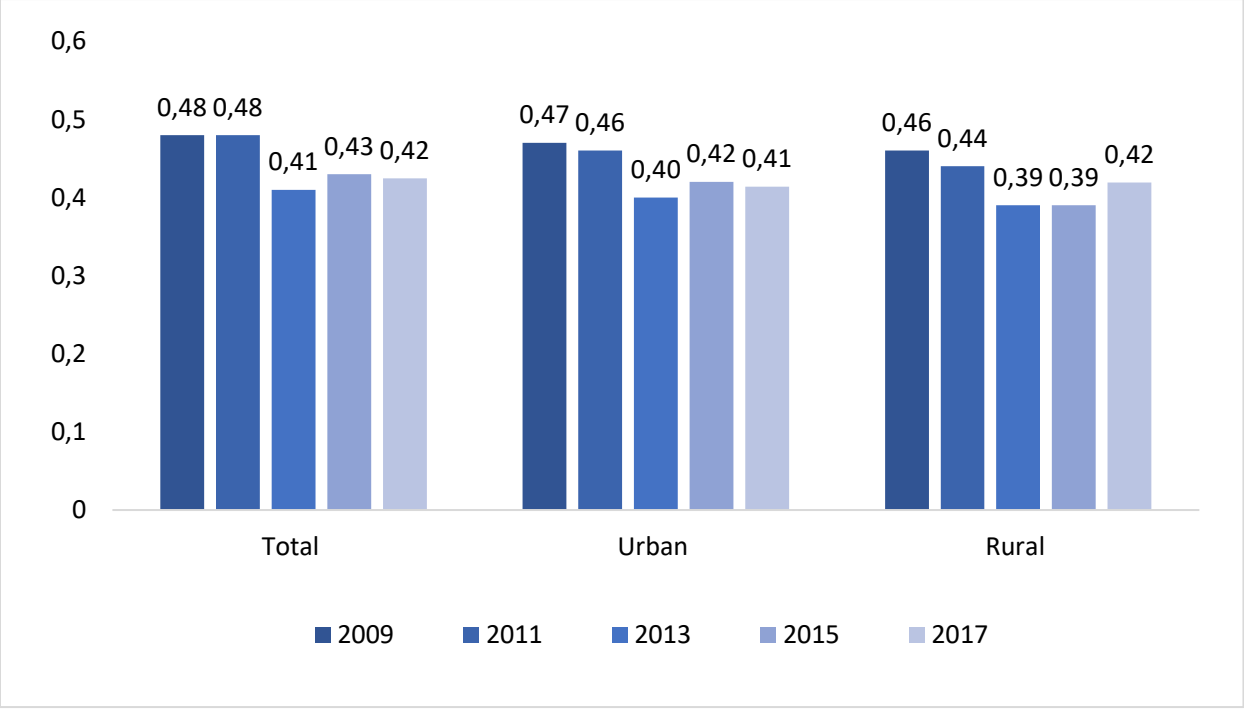


Figure 3.10: Gini index based on monthly household consumption PAE, 2009 - 2017

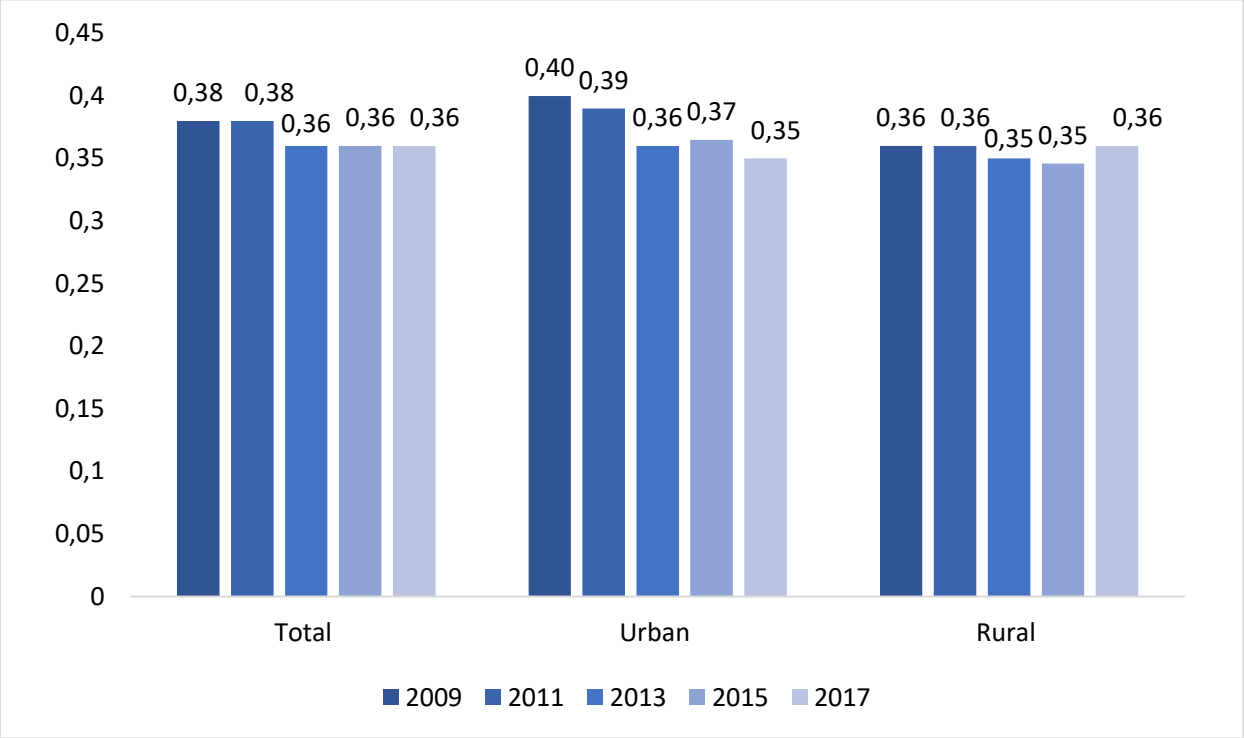
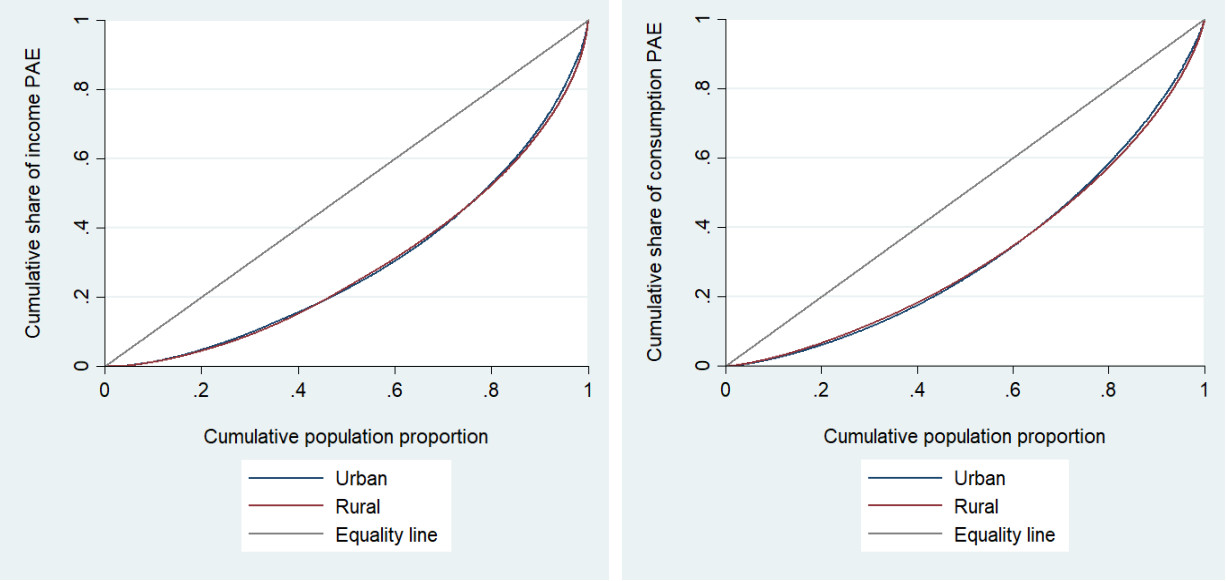


Figure 3.11: Lorenz Curves for monthly household income and consumption PAE, 2017



Summary

The WMS 2017 shows a real[20] increase in income over the last two years. According to survey results, Georgia's mean monthly household nominal income rose from 608.9 GEL in 2015 to 771.9 GEL in 2017. After adjusting for inflation, the real mean monthly household income increased by 18.8% in contrast to the previous round. In the real household monthly income structure, the share of salary, self-employment and social transfers increased by 22.7%, 44.0% and 23.6%, respectively. On the contrary, the share of private transfers, rental income, remittances, and other sources of income contracted by 27.8%, 27.6%, 39.6%, and 20.3%, respectively. Nominal income per adult equivalent PAE has increased by 31.3%, from 265.2 GEL in 2015 to 348.1 GEL in 2017. After adjusting for inflation, it grew by 23.1%.

On average, urban households received a monthly income of more than 29% of that of rural households. In 2017, the average urban household's nominal income was 867.1 GEL, while the average rural household's earnings stood at 672.7 GEL. The structure of household income is significantly different when urban and rural areas are considered. Salaries represent 64.8% of the total monthly household income in urban areas and 35.2% of the total monthly household income in rural areas. On the contrary, "self-employment income" is higher in rural areas (around 30% of total income) than in urban areas (10.9%). In addition, "social transfer income" is higher in rural settlements (27.1%) than in urban settlements (18.9%). In urban areas, average real household income PAE grew by 14.0%, and the same figure grew in rural areas by 38.3%.

Better-off household incomes increased in the form of salaries and self-employment, whereas in the lower part of the distribution, increased social transfers, salaries and self-employment incomes played a major role. When analyzing changes in income for panel households from 2015 to 2017, the most important contributors to the observed increase in better-off household incomes have been the relatively strong growth in salaries and self-employment. In the lower part of the distribution, increased social transfers, salaries and self-employment incomes played a major role. A significant decrease in other sources of income was observed in the first decile, while the amount of remittances decreased for the whole distribution.

Survey results show a real decrease in household expenditures between 2015 and 2017. The estimated average nominal household monthly expenditure in Georgia decreased by 4.1%, from 821.8 GEL in 2015 to 788.6 GEL in 2017. Inflation adjusted mean household consumption per month dropped 10.1% over the last two years. In the real household monthly expenditure structure, the share of food, long-term non-food items and education contracted by 17.5%, 20.1% and 20.3%, respectively. At the same time, the share of healthcare, eating outside the home and current non-food items increased by 6.3%, 8.0% and 51.8%, respectively. Interestingly

[20]Adjusted for 2009 prices.

enough, the share of healthcare-related consumption increased, despite the availability of the Universal Healthcare program introduced in 2013. Also, real household consumption PAE fell by 6.3%, from 281 GEL in 2015 to 263 GEL in 2017.

On average, urban households spent more on long-term non-food items, eating outside the home and education, whereas rural households spent more on eating in the home and healthcare. In nominal terms, urban residents spent an average of 827.3 GEL in 2017, which was 10.6% more than the 748.2 GEL spent by rural residents in the same period. It is important to emphasize that food expenditures for the home represent 32.9% of the total monthly household consumption in urban areas and 41.2% in rural areas. Conversely, "eating outside the home" is higher in urban areas (3.7% of the total expenditure) than in rural areas (2.4%). In addition, "long-term non-food item" and "education" expenditures are significantly higher in urban settlements (36.3% and 3.7%) than in rural settlements (30.9% and 1.8%). Spending on healthcare accounted for 8.5% of the total monthly expenditures in urban areas and 8.9% in rural areas. On average, the urban household's nominal consumption PAE is more than 12% of that of rural households. From 2015 to 2017, real consumption expenditures PAE fell by 0.4% for rural households, and by 10.9% for urban households.

Over the last two years, payments on food, long-term non-food items, financial services, and education were the main drivers of the consumption decrease in panel households. Expenditures on food, long-term non-food items, financial services, and education decreased for the whole distribution. Expenditures on eating out of the home increased for the lower 90% of the distribution, and current non-food consumption increased for the whole distribution. Healthcare spending went up for the lower 90% of the distribution. Especially, it rose in the poorest 10% of households.

In Georgia, income inequality slightly decreased, while consumption inequality remained at the same level. Inequality in income (PAE) has decreased from 0.43 in 2015 to 0.42 in 2017, whereas consumption inequality has not changed since 2015 (2015 Gini coefficient = 0.36 vs. 2017 Gini coefficient = 0.36). As in income measurements, inequality in consumption was greater in rural areas (Gini coefficient = 0.36) than in urban areas (Gini coefficient = 0.35).

4. DIMENSIONS OF WELL-BEING

This chapter provides an in-depth look at the monetary and non-monetary characteristics of Georgia's poor. In particular, it 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

As in previous WMS reports, the present analysis uses consumption expenditures to assess changes in the poverty and welfare of the Georgian population. It should be noted that one can assess poverty using monetary measures and make a choice between employing income or consumption as the indicator of well-being. In countries like Georgia, household consumption is considered as a better indicator of poverty measurement for the following reasons:

- **Consumption is a more reliable outcome indicator of household economic status than income.** 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 out a loan in order to smooth consumption[21].
- **Household consumption expenditure serves as a better proxy for household income, which in many cases is under-reported by most households.** 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.

Using consumption as a measure of poverty also poses some challenges. In particular, 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 an 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. Moreover, 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 non-monetary indicators.

[21] Friedman (1957) A theory of the consumption function.

The consumption variable used here includes the value of food consumption in and outside of the home, as well as non-food consumption. It includes consumption from home production and the 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*[22] *poverty rate* is the share of children who live in poor households out of the total child population. *The pensioner poverty* rate is the share of pension-aged people living in households with the consumption under the poverty threshold out of the total pension-aged population. *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

In the present report, consumption poverty is measured with respect to three main poverty lines: two absolute lines – extreme and general – and one relative line. Absolute poverty lines measure consumption relative to an international standard pegged to the US Dollar: $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 the Consumer Price Index (CPI). The relative poverty line is set to 60 percent of national median consumption, as calculated by the National Statistics Office of Georgia. Measuring consumption poverty with a consistent threshold allows for a comparison over time, particularly with panel data. To this end, we have used the same relative and absolute threshold definitions in 2017 as were used for the WMS 2009, WMS 2011, WMS 2013, and WMS 2015 reports. According to the WMS 2017 survey, median household consumption PAE in 2017 was 295.1 GEL. Therefore, the relative poverty line at 60% of median consumption PAE is 177.1 GEL per month.

In order to compare the extreme ($1.25 daily) and general poverty ($2.50 daily) lines with the results obtained from the previous rounds, the 2017 report updates the GEL/month value of the poverty line to reflect 2017 prices using the CPI, giving us an extreme poverty threshold of 82.8 GEL, and a general poverty threshold of 165.5 GEL per month PAE. Moreover, two additional poverty lines are considered for comparison purposes: subsistence minimum for the reference year and month (148.3 GEL), and the new absolute poverty ($1.90 daily, which is equivalent to 125.8 GEL per month) threshold, which is referred as the new extreme poverty line by the World Bank Group. The subsistence minimum rate is Geostat's official subsistence minimum in August

[22] 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, 2011, 2013, and 2015 also use this definition.

2017. It should be emphasized that the methodology used for calculating consumption poverty differs between UNICEF and the WBG: Firstly, WBG uses the PPP[23] exchange rate to calculate the poverty line in GEL and secondly, WBG reports per capita poverty rates rather than PAE poverty rates.

4.1.2 Poverty Trends Among Different Groups

The latest Welfare Monitoring Survey (WMS) findings show an increase in poverty rates in Georgia. An estimated 4.3% of all households, or 5.0% of the population, 6.8% of children and 3.7% of pensioners, live below the extreme poverty line ($1.25 per day threshold, corresponding to 82.8 GEL PAE per month). From 2015 to 2017, the number of households, population, children, and pensioners below the extreme poverty line increased by 2.6, 2.9, 4.3, and 2.0 percentage points, respectively (Table 4.1).

The number of households below the relative poverty line (60% of median consumption, corresponding to 177.1 GEL PAE per month) increased by 1.8 percentage points, from 20.7% to 22.5% between 2015 and 2017, and the percentage of children living in poor households grew from 26.8% to 31.6%, in increase of 4.8 percentage points. The share of population and pensioners under the relative poverty line also rose from 23.1% to 24.8% and from 19.3% to 20.4% (Table 4.1).

Under the more realistic general poverty threshold (2.5 USD per day, corresponding to 165.5 GEL PAE per month) are 19.6% of households, 21.7% of the population, 27.6% of children, and 17.6% of pensioners. Compared to 2015, in 2017 the number of households, population, children, and pensioners below the general poverty line increased by 3.2, 3.3, 5.9, and 2.6 percentage points, respectively. While the recent increase in general poverty is unfortunate, the country is still better off than it was in 2013, when it was estimated that 21.8% of households, 24.6% of the population, 28.4% of children, and 20.6% of pensioners were living below the general poverty line (Table 4.1).

Over the last two years, there has been a considerable increase in the share of children living below the subsistence minimum (corresponding to 148.3 GEL PAE per month). Survey results show that every fifth child lives in a household in which the basic needs of household members are not met. Nationally, an estimated 15.8% of households, 17.5% of the population, 22.1% of children, and 13.9% pensioners live below the subsistence minimum. Between 2015 and 2017, the number of households, population, children, and pensioners below the subsistence minimum

[23]PPP - purchasing power parity

increased by 3.9, 4.2, 6.5, and 3.5 percentage points, respectively (Table 4.1). In addition, despite the 15.4% increase in CPI from 2011 to 2017, the monthly amount of the subsistence minimum increased only by 8.0% for the same period.

Table 4.1: Comparison of consumption poverty rates

Poverty threshold	Measure		2009		2011		2013		2015		2017
		GEL	WMS	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	**82.8**	4.3
	% population		9.9		9.1		3.9		2.1		5.0
	% children		11.5		9.4		6.0		2.5		6.8
	% pensioners		7.3		8.1		1.9		1.7		3.7
Relative	% households	**89.7**	23.7	**109.2**	21.8	**137.2**	20.1	**171.8**	20.7	**177.1**	22.5
	% population		25.7		23.5		22.9		23.1		24.8
	% children		28.4		25.2		27.1		26.8		31.6
	% pensioners		22.2		21.3		18.7		19.3		20.4
General	% households	**122.2**	41.5	**143.4**	35.4	**142.4**	21.8	**155.1**	16.4	**165.5**	19.6
	% population		44.8		37.9		24.6		18.4		21.7
	% children		49		40.8		28.4		21.7		27.6
	% pensioners		41.7		36.6		20.6		15.0		17.6
Subsistence minimum	% households	**109.0**	34.4	**137.3**	32.9	**129.4**	18.0	**139.8**	11.9	**148.3**	15.8
	% population		37.1		35.6		20.6		13.3		17.5
	% children		40.7		38.6		24.8		15.6		22.1
	% pensioners		34		33.7		16.4		10.5		13.9
USD 1.90/day	% households	**92.9**	25.2	**108.8**	21.7	**108.2**	11.4	**117.9**	7.2	**125.8**	11.0
	% population		27.4		23.4		13.4		8.1		12.4
	% children		30.4		25.1		16.3		9.8		16.1
	% pensioners		24.1		21.2		9.6		6.3		9.2

Note: 2009 n=4,646 households; 16,832 population; 3,167 children; 3,383 pensioners; 2011 n=4,147 households; 14,837 population; 2,713 children; 3,121 pensioners; 2013 n=3,726 households; 13,282 population; 2,374 children; 2,883 pensioners; 2015 n=4,533 households; 16,155 population; 2,939 children; 3,503 pensioners; 2017 n=4697 household; 16,038 population; 2,805 children; 3,696 pensioners

4.1.3. Rural and Urban Poverty

The WMS survey shows that the percentage of households living below each of the three poverty thresholds is higher in rural areas than in urban areas (except for extreme poverty in 2017). When analyzing the extreme poverty gap, urban areas experience higher gaps for all years except for 2011. The urban extreme poverty gap increased from 23.4% in 2015 to 29.3% in 2017, and the rural poverty gap rose from 22.9% to 28.0% in the same period. Household consumption would have had to increase by nearly one-third (28.7%) of the extreme poverty line on average in 2017 to lift households out of extreme poverty (Table 4.2).

Table 4.2: Extreme consumption poverty changes from 2009 to 2017

		2009	2011	2013	2015	2017
	Urban	8.6	7.0	2.7	1.5	4.5
Household (%)	Rural	9.3	9.6	3.5	1.9	4.0
	Total	**8.9**	**8.3**	**3.1**	**1.7**	**4.3**
	Urban	33.9	24.0	24.1	23.4	29.3
Poverty gap (%)	Rural	26.5	29.4	19.0	22.9	28.0
	Total	**30.1**	**27.1**	**21.3**	**23.1**	**28.7**

Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533), 2017 (n=4697)

As shown in Table 4.3, an estimated 24.1% of households live below the relative poverty line in rural areas, and 20.9% in urban areas. From 2015 to 2017, number of households living below the relative poverty line in urban areas increased by 3.9 percentage points, whereas in rural areas it decreased marginally by 0.4 percentage points. The urban poverty gap increased by 7.2 percentage points, and the rural poverty gap by 4.5 percentage points. Moreover, the urban poverty gap exceeded the rural poverty gap by 2.5 percentage

points in 2017. It is important to highlight that household consumption would have had to rise by 31.8% of the relative poverty line on average in 2017 to lift households out of relative poverty.

Table 4.3: Relative consumption poverty changes from 2009 to 2017

		2009	2011	2013	2015	2017
	Urban	19.9	18.0	16.3	17.0	20.9
Household (%)	Rural	27.7	25.6	24.1	24.5	24.1
	Total	**23.7**	**21.8**	**20.1**	**20.7**	**22.5**
	Urban	32.6	29.5	28.4	25.9	33.1
Poverty gap (%)	Rural	26.5	30.5	26.7	26.1	30.6
	Total	**29.1**	**30.0**	**27.4**	**26.0**	**31.8**

Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533), 2017 (n=4697)

The percentage of urban households living below the general poverty line is estimated to be 18.4% in urban settlements and 20.8% in rural settlements. Between 2015 and 2017, the incidence of general poverty increased by 4.8 percentage points in urban areas and 1.6 percentage points in rural areas. General poverty gaps have increased significantly since 2015 (Table 4.4).

Table 4.4: General consumption poverty changes from 2009 to 2017

		2009	2011	2013	2015	2017
	Urban	34.9	30.8	17.5	13.6	18.4
Household (%)	Rural	48.3	40.1	26.2	19.2	20.8
	Total	**41.5**	**35.4**	**21.8**	**16.4**	**19.6**
	Urban	34.7	31.9	28.9	23.8	32.6
Poverty gap (%)	Rural	32.2	34.3	27.2	24.6	30.2
	Total	**33.1**	**33.2**	**27.9**	**24.2**	**31.4**

Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533), 2017 (n=4697)

4.1.4 Children in Households

In 2017, 33% of all households included at least one child. It should be noted that as the number of children in households increases, poverty rates measured on the extreme, relative and general thresholds are significantly higher in all five rounds of the survey. For instance, 27.2% and 24.1% of households with one or two children live in relative and general poverty, respectively. These figures rise significantly to almost 39.9% for households with three or more children under the relative poverty line, and to 33.4% for households below the general poverty line (Tables 4.5a to 4.5c).

Table 4.5a: Variation in extreme poverty for households with different numbers of children in 2009, 2011, 2013, 2015, and 2017

Type of household	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.
	2009		**2011**		**2013**		**2015**		**2017**	
With no children	7.8		7.2		1.9		1.3		3.5	
With children	10.5	**	9.9	**	5.1	***	2.4	*	5.9	**
With no children	7.8		7.2		1.9		1.3		3.5	
With 1 or 2 children	9.8		10		4.2		2.5		5.2	
With 3+ children	16	***	9.5	**	10.2	***	1.2	*	9.8	**
Total	**8.9**		**8.3**		**3.1**		**1.7**		**4.3**	

*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, 2015, and 2017

Type of household	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.
	2009		**2011**		**2013**		**2015**		**2017**	
With no children	21.5		19.9		16.5		17.7		19.1	

With children	26.8	***	24.5	***	26.1	***	25.5	***	29.2	***
With no children	21.5	***	19.9	***	16.5	***	17.7	***	19.1	***
With 1 or 2 children	25.4		23.7		25.1		24.5		27.2	
With 3+ children	36.7		30.1		32.5		31.7		39.9	
Total	**23.7**		**21.8**		**20.1**		**20.7**		**22.5**	

*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, 2015, and 2017

Type of household	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.	Poverty rate (% households)	χ2 Sig.
	2009		**2011**		**2013**		**2015**		**2017**	
With no children	38.3	***	33.0	***	18.3	***	13.8	***	16.6	***
With children	46		39.0		27.6		20.5		25.6	
With no children	38.3	***	33.0	***	18.3	***	13.8	***	16.6	***
With 1 or 2 children	44.2		37.5		26.6		20.0		24.1	
With 3+ children	59.1		49.5		33.3		24.3		33.4	
Total	**41.5**		**35.4**		**21.8**		**16.4**		**19.6**	

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

4.1.5 Pensioner Households

Old-age pensioners are defined as men over 64 years-old and women over 59. Over half (58.9%) of all households include at least one pensioner and 48.3% of households with children include one pensioner or more. At least one old-age pensioner and at least one child can be found in 16.1% of households. As survey results show, poverty rates are consistently lower in old age pensioner-only households when compared to other[24] household types (Tables 4.6a to 4.6c).

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

Table 4.6a: Extreme poverty variation with pensioner household type in 2009, 2011, 2013, 2015, and 2017

Type of household	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.
	2009		**2011**		**2013**		**2015**		**2017**	
Not pensioner only	9.5		9.0		3.5		1.9		4.9	
Single pensioner	6.2	*	4.9	**	1.7	**	0.6	*	2.5	***
Pensioner only household with more than one pensioner	6.0		5.4		0.0		0.9		1.0	
Total	**8.9**		**8.3**		**3.1**		**1.7**		**4.3**	

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.6b: Relative poverty variation with pensioner household type in 2009, 2011, 2013, 2015, and 2017

Type of household	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.
	2009		**2011**		**2013**		**2015**		**2017**	
Not pensioner only	24.5		23.0		22.1		22.5		23.8	

Single pensioner	18.8	*	14.8	**	11.7	**	12.7	*	17.4	**
Pensioner only household with more than one pensioner	21.1		17.9		9.8		11.4		16.8	
Total	**23.7**		**21.8**		**20.1**		**20.7**		**22.5**	

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.6c: General poverty variation with pensioner household type in 2009, 2011, 2013, 2015, and 2017

Type of household	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.	Poverty rate (% households)	χ^2 Sig.
	2009		**2011**		**2013**		**2015**		**2017**	
Not pensioner only	42.6		36.6		23.8		17.9		20.9	
Single pensioner	34.0		28.5		13.3		10.1		14.8	***
Pensioner only household with more than one pensioner	38.3	**	31.9	***	11.1	***	8.0	***	13.9	
Total	**41.5**		**35.4**		**21.8**		**16.4**		**19.6**	

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

4.1.6 Poverty and Education

Lower poverty rates for households, the population, and children are associated with higher levels of education attained by adults in the household. Moreover, poverty gaps also tend to fall with increasing levels of education (Tables 4.7a to 4.7c).

Table 4.7a: Variation in measures of extreme poverty (Poverty line = 82.8 GEL) with the highest education level attained by anyone in the household in 2017

	Household poverty (%)	χ^2 Sig.	Poverty gap (%)		Population Poverty (%)	Child poverty (%)
Education level:						
None	11.5		32.7		16.2	29.6
Secondary	6.7		27.2		9.0	12.2
Vocational	3.8	***	26.8		3.8	4.6
Higher	2.3		32.0		2.7	3.5
Total (n=4,697)	**4.3**		**28.7**		**5.0**	**6.9**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.7b: Variation in measures of relative poverty (Poverty line = 177.1 GEL) with the highest education level attained by anyone in the household in 2017

	Household poverty (%)	χ^2 Sig.	Poverty gap (%)		Population Headcount rate (%)	Child poverty (%)
Education level:						
None	37.0		39.8		49.9	77.3
Secondary	34.1		33.5		38.9	46.6
Vocational	23.4	***	30.1		26.6	34.6
Higher	13.0		28.7		14.7	19.2
Total (n=4,697)	**22.5**		**31.8**		**24.8**	**31.6**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.7c: Variation in measures of general poverty (Poverty line = 165.5 GEL) with the highest education level attained by anyone in the household in 2017

	Household poverty (%)	χ^2 Sig.	Poverty gap (%)		Population Headcount rate (%)	Child poverty (%)
Education level:						
None	34.3		38.6		46.4	72.7
Secondary	31.2		31.9		35.7	43.5
Vocational	20.6	***	29.2		23.2	30.6
Higher	10.3		30.9		11.7	14.4
Total (n=4,697)	**19.6**		**31.4**		**21.7**	**27.6**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

According to the survey findings, all poverty levels tend to decline as the education level of women in households increases. In terms of extreme, relative and general poverty, both the percentage of poor households and the percentage of people affected fall sharply with the increasing educational achievements of women. This reflects not only a better command of resources, but also perhaps more choices about the balance between family care and paid work. The poverty rate of households where women have higher education is around half of the poverty rates of other types of households (Tables 4.8a to 4.8c).

Table 4.8a: Variation in measures of extreme poverty (Poverty line = 82.8 GEL) with the highest education level attained by women in the household in 2017

	Household poverty (%)	χ^2 Sig.	Poverty gap (%)		Population Poverty (%)	Child poverty (%)
Highest female education level:						
None	11.8	***	36.2		14.9	24.5
Secondary	5.5		26.0		6.9	9.5
Vocational	4.4		24.6		4.5	6.3
Higher	2.4		34.3		2.8	3.3
Total (n=4,449)	**4.3**		**28.5**		**5.0**	**6.9**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001; excludes all male households*

Table 4.8b: Variation in measures of relative poverty (Poverty line = 177.1 GEL) with the highest education level attained by women in the household in 2017

	Household poverty (%)	χ^2 Sig.	Poverty gap (%)		Population Poverty (%)	Child poverty (%)
Highest female education level:						
None	36.6	***	40.5		47.1	66.8
Secondary	31.7		31.5		35.0	42.1
Vocational	21.2		32.3		23.7	31.8
Higher	12.8		29.0		14.6	19.0
Total (n=4,449)	**22.5**		**31.7**		**24.9**	**31.6**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001; excludes all male households*

Table 4.8c: Variation in measures of general poverty (Poverty line = 165.5 GEL) with the highest education level attained by women in the household in 2017

	Household poverty (%)	χ^2 Sig.	Poverty gap (%)		Population Poverty (%)	Child poverty (%)
Highest female education level:						
None	33.7	***	39.8		43.7	61.5
Secondary	28.2		30.5		31.5	38.7
Vocational	19.0		31.1		21.0	28.5
Higher	10.0		31.7		11.5	14.0
Total (n=4,449)	**19.5**		**31.5**		**21.7**	**27.5**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001; excludes all male households*

4.1.7 Poverty and Employment

The Welfare Monitoring Survey (WMS) provides data about whether each household member over 15 years-old was involved in economic activity during the previous week, even if only for one hour. However, it is not possible to calculate the unemployment or employment rate based on the available data. The present report divides the employment condition of a household by the following categories:

- **The regular earners** - consist of households in which 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** - unites anyone who is employed or owns land, whether or not they work that land themselves.

Table 4.9 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 by 4.5 and 3.4 percentage points from 2015 to 2017, respectively. Only one-half of the households have a regular earner. The percentage of such households has increased slightly since 2015.

Table 4.9: Employment status of households in 2009, 2011, 2013, 2015, and 2017 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)	% of households 2017 (n=4,697)
Any regular earner	39.5	41.4	49.0	50.0	50.3
Anyone employed in some way	57.8	63.1	80.2	70.0	65.5
Anyone employed in some way or a land owner	80.6	82.7	87.4	85.1	81.7

Tables 4.10a to 4.10c compare households based on the employment categories described above with all other households. Poverty rates are significantly lower in households with anyone employed in any of the three categories than those in which no one is employed. Having a household member who has regular paid work reduces both the general and relative child poverty incidence by more than two.

Table 4.10a: Variation in measures of extreme poverty (< 82.8 GEL) with measures of employment in households in 2017 (n=4,697)

	Household poverty rate (%)	χ^2 Sig.	Poverty gap (%)	t-test sig	Headcount rate (%)	Child poverty (%)
Any regular earners	2.3	***	35.6	***	2.7	3.8
No earner	6.3		26.2		8.4	12.4
Anyone employed in some way	2.7	***	34.5	***	3.1	4.6
No one employed	7.3		24.5		10.6	16.7
Anyone employed or a landowner	3.2	***	31.9	***	3.7	5.2
No one employed or a landowner	9.1		23.7		14.2	22.0
Total	**4.3**		**28.7**		**5.0**	**6.8**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.10b: Variation in measures of relative poverty (< 177.1 GEL) with measures of employment in households in 2017 (n=4,697)

	Household poverty rate (%)	χ^2 Sig.	Poverty gap (%)	t-test sig	Headcount rate (%)	Child poverty (%)
Any regular earners	14.5	***	28.0	***	16.9	22.6
No earner	30.5		33.6		36.4	48.4
Anyone employed in some way	17.1	***	29.2	***	19.9	26.6
No one employed	32.5		34.4		39.9	53.6
Anyone employed or a landowner	19.3	***	29.7	***	22.0	28.8
No one employed or a landowner	36.3		36.8		44.4	57.9
Total	**22.5**		**31.8**		**24.8**	**31.6**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Table 4.10c: Variation in measures of general poverty (< 165.5 GEL) with measures of employment in households in 2017 (n=4,697)

	Household poverty rate (%)	χ^2 Sig.	Poverty gap (%)	t-test sig	Headcount rate (%)	Child poverty (%)
Any regular earners	12.0	***	28.4	***	13.9	18.6
No earner	27.3		32.7		33.0	44.2
Anyone employed in some way	14.5	***	29.2	***	16.8	22.6
No one employed	29.3		33.4		36.3	49.6
Anyone employed or a landowner	16.4	***	29.8	***	18.7	24.6
No one employed or a landowner	33.9		34.9		42.2	55.3
Total	**19.6**		**31.4**		**21.7**	**27.6**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Owing to the definitions of employment status described above, these tables must be interpreted with caution. While questions regarding 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 (healthcare, education, long-term non-food expenditures) and week (food expenditure inside and outside of 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. For example, some households with no employment or land ownership have an average PAE income of 229.6 GEL per month.

4.2 Material Deprivation

Poverty is a multidimensional phenomenon. The above analysis of welfare in Georgia relied on consumption information to capture household living conditions and identify those who are poor. Since poverty is not merely about consumption deficits and has a multidimensional nature, the present analysis also assesses well-being in Georgia based on the non-monetary dimensions of poverty.

4.2.1 Durable Household Goods

In the present paper, material deprivation is measured in terms of certain durable goods in a household. As in previous rounds, the following items have been included in the analysis: cars, mobile phones, washing machines, televisions, refrigerators, vacuum cleaners, and irons. As seen in Table 4.11, a larger proportion of old-age pensioners live in households lacking each of the selected items. In particular, electronic goods, such as mobile phones and televisions. While a smaller proportion of old-age pensioners fall into poverty based on their consumption, material deprivation shows a different picture. One may assume that the elderly feel that it is less necessary to own such durable goods, when compared with other age groups given the same economic conditions.

Table 4.11: Lack of key household items in 2017 (n=4,697)

	% 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	69.5	66.7	65.6	70.9
No car	69.4	61.3	56.9	70.9
No washing machine	29.2	23.6	20.7	31.3

No refrigerator	11.1	8.6	8.0	11.1
No mobile phone	8.0	5.2	4.0	9.7
No iron	7.9	6.0	5.5	8.6
No television	4.4	3.4	3.8	4.7

When comparing the percentage of households lacking various types of items over time, it can be observed that in 2017, the overall share of such households is less than what it was in 2009, 2011 and 2013. From 2015 to 2017, the number of households lacking a vacuum cleaner, car, mobile phone, and television increased by 3.0, 2.6, 5.1, and 1.1, respectively (Table 4.12).

Table 4.12: Lack of key household items in 2009, 2011, 2013, 2015, and 2017

	% of households lacking item 2009	% of households lacking item 2011	% of households lacking item 2013	% of households lacking item 2015	% of households lacking item 2017
Vacuum cleaner	79.3	76.9	73.8	66.5	69.5
Car	78.7	76.1	70.5	66.8	69.4
Washing machine	67.7	59.8	44.4	34.3	29.2
Refrigerator	42.8	32.9	21.8	15.7	11.1
Mobile phone	34.9	20.5	14.8	2.9	8.0
Iron	15.1	14.8	9.4	10.8	7.9
Television	8.7	7.1	3.7	3.3	4.4

According to the WMS definition, a household is regarded as materially deprived if it lacks five or more of the listed items. Table 4.13 shows that 6.1% of households are materially deprived. Moreover, an estimated 3.7% of the population, 2.4% of children, and 7.1% of pensioners live in such households.

Table 4.13: Number of selected durable goods lacked by households in 2017 (n=4,697)

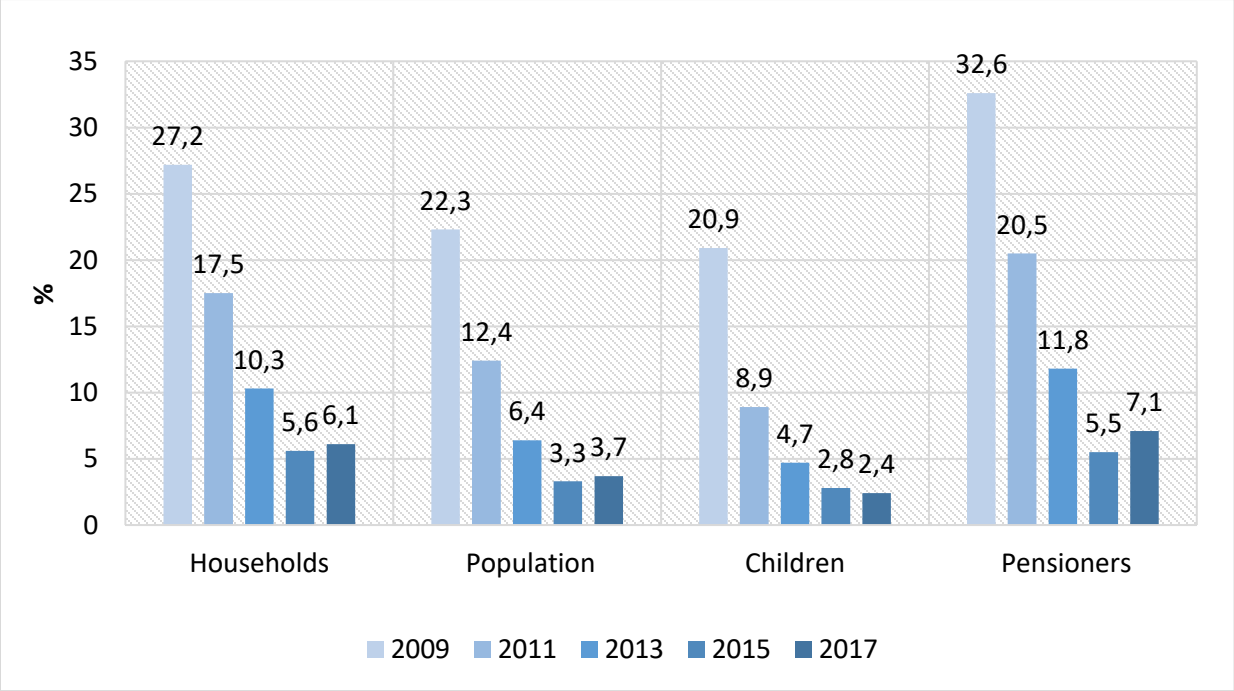
Number of selected types of item lacked	% of households lacking	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
0	15.0	19.2	21.4	13.9
1	25.5	27.3	27.7	25.3
2	27.9	28.3	28.0	27.1
3	16.8	14.9	14.0	17.2
4	8.8	6.7	6.4	9.4

5	**4.0**	**2.5**	**1.6**	**4.8**
6	**1.6**	**1.0**	**0.8**	**1.7**
7	**0.5**	**0.2**	**0.0**	**0.6**
	10	100	100	100

Note: Shaded cells indicate households lacking five or more types of goods.

As figure 4.1 illustrates, proportionally, material deprivation affects more pensioners (7.1%) than children (2.4%) or the population as a whole (3.7%). Over the last two years, material deprivation increased across all groups except for children. Since 2015, the share of children living in materially deprived households has dropped by 0.4 percentage points.

Figure 4.1: Changes in material deprivation between 2009, 2011, 2013, 2015, and 2017



4.2.2 Housing Conditions

Table 4.14 shows that the most frequently reported housing problems in 2017 were leaking roofs, damp dwellings, and damaged roofs, floors and walls. It is notable that a significant share of children (27.6%) live in households that are considered small dwellings.

Table 4.14: Housing problems reported by households in 2017 (n=4,697)

	% 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	25.7	24.8	25.6	26.2
Damaged floor or walls	24.1	22.7	23.3	23.6
Earth floor	7.4	6.9	7.1	7.1
Dwelling is damp	25.3	24.2	25.5	26.0
Broken windows	10.4	10.4	12.2	10.2
Insufficient light	6.1	5.6	5.6	6.1
Noise	6.0	5.9	6.0	5.5
Dwelling too small	16.7	20.5	27.6	14.5

The percentage of households experiencing each housing problem (except for those reporting earth floors or small dwellings) decreased from 2015 to 2017. Even though there was a significant drop recorded in the percentage of children living in problematic housing in 2017, the share of children living in households that have earth floors or are small dwellings increased by 1.5 and 5.0 percentage points, respectively (Table 4.15).

Table 4.15: Percentage of children in households with housing problems in 2009, 2011, 2013, 2015, and 2017

	2009	2011	2013	2015	2017
Damaged, leaking roof	43.0	36.9	33	33.9	25.6
Damaged floor or walls	40.3	35	28.3	31.4	23.3
Earth floor	13.9	11.5	4.7	5.6	7.1
Dwelling is damp	43.1	38.6	29	31.1	25.5
Broken windows	20.3	16.8	10.8	15.2	12.2
Insufficient light	11.6	12.1	4.6	6.3	5.6
Noise	10.2	9.3	6.3	8.1	6.0
Dwelling too small	39.2	32.4	24.4	22.6	27.6

Households are considered to be experiencing housing deprivation if they experience at least two major housing problems from the list above, and if 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 20.0% in 2017. Moreover, an estimated 18.6% of the population, 20.2%

of children and 19.6% of pensioners live in households experiencing housing problems. Housing deprivation is observed to be significantly worse in rural areas when compared with urban areas, except for among children. Despite the fact that the percentage of housing deprivation is lower for urban children, the difference is not statistically significant (Table 4.16).

Table 4.16: Populations with housing deprivation in urban and rural areas in 2017

	Urban	Rural	Total	Significance of difference
% of households in housing deprivation	15.5	24.8	20.0	***
% of total population living in such households	15.0	22.0	18.6	***
% of all children living in such households	19.0	21.2	20.2	ns
% of all pensioners living in such households	14.8	24.0	19.6	***

The rate of housing deprivation fell substantially between 2015 and 2017. The percentage of population, children and pensioners living in households suffering housing deprivation declined by 4.3, 3.5 and 4.8 percentage points in the same period (Table 4.17).

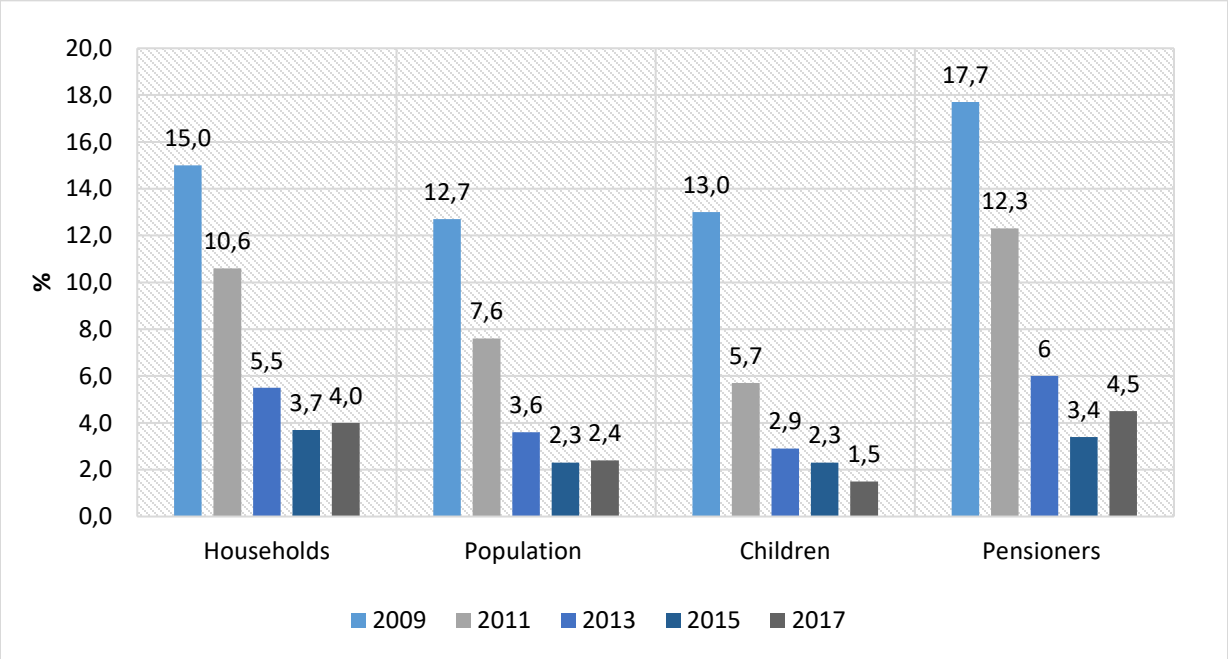
Table 4.17: Households and groups experiencing housing deprivation in 2009, 2011, 2013, 2015, and 2017

	2009	2011	2013	2015	2017
Households (%)	27.6	25.9	20.6	24.7	20.0
Population (%)	26.5	23.8	19.1	22.8	18.6
Children (%)	27.5	22.2	17.9	23.6	20.2
Pensioners (%)	28.9	28.3	19.5	24.4	19.6

4.2.3 Double Material Deprivation

By the WMS definition, double material deprivation refers to those households with material deprivation in both durable goods and in housing. Since 2015, rates of double material deprivation have increased across all groups except children. The percentage of all children living in households experiencing double material deprivation fell from 2.3% in 2015 to 1.5% in 2017. It should be noted that rates of double material deprivation dropped significantly in all groups from 2009 to 2017 (Figure 4.2).

Figure 4.2: Households and groups experiencing double material deprivation in 2009, 2011, 2013, 2015, and 2017



4.3 Subjective Poverty

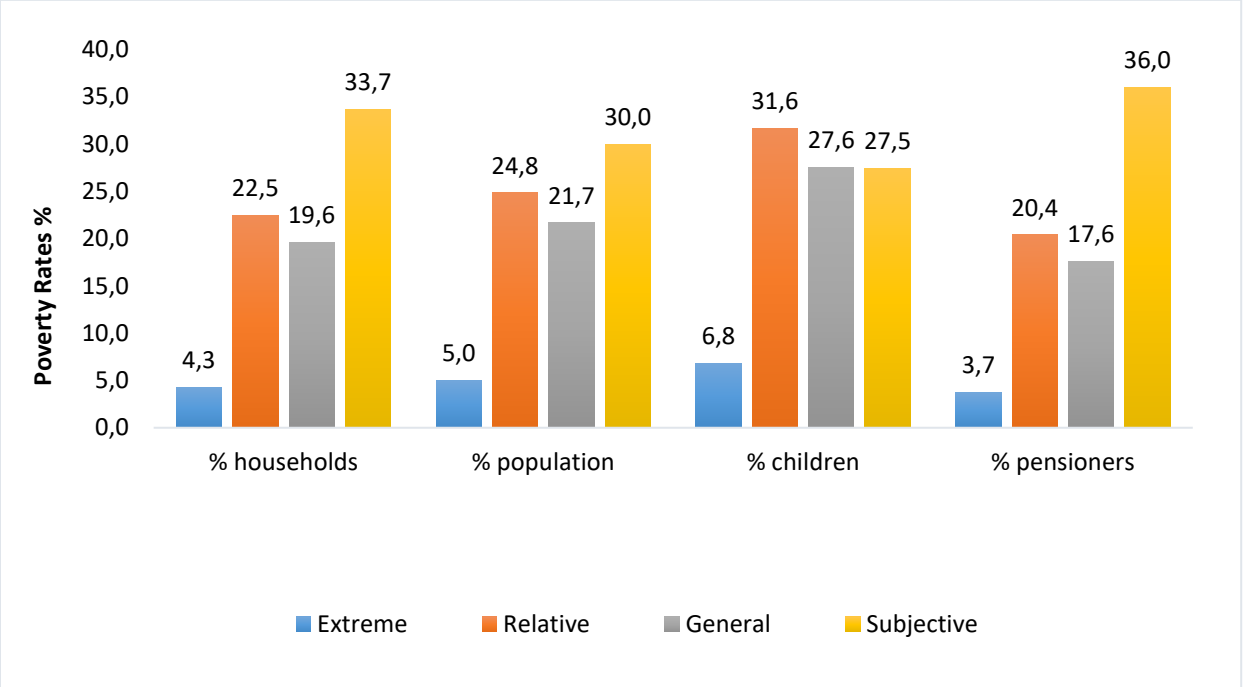
Subjective poverty is based on the self-assessment of households. Households are considered subjectively poor if they state that either they cannot provide enough food for themselves, or that they feed themselves so poorly that their health is endangered. Even though there was an increase in consumption poverty in 2017, the public perception of being in poverty has improved. Interestingly enough, in 2017, 33.7% of households were subjectively poor versus 38.4% in 2015. Moreover, such households comprised 30% of the population, 27.5% of children and 36.0% of all pensioners. A decrease in subjective poverty rates can be attributed to a real increase in income (Table 4.18).

Table 4.18: Changes in subjective poverty rates between 2009, 2011, 2013, 2015, and 2017

	2009	2011	2013	2015	2017
% of households in subjective poverty	39.2	40.8	26.9	38.4	33.7
% of total population living in such households	36.9	36.3	24.3	36.0	30.0
% of all children living in such households	36.3	32.1	22.9	37.2	27.5
% of all pensioners living in such households	43.7	43.3	25.8	40.1	36.0

When comparing the subjective poverty assessment with monetary poverty rates, one can observe that all groups (except children) have a much more pessimistic assessment of their situation than what the consumption poverty rates actually show. Interestingly enough, the gap between the general and subjective assessments of children's poverty is marginal. In particular, 27.6% of children live in households below the general poverty line and 27.5% of them live in poor households based on a subjective assessment (Figure 4.3).

Figure 4.3: Comparison of subjective and other poverty rates in 2017



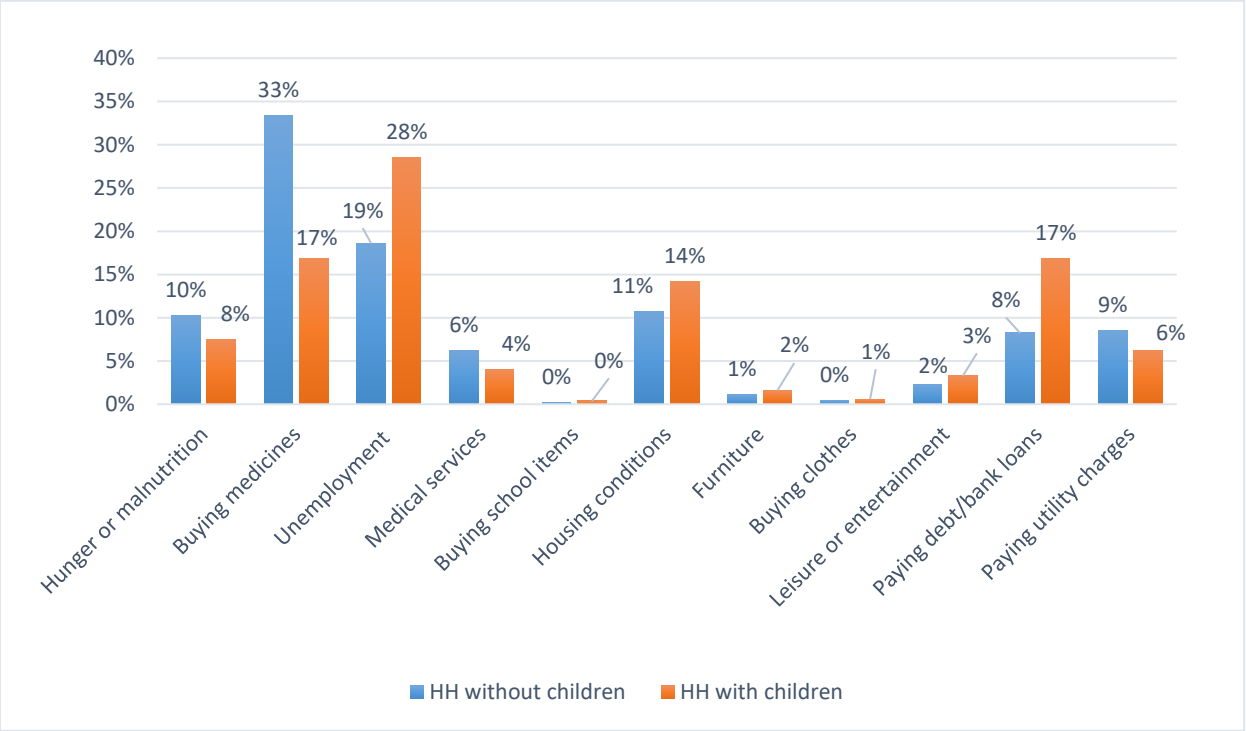
In 2017, household member unemployment, trouble buying medicines, and housing conditions were the most frequently reported issues that households faced. Even though there was a decrease in problems of gaining access to medical services, the share of households reporting the purchase of medicine as the main problem increased from 26.4% in 2015 to 27.8% in 2017. While in the previous round of the survey, paying debts or bank loans was reported by 12.4% of households, in 2017, the percentage of households reporting the same issue decreased to 11.2% (Table 4.19).

Table 4.19: Main issues reported by households in 2017 compared with 2009, 2011, 2013, and 2015.

Problem	% of households 2009	% of households 2011	% of households 2013	% of households 2015	% of households 2017
Unemployment	36.3	32.2	41.0	27.9	22.0
Buying medicine	17.5	14.6	18.4	26.4	27.8
Medical services	14.3	18.7	11.6	5.7	5.4
Housing conditions	9.3	9.1	8.3	9.7	11.9
Hunger or malnutrition	8.1	6.8	4.7	8.8	9.3
Paying debt or bank loans	5.8	9.4	8.3	12.4	11.2
Paying utility charges	5.7	6.8	4.3	5.6	7.7
Leisure or entertainment	1.7	1	2.1	1.9	2.6
Buying clothes	0.5	0.5	0.3	0.4	0.5
Furniture	0.4	0.3	0.7	0.9	1.3
Buying school items	0.3	0.5	0.3	0.3	0.3
Total	**100**	**100**	**100**	**100**	**100**
Number of cases	**4,624**	**3,932**	**3,584**	**4,155**	**4,194**

The 2017 Welfare Monitoring Survey results also revealed that in households with children, the issue of unemployment was particularly common (28% of households with children vs. 19% of households without children). In households without children, the purchase of medicine was a pressing issue (33% of households without children vs. 17% of households with children). The percentage of families with children in which paying off debts or bank loans was the main problem increased from 16% to 17%, whereas in childless households this figure reached 8% in 2017, down from 10% in 2015 (Figure 4.4).

Figure 4.4: Main issues reported by households with and without children in 2017



4.4 Lack of Utilities

4.4.1 Comparison of 2017 with 2009, 2011, 2013 and 2015

In the reports on the WMS 2009, 2011, 2013, and 2015, a household was deemed to lack utilities if it experienced difficulties in obtaining adequate access to water[25], sanitation[26] or heating[27]. Under the same definitions for 2017, Table 4.20 shows the share of households that experienced problems meeting their most basic needs for water, sanitation and heating. In 2017, the percentage of households experiencing a lack of access to water, sanitation and heating were 30.6%, 49.1% and 12.8%, respectively.

[25] Water: a household is deemed to be in difficulty if there is no supply of cold water or no supply inside the dwelling.
[26]Sanitation: sanitation is deemed to be problematic if a household has no sewerage system or no available bathroom.
[27]Heating: households in which the dwelling was practically not heated during the past winter or in which annual spending on domestic fuel accounted for more than 10 percent of the total annual household expenditure.

Table 4.20: Households lacking access to utilities in 2017 (n=4,697)

	% 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	30.6	30.3	30.6	32.7
Sanitation	49.1	50.7	52.1	51.9
Heating	12.8	9.4	6.9	14.1

There was an improvement in access to water: the share of households with no cold water or no supply inside the dwelling fell from 32.7% to 30.6% between 2015 and 2017. The percentage of households affected by a lack of sanitation decreased from 51.2% to 49.1%, whereas the share of households experiencing a lack of access to heating increased from 11.6% to 12.8% over the last two years.

In this report, a lack of access to utilities can be regarded as another dimension of poverty. An estimated 5.3% of household experienced a lack of access to water, sanitation and heating; 25.1% experienced a lack of access to two types of utilities; and 43.3% of households did not lack access to any of those utilities (Table 4.21).

Table 4.21: Households and people affected by multiple aspects of access to utilities in 2017 (n=4,697)

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	43.3	42.8	41.9	40.0
1	26.3	27.7	29.2	27.5
2	25.1	25.8	26.4	26.2
3	5.3	3.7	2.5	6.3

Utility poverty can also be observed when at least one of the utilities is missing. As seen in Table 4.22, this dimension of poverty has not improved significantly since 2013.

Table 4.22: Changes in rates of utility poverty between 2009, 2011,2013, 2015, and 2017

	2009	2011	2013	2015	2017
% of households lacking at least one basic utility	62.7	64.4	56.7	56.0	56.7
% of total population living in such households	61.5	62.4	55.6	55.0	57.2

% of all children living in such households	60.3	59.8	53.7	53.9	58.1
% of all pensioners living in such households	68.8	69.5	60.6	59.1	60.0

4.4.2 Water and Sanitation

In order to assess the situation regarding water in different households, the classification that differentiates between "improved" and "unimproved" drinking-water sources[28] has been used.

Although not available in the WMS 2009, data on water sources from WMS 2011-2017 can be recoded to match this classification. Table 4.23 compares access to improved water sources since 1990[29]. According to the results, the percentage of the population with access to only water from unimproved sources has fallen from 19% in 1990 to 2.5% in 2017. This decrease has been more remarkable in rural areas, although the percentage of unimproved supplies remains nearly twice (4.5%) that of the general population (2.5%). As can be seen from Table 4.23, access to improved water sources is more of a rural issue. Almost 77.6% of the total population in 2017 had drinking water piped into their dwellings, and this figure equaled 62.6% in rural areas (a 10.4 percentage point increase from 2015).

Access to an improved sanitation facility is defined as one that hygienically separates human excrement from human contact.[30] Table 4.24 shows that access to improved sanitation facilities declined by 1.3 percentage points in urban areas, whereas in rural areas it has improved by 8.1 percentage points. Access to sanitation facilities is observed to be improved in the country as a whole by 3.1 percentage points.

[28]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.

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

[30]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 4.23: Access to improved water sources between 1990 and 2017

	1990 [a]	2000 [a]	2008 [a]	2011 WMS	2013 WMS	2015 WMS	2017 WMS
Population ('000)	5460	4745	4413	Valid sample n=14739	Valid sample n=13282	Valid sample n=16155	Valid sample n=16038
Urban drinking water sources (% of population)							
Piped on premises	81	86	92	81.5	91.8	92.7	92.9
Other improved	13	11	8	17.6	8.1	6.6	6.7
Unimproved	6	3	0	0.9	0.1	0.6	0.4
Rural drinking water sources (% of population)							
Piped on premises	19	34	51	20.4	54.4	52.2	62.6
Other improved	47	46	45	70.3	42.5	39.9	32.9
Unimproved	34	20	4	9.3	3.1	7.9	4.5
Total drinking water sources (% of population)							
Piped on premises	53	61	73	51.4	73.4	72.8	77.6
Other improved	28	28	25	43.6	25	23	19.9
Unimproved	19	11	2	5.1	1.6	4.2	2.5

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

Table 4.24: Access to improved sanitation facilities between 1990 and 2017

	1990[a]	2000 [a]	2008 [a]	2011 WMS	2013 WMS	2015 WMS	2017 WMS
Population ('000)	5460	4745	4413	Valid sample n=14930	Valid sample n=13282	Valid sample n=16155	Valid sample n=16038
Urban sanitation facilities (% of population)							
Improved	97	96	96	94.3	97.5	93.9	92.6
Shared	3	3	3	0.2	0	0	0
Unimproved	0	1	1	5.5	2.5	6.1	7.4
Open defecation	0	0	0	0	0	0	0

Rural sanitation facilities (% of population)							
Improved	95	94	93	57.4	73.8	57.9	66.0
Shared	1	1	1	1	0.1	0	1.3
Unimproved	2	3	4	41.6	26.1	42.1	32.5
Open defecation	2	2	2	0	0	0	0.2
Total sanitation facilities (% of population)							
Improved	96	95	95	76	85.8	76.1	79.2
Shared	2	2	2	0.6	0.1	0	0.6
Unimproved	1	2	2	23.4	14.1	23.9	20.1
Open defecation	1	1	1	0	0	0	0.1

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

4.5 Social Exclusion

The fifth dimension on poverty considered in the present analysis 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 at the 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 medicine were needed in the last year, but not purchased because of a 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 4.25 shows the percentage of households experiencing social exclusion in each of these five aspects, as well as the percentage of the population, children and pensioners living in such households. Children represented in households where adult educational needs are unsatisfied

were reported in 15.6% of cases, whereas pensioners are more prevalent in households with a lack of employment and lack of access to healthcare.

Table 4.25: Households and people affected by different aspects of social exclusion in 2017 (n=4697)

	% 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	8.2	9.5	15.6	7.0
No land ownership or employment	18.4	12.8	9.7	22.1
Lack of access to healthcare	22.9	22.0	19.0	25.0
Lack of access to credit	3.6	4.0	4.7	2.5
Lack of social assistance	9.5	8.4	7.4	9.2

At the household level, there have been considerable improvements in all aspects of social exclusion since 2015, except in access to land ownership or employment. The percentage of households experiencing problems accessing land ownership or employment increased by 3.5 percentage points from 2015 to 2017. Conversely, the share of households experiencing difficulties in access to healthcare decreased from 44.1% to 22.9%, and the share of households with limited access to education decreased from 15.3% to 8.2%. In addition, the share of households with a lack of access to credit declined from 5.0% to 3.6%, and the share of households with limited access to social assistance decreased from 11.9% to 9.5% (Table 4.26).

Table 4.26: Changes in aspects of social exclusion between 2009 and 2017

	% of households experiencing a problem				
	2009	2011	2013	2015	2017
Incomplete education	19.9	18.1	14.3	15.3	8.2
No land ownership or employment	19.9	17.3	12.6	14.9	18.4
Lack of access to health care	58.6	49.9	39.7	44.1	22.9

Lack of access to credit	4.3	2.4	3.5	5.0	3.6
Lack of social assistance	19.9	14.5	15.0	11.9	9.5

By the WMS definition, a household is regarded as socially excluded if it experienced at least three of the exclusion aspects listed above. Overall, in 2017, 2.8% of households fell into this category, including 2.6% of the total population, 2.9% of all children and 2.5% of all pensioners. No household experienced all five types of exclusion (Table 4.27).

Table 4.27: Households and people affected by multiple aspects of social exclusion in 2017 (n=4,697)

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	56.5	59.9	60.5	53.6
1	30.3	28.2	27.8	33.1
2	10.4	9.3	8.8	10.8
3	**2.4**	**2.1**	**2.2**	**2.3**
4	**0.5**	**0.5**	**0.8**	**0.3**

Note: Shaded cells indicate households experiencing social exclusion.

4.6 Multiple Dimensions of Poverty and Deprivation

Table 4.28 summarized the extent to which different aspects of poverty and deprivation affect the people of Georgia. Children are disproportionally represented in households below each consumption poverty rate. In terms of non-monetary dimensions of poverty, children are the most disadvantaged (except for double material deprivation, subjective poverty and a lack of utilities).

Table 4.28: Households and people affected by multiple aspects of poverty and social exclusion in 2017

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 (< 82.8 GEL)	4.3	5.0	6.8	3.7

Relative poverty (< 177.1 GEL)	22.5	24.8	31.6	20.4
General poverty (< 165.5 GEL)	19.6	21.7	27.6	17.6
Double material deprivation	4.0	2.4	1.5	4.5
Subjective poverty	33.7	30.0	27.5	36.0
Social exclusion	2.8	2.6	2.9	2.5
Lack of utilities	56.7	57.2	58.1	60.0
Lack of improved water supply	2.5	2.5	2.6	2.5
Lack of improved sanitation	19.8	20.1	21.4	21.0

As shown in Table 4.29, between 2015 and 2017, the share of the population below the extreme, relative and general poverty rates increased by 2.9, 1.7 and 3.3 percentage points, respectively, whereas the share of the population experiencing social exclusion dropped by 3.1 percentage points. Moreover, the percentage of the population that regards themselves as subjectively poor dropped by 6.1 percentage points. In the same period, the percentage of children living below the extreme, relative and general poverty rates increased by 4.3, 4.8 and 5.9 percentage points, respectively. However, the percentage of children experiencing double material deprivation declined by 0.8 percentage points, and social exclusion by 5.2 percentage points. The share of children living in poor households based on their subjective assessment declined by 9.7 percentage points.

Table 4.29: Changes in multiple dimensions of poverty and social exclusion between 2009, 2011, 2013, 2015, and 2017

Dimension	**Population in poor and deprived households (%)**					**Children in poor and deprived households (%)**				
	2009	**2011**	**2013**	**2015**	**2017**	**2009**	**2011**	**2013**	**2015**	**2017**
Extreme poverty	9.9	9.1	3.9	2.1	**5.0**	11.5	9.4	6	2.5	**6.8**
Relative poverty	25.7	23.5	22.9	23.1	**24.8**	28.4	25.2	27.1	26.8	**31.6**
General poverty	44.8	37.9	24.6	18.4	**21.7**	49	40.8	28.4	21.7	**27.6**
Double Material deprivation	12.7	7.6	3.6	2.3	**2.4**	13.1	5.7	2.9	2.3	**1.5**

Subjective poverty	37.1	35.2	24.3	36	**30.0**	36.4	31.1	22.9	37.2	**27.5**
Social exclusion	8.1	5.6	4.1	5.7	**2.6**	8.6	6.7	5.6	8.1	**2.9**
Lack of utilities	61.5	62.4	55.6	55.0	**57.2**	60.3	59.8	53.7	53.9	**58.1**

The share of households experiencing deprivation is closely related to the wealth quintile they belong to. Table 4.30a shows that 69.8% of households in the poorest quintile experience a lack of utilities, whereas in the wealthiest quintile, this share is 39.6%. Moreover, 60.2% of first quintile households and 43.1% of second quintile regard themselves as poor in the subjective poverty measure. More than 10% of fifth quintile households state that either they cannot provide themselves with enough food, or they feed themselves so poorly that their health is endangered.

Table 4.30a: The percentage of households in each wealth quintile experiencing deprivation in other dimensions of deprivation in 2017 (n=4,697)

	Quintiles					Total
	1	2	3	4	5	
Lack of utilities	69.8	65.5	59.8	48.8	39.6	56.7
Subjective poverty	60.2	43.1	33.3	21.5	10.5	33.7
Material deprivation	9.7	3.9	3.7	2.0	0.5	4.0
Social exclusion	7.5	2.6	2.6	0.8	0.5	2.8

Table 4.30b shows that of those living in households below the relative poverty line, almost three-quarters also lack one or more utilities, 55.8% experience subjective poverty, 6.2% are materially deprived, around 10% are excluded from services, and over one fourth lack improved sanitation. These rates are significantly higher than comparable rates for people in households above the relative poverty threshold (Table 4.30b). It is evident that the negative impact of poverty is experienced across multiple levels. Also, consumption poverty severely increases the odds of poverty existing in other dimensions.

Table 4.30b: The percentage of the population below and above the relative poverty line experiencing deprivation in other dimensions in 2017 (n=16,038)

	Equivalent monthly household expenditure		Pearson chi2 Sig.
	< 177.1GEL	≥ 177.1GEL	
Lack of utilities	71.2	52.6	***
Subjective poverty	55.8	21.5	***

Material deprivation	6.2	1.2	***
Social exclusion	5.8	1.5	***
Lack of improved water source	3.5	2.2	
Lack of improved sanitation	24.7	18.5	***

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Summary

The latest Welfare Monitoring Survey (WMS) findings show an increase in the poverty rates in Georgia. As in previous WMS reports, the present analysis uses consumption expenditure to assess changes in the poverty and welfare of the Georgian population. At the national level, an estimated 4.3% of all households, or 5.0% of the population, 6.8% of children and 3.7% of pensioners, live below the extreme poverty line (1.25 USD per day threshold, corresponding to 82.8 GEL PAE per month). The amount of extremely poor households is estimated to be 4.0% in rural areas and 4.5% in urban areas. From 2015 to 2017, the number of households, population, children, and pensioners below the extreme poverty line increased by 2.6, 2.9, 4.3, and 2.0 percentage points, respectively.

The survey revealed that 22.5% of households live below the relative poverty line with a marked difference between rural and urban areas (24.1% vs. 20.9%). Over the last two years, the share of households and the population below the relative poverty line (60% of median consumption, corresponding to 177.1 GEL PAE per month) increased from 20.7% to 22.5% and from 23.1% to 24.8%, respectively. The percentage of children living in poor households increased from 26.8% to 31.6%. The share of pensioners below the relative poverty line also rose from 19.3% to 20.4%. An estimated 24.1% of households live below the relative poverty line in rural areas, and 20.9% in urban areas.

In Georgia, the incidence of general poverty has increased from 16.4% of total households in 2015 to 19.6% in 2017; however, the country is still better off when compared to 2013. Living below the general poverty threshold (2.5 USD per day, corresponding to 165.5 GEL PAE per month) are 19.6% of households, 21.7% of the population, 27.6% of children, and 17.6% of pensioners. The percentage of households living below the general poverty line is estimated to be 20.8% in rural settlements and 18.4% in urban settlements. In 2017, compared to 2015, the number of households, population, children, and pensioners below the general poverty line increased by 3.2, 3.3, 5.9, and 2.6 percentage points, respectively. While the recent increase in general poverty is unfortunate, the country is still better off than it was in 2013, when it was estimated that 21.8% of households, 24.6% of the population, 28.4% of children, and 20.6% of pensioners were living below the general poverty line.

The key findings of this survey indicate that there has been a considerable increase in the share of children living below the subsistence minimum. Every fifth child lives in a household in which the basic needs of household members are not met. Nationally, an estimated 15.8% of households, 17.5% of the population, 22.1% of children, and 13.9% pensioners live below the subsistence minimum (corresponding to 148.3 GEL PAE per month). Between 2015 and 2017, the number of households, population, children, and pensioners below the subsistence minimum increased by 3.9, 4.2, 6.5, and 3.5 percentage points, respectively.

Poverty rates are higher in households with children. In 2017, 33% of all households included at least one child. It should be noted that as the number of children in the household increases, poverty rates measured on the relative and general thresholds are significantly higher. For instance, 27.2% and 24.1% of households with one or two children live in relative and general poverty, respectively. These figures rise significantly to almost 39.9% for households with three or more children under the relative poverty line, and to 33.4% for households below the general poverty line.

Higher levels of education and regular paid work of a household member reduces the incidence of child poverty. For every poverty threshold, the percentage of children living in poor households exceeded the poverty rate for the entire population, including pensioners. Lower poverty rates for households, the population, and children are associated with higher levels of education attained by adults in the household. Additionally, a household member who has regular paid work reduces both the general and relative child poverty incidence by more than two.

Material deprivation decreased for children, while housing deprivation decreased for households, the population, children, and pensioners. Survey results indicate that 6.1% of households were materially deprived[31] in 2017. Material deprivation tends to affect pensioners (7.1%) more than children (2.4%) or the population as a whole (3.7%). Over the last two years, material deprivation has grown slightly across all groups except for children (down 0.4 percentage points). Housing deprivation[32] is significantly worse in rural settlements than in urban settlements. From 2015 to 2017, the number of households, the population, children, and pensioners living in housing deprivation decreased by 4.7, 4.3, 3.5, and 4.8 percentage points, respectively.

[31] A household is regarded as materially deprived if it lacks five or more of the following items: vacuum cleaner, car, washing machine, refrigerator, cell phone, iron, and television.

[32] Households are deemed to be experiencing housing deprivation if they experience at least two major housing problems from the following list: leaking roof, damaged floors or walls, earth floor, damp dwelling, broken windows, insufficient light, noise, and dwelling is too small. Moreover, dwelling condition should be confirmed by the interviewer to be in bad or very bad condition.

The subjective assessment of poverty declined across all groups. Even though there was an increase in consumption poverty in 2017, the public perception of being in poverty has improved. Interestingly enough, in 2017, 33.7% of households were subjectively poor[33]versus 38.4% in 2015. Moreover, such households comprised 30% of the population, 27.5% of children and 36.0% of all pensioners. Survey findings demonstrate that the gap between the general and subjective assessments of children's poverty is marginal. In particular, 27.6% of children live in households below the general poverty line, and 27.5% of them live in poor households based on a subjective assessment. A decrease in subjective poverty rates can be attributed to a real increase in income level.

Unemployment is a pressing issue for households with children, whereas the cost of medicine is the main concern for childless households. The 2017 Welfare Monitoring Survey results also revealed that in households with children, the issue of unemployment was particularly common (28% of households with children vs. 19% of households without children). In households without children, the purchase of medicine was a pressing issue (33% of households without children vs. 17% of households with children). The percentage of families with children in which paying off debts or bank loans was the main problem increased from 16% to 17%, whereas in childless households the figure reached 8% in 2017, down from 10% in 2015.

The share of households and the population with no access to improved water has decreased in Georgia. At the national level, the share of the population living in households with no access to improved water decreased by 1.7 percentage points, from 4.2% in 2015 to 2.5% in 2017. Moreover, 20.1% of the population live in households with no access to improved sanitation, a 3.8 percentage points decrease from 2015.

All aspects of social inclusion except "accessing land ownership or employment" show an impressive decline. Another dimension of non-monetary poverty considered in this report is social exclusion[34]. At the household level, there have been considerable improvements in all aspects of social exclusion since 2015, except in access to land ownership or employment. The percentage of households experiencing problems accessing land ownership or employment increased by 3.5 percentage points from 2015 to 2017. Conversely, the share of households experiencing difficulties in access to healthcare decreased from 44.1% to 22.9%, and the share of households with limited access to education decreased from 15.3% to 8.2%. In addition, the share of households with a lack of access to credit declined from 5.0% to 3.6%, and the share of

[33] 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.

[34] A household is regarded as socially excluded if it experiences at least three out of the following exclusion aspects: incomplete education, no land ownership or employment, lack of access to healthcare, lack of access to credit, and lack of access to social assistance.

households with limited access to social assistance decreased from 11.9% to 9.5%. Overall, in 2017, 2.8% of households, including 2.6% of the total population, 2.9% of all children, and 2.5% of all pensioners were socially excluded.

It is assumed that the country's macroeconomic performance influenced households' and individuals' vulnerability to poverty. The findings of WMS 2017 show that poverty incidence increased in Georgia in 2017 when compared to 2015. The economic performance[35] of the country is commonly regarded as the main determinant of poverty. In 2014, real GDP (in national currency) grew by 4.6%, whereas in 2015 it's growth rate slowed to 2.9%. The gains achieved in 2015 were offset due to the strong depreciation of the Georgian Lari (GEL), as real GDP in US dollars (USD) decreased by 20%. Real GDP growth further slowed down to 2.8% in 2016. However, in 2017, it returned to its moderate growth rate of around 5%. This growth did not translate into household prosperity since poverty rates increased, and one may assume that the growth achieved in 2017 was not inclusive. Also, over the last two years alongside the strong devaluation of the Georgian Lari (GEL), consumer prices significantly increased for food, tobacco, alcoholic beverages, healthcare, utilities, and transport. Under this economic pressure, the household expenditure structure has changed. According to WMS 2015, households tended to spend more with less income (average expenditure 821.8 GEL vs. average income 608.9 GEL). In particular, the average total income of households constituted 74% of average consumption. It should be noted that in 2015 compared to 2013, inflation adjusted average income decreased by 0.6%, while expenditures increased by 12.4%. One can assume that in 2015, such overspending was compensated by savings, loans and other sources. From 2015 to 2017, average household income increased from 608.9 GEL to 771.9 GEL, respectively. In the same period, average household expenditures decreased from 821.8 GEL to 788.6 GEL. In 2017, the balance between average household income and expenditures decreased, since average income constituted 98% of average consumption. Households started to spend less, and the increase in income was not enough to catch up with expenditures.

In general, household spending patterns reflect both the prices of goods and the amount of the goods that are consumed. As survey results demonstrate, household expenditures decreased on food, education and long-term non-food items alongside higher consumer prices. It is highly likely that households exhausted savings, had limited access to additional financial resources, and became more vulnerable. Moreover, it is a widespread fact that low-income households spent a higher share of their budgets on food. This means that since 2015, households with low income experienced relatively higher inflation than those with higher incomes. The last two years have seen the financial health of Georgian households weaken and more households and individuals slide into poverty.

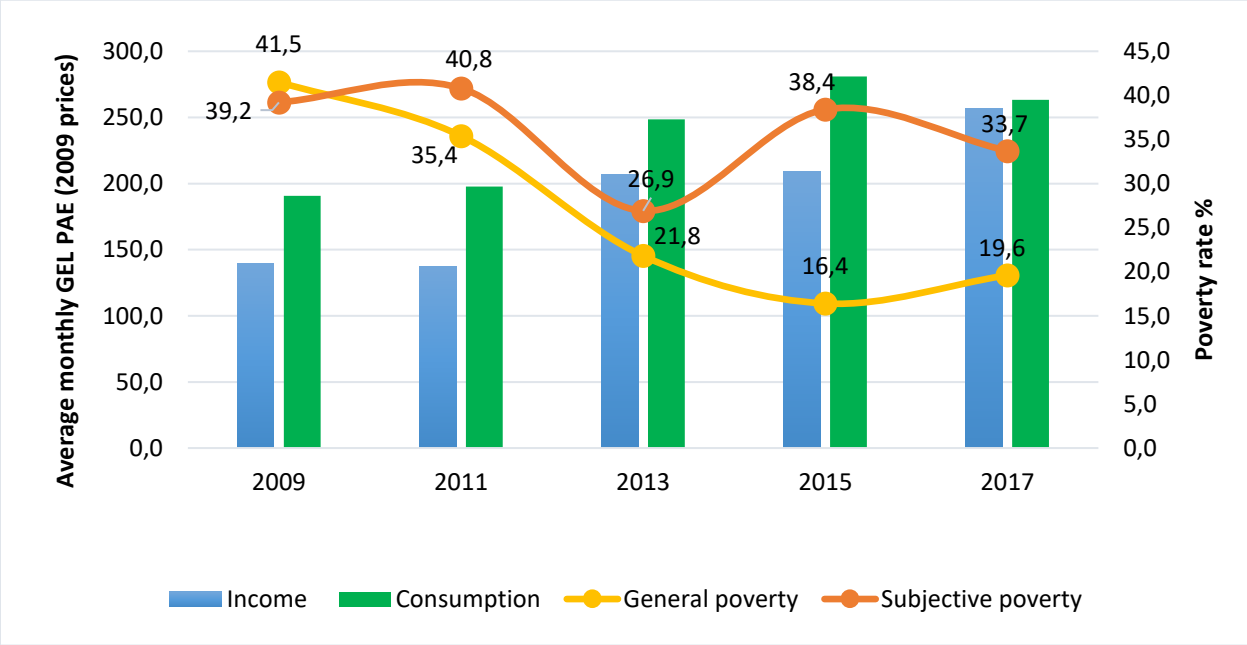
[35] Iceland, J., Kenworthy, L., & Scopilliti, M. (2005), Macroeconomic performance and poverty in the 1980s and 1990s: A state level analysis. Discussion Paper, 1299-05. Madison, WI: Institute for Research on Poverty.

5. TRENDS AND TRAJECTORIES

5.1 Summary of Trends and Trajectories

Section 3.1.1 showed that between 2015 and 2017, average real household income increased in Georgia, whereas average real household consumption decreased. Moreover, Section 4.1.1 illustrated that poverty rates based on all three consumption thresholds increased between 2015 and 2017. While 38.4% of households regarded themselves as poor based on their subjective assessment in 2015, this figure decreased by 4.7 percentage points in 2017. One may assume that a decrease in subjective poverty rates can be attributed to a real increase in income level (Figure 5.1).

Figure 5.1 Average household monthly income and consumption PAE in constant prices in 2009, 2011, 2013, 2015, and 2017



5.1.1 Characteristics of Newly Poor Households

The overall consumption poverty figures mask the dynamics of change, since they represent the net effects of changes. Over the last two years, some households have risen from poverty, while others have become newly poor. At the general poverty threshold, only 9.4% of all panel[36] households rose out of general poverty over these two years, while 13.5% of all panel households

[36] Households that participated in the WMS survey in 2015 and in 2017 are considered to be panel households.

became newly poor. In contrast, at the relative poverty threshold, 11.5% of all panel households rose out of relative poverty, whereas 14.0% of all panel households became newly poor (Table 5.1).

Table 5.1: Changing poverty status of households between 2015 and 2017 (n=2,396)

Poverty threshold	Rising out of poverty (%)	No change (%)	Falling into poverty (%)	Net % raise out of poverty
Extreme	1.7	93.7	4.6	-2.9
Relative	11.5	74.6	14.0	-2.5
General	9.4	77.1	13.5	-4.0

Table 5.2 compares newly relatively poor households with all other households using the panel data. Panel households that have fallen below **the relative poverty threshold** since 2015 are, on average, significantly more likely to have members with a below secondary education level, have no children, and be Azeri or Armenian. Out of households that are newly poor, 47.9% reside in rural areas and 2.7% of newly poor households include at least one disabled person, compared to only 2.2% of other households that include a disabled person. The presence of an internally displaced person (IDP) in the household or the presence of a person with a disability has no significant effect on the likelihood of falling into poverty (Table 5.2).

Table 5.2: The percentage of newly relatively poor households with particular characteristics compared with the percentage of other households in 2017 (Total n=2,396)

	Newly poor in 2017(n=329)	Other households (n=2067)	χ2 Sig
% rural households	47.9	49.2	ns
% of pensioner-only households	18.7	19.5	ns
% of households that include a disabled person	2.7	2.2	ns
% of households with IDP status	8.1	5.5	ns
Highest educational level attained in household:			
% below secondary	3.3	2.5	**
% secondary	41.4	31.3	
% vocational	23.7	19.7	
% higher	31.6	46.5	

Highest educational level attained by a woman in the household:			
% below secondary	4.3	3.7	*
% secondary	46.7	35.7	
% vocational	20.2	18.8	
% higher	24.4	37.0	
Number of children in the household:			
% none	59.6	68.0	*
% one or two	29.2	26.9	
% three or more	11.2	5.1	
% Azeri households	7.1	4.1	*
% Armenian households	12.8	6.4	*

Falling into poverty is often accompanied by other worsened circumstances. Table 5.3 demonstrates that households that became poor over the last two years were more likely to experience deprivation in other dimensions. For instance, a household that has recently fallen into poverty is more than two times more likely to also experience material deprivation, compared to other households (Table 5.3).

Table 5.3: The percentage of households falling into poverty between 2015 and 2017 that experience deprivation in other dimensions (n=2,396)

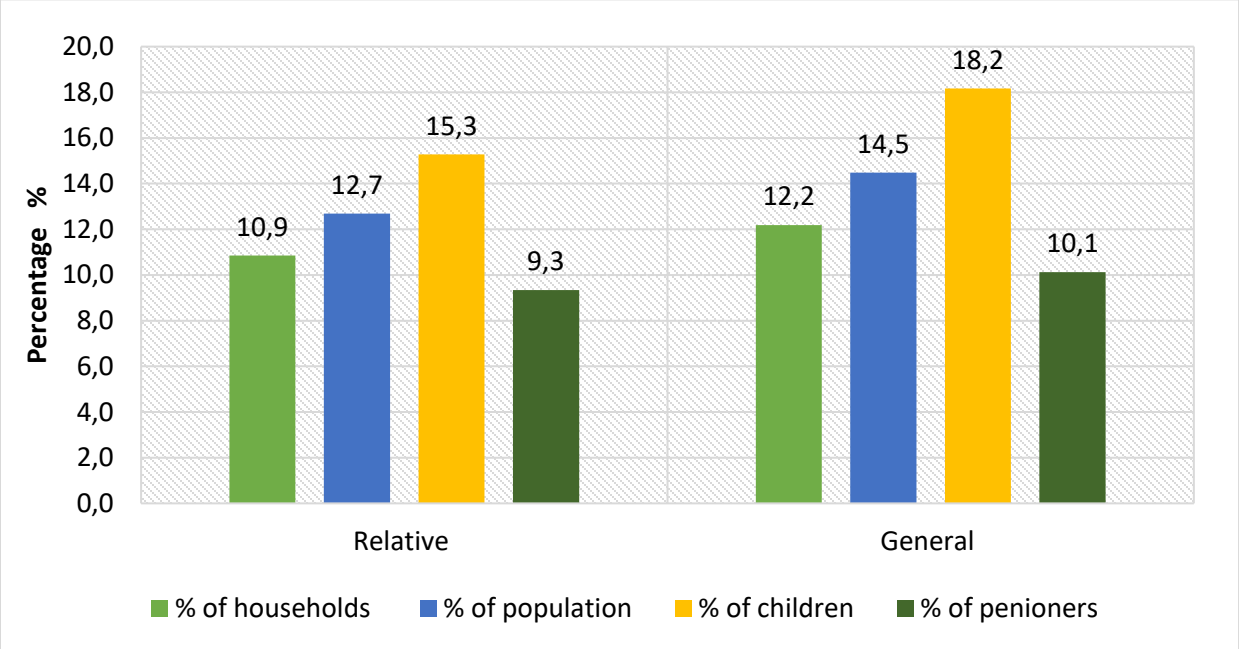
	Falling into relative poverty between 2015 and 2017 Common odds ratio		Common odds ratio	Mantel-Haenszel Sig.
	No	**Yes**		
% with material deprivation	2.9	7.5	2.7	***
% with social exclusion	2.3	3.7	1.6	Ns
% with lack of utilities	56.6	71.2	1.9	**

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001*

Based on the panel data of the Welfare Monitoring Survey (WMS), chronic poverty has been assessed. A household is defined as being chronically poor if it falls under the poverty threshold three or more times since the WMS 2011. An estimated 12.2% of households, 14.5% of the

population, 18.2% of children, and 10.1% of pensioners are chronically poor and live below the general poverty line. Results suggest that policy instruments should be elaborated and integrated into development and social assistance programs in order to more effectively support the chronically poor (Figure 5.2).

Figure 5.2: Chronically poor households falling three or more times into relative and general poverty (n=2396)



5.1.2 Movement Across Consumption Quintiles

Over the last two years, households not only moved below poverty thresholds, but also between consumption quintiles. An estimated 44% of first quintile panel households in 2015 remained in the first quintile in 2017, whereas in 2017, 11% and 3% of first quintile households moved to the fourth and fifth quintiles, respectively. On the contrary, a considerable share of households from upper quintiles moved into lower quintiles, i.e. became vulnerable. On average, 25% of households, 27% of the population, 25% of children, and 24.3% of pensioners from the second to fourth quintiles remained in the same quintile, while the rest of them moved to a different quintile. Among fifth quintile households, 18% moved to the first or second quintile. When comparing the dynamics of households, the population, children, and pensioners, poor children are the least dynamic group. Particularly, the highest share of children from the first quintile in 2015 remained in the first quintile in 2017 (56%) (Figure 5.3 to Figure 5.6).

Figure 5.3: Movement of households across consumption quintiles, 2015-2017

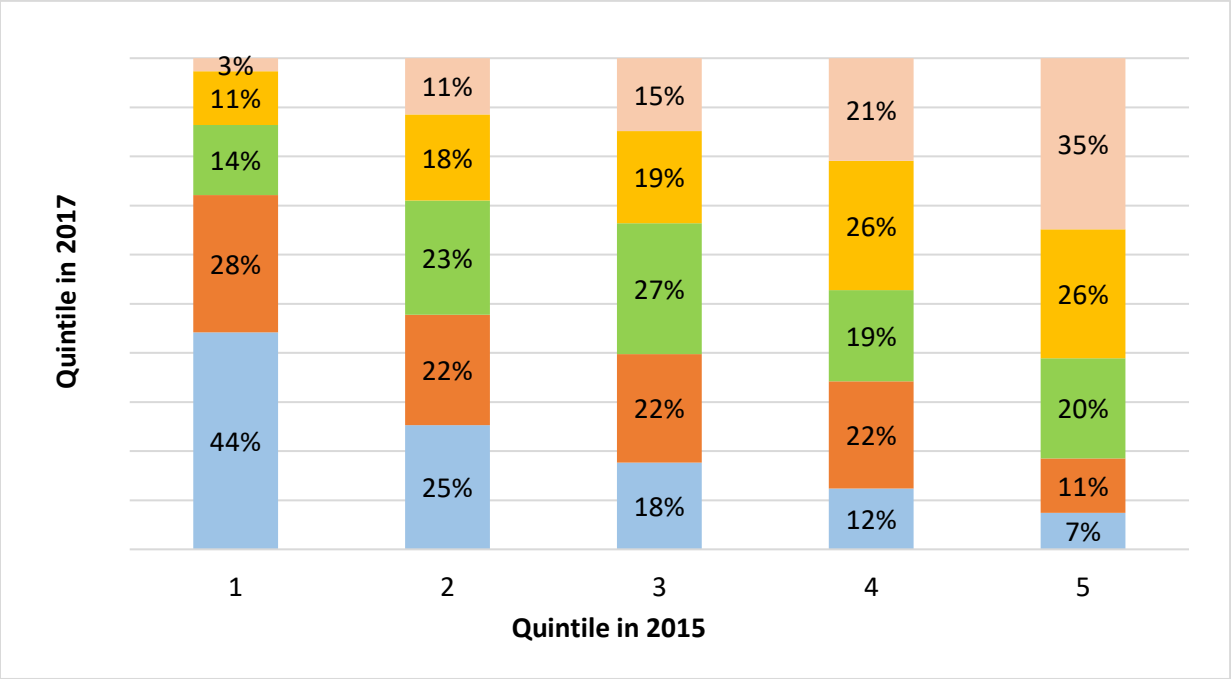


Figure 5.4: Movement of population across consumption quintiles, 2015-2017

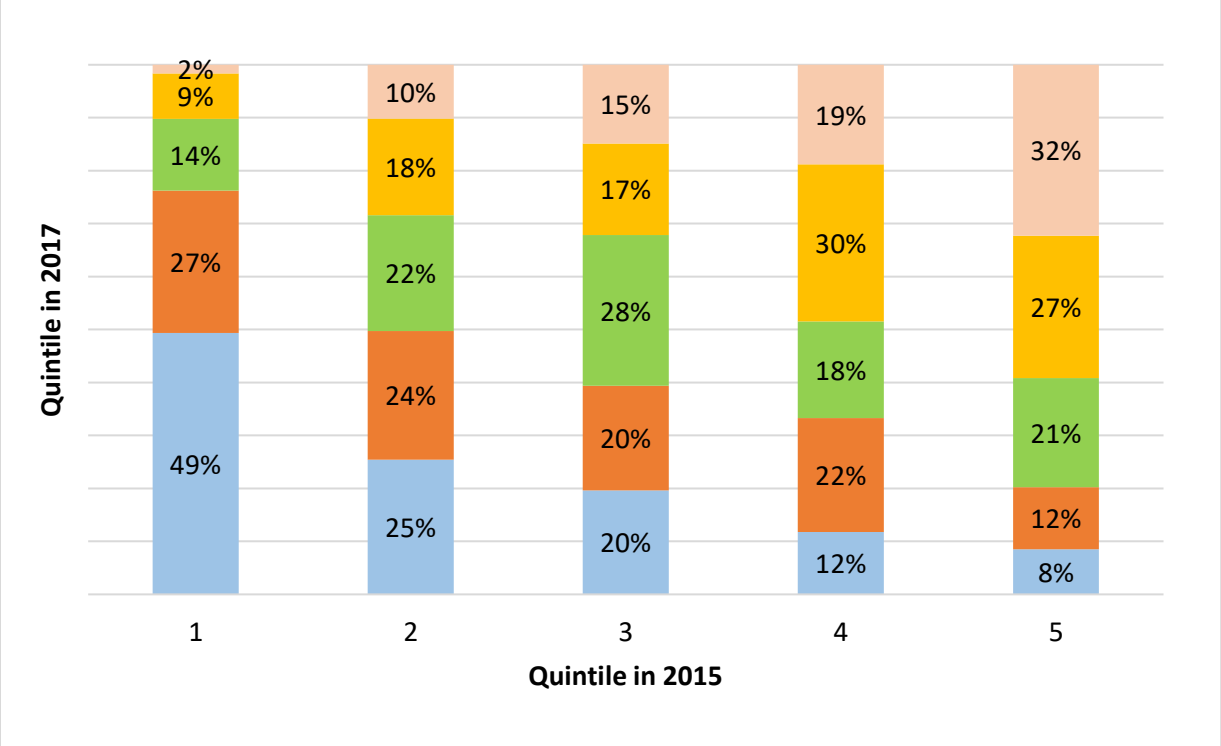


Figure 5.5: Movement of children across consumption quintiles, 2015-2017

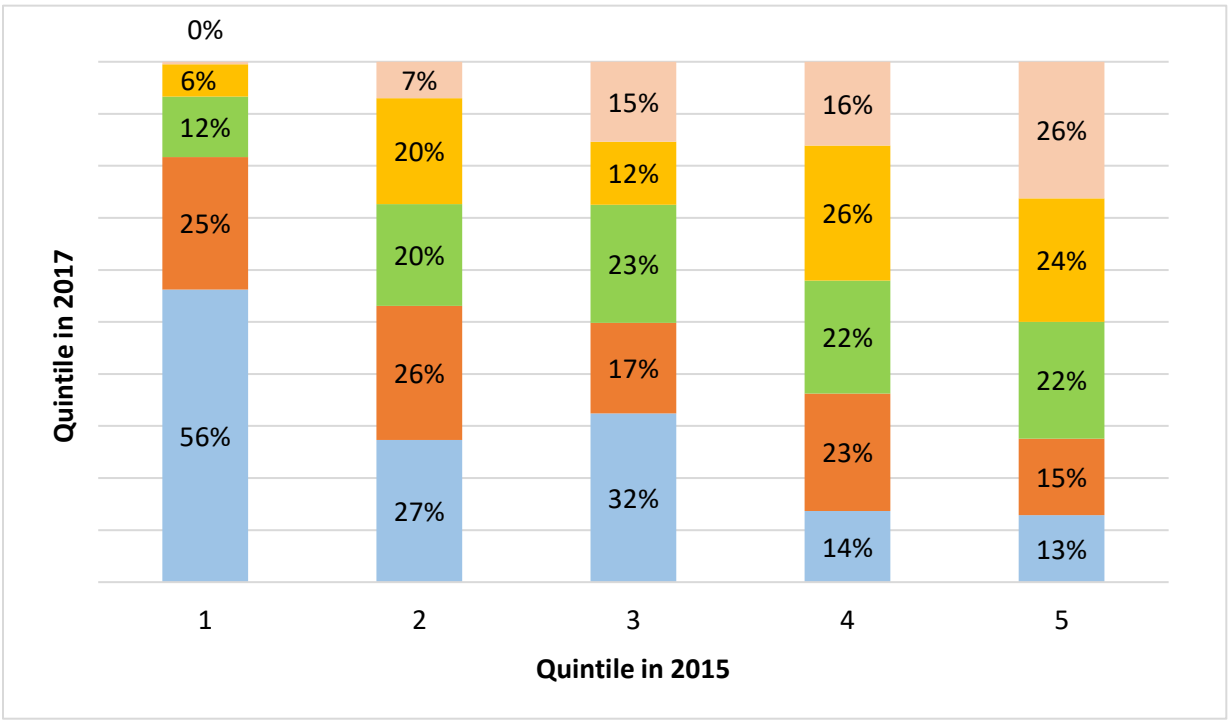
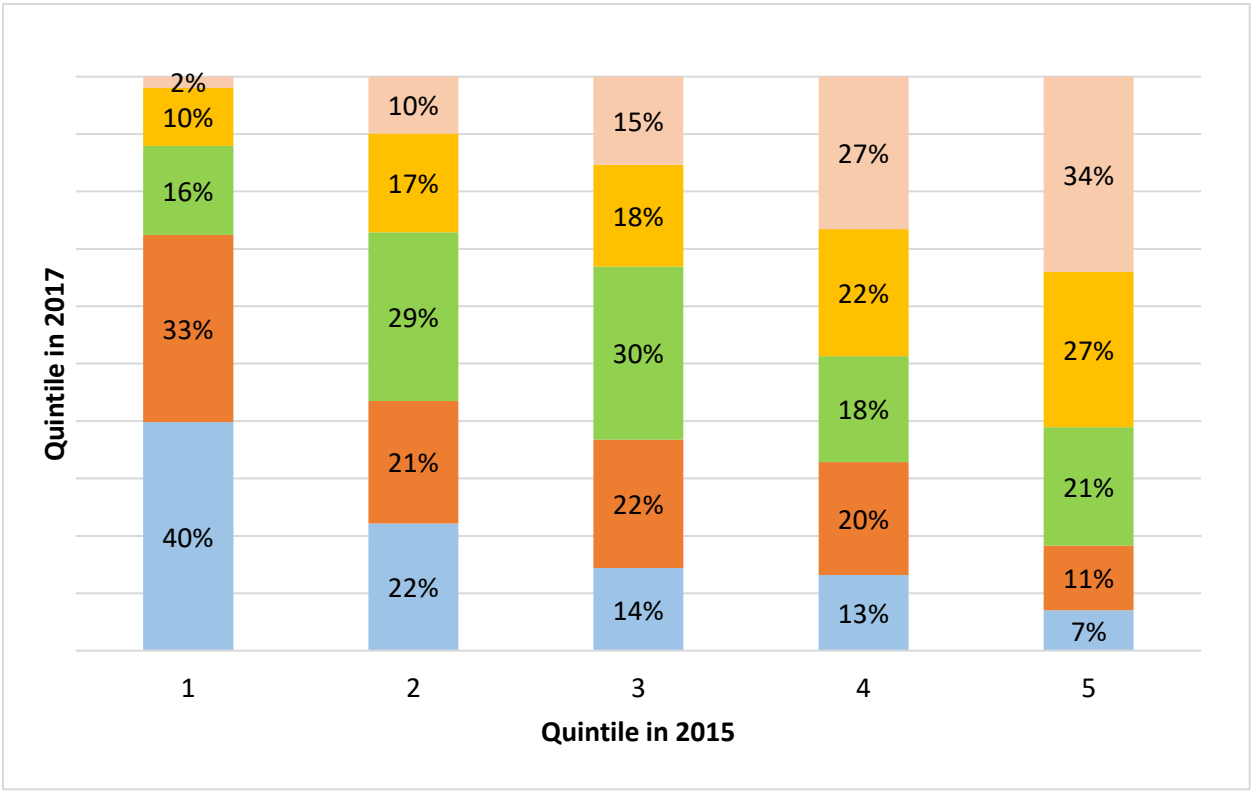


Figure 5.6: Movement of pensioners across consumption quintiles, 2015-2017



5.2 Modelling the Probability of Consumption Poverty

Statistical multiple regression models can be used to predict the probability that a household with particular characteristics will fall below each specified poverty line. Here, we developed a logistic regression model using locational, demographic, educational, and employment characteristics.

Various models were used to determine the odds of poverty based on certain characteristics. The logistic[37] regression model, predicting the probability of households falling below the relative poverty line of 177.1 GEL, shows the effect of a unit change on a certain household characteristic on the odds of the household being poor when all other variables are fixed (Table 5.4).

As depicted in Table 5.4, 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. This may reflect increasing government expenditures on pensions.

The odds of being in relative poverty are significantly increased if there are three or more children in in the household. Also, households experiencing double material deprivation have higher odds of being in relative poverty.

The odds of being in poverty are reduced if there are any wage-earners in the household. Moreover, households with educated female members have lower odds of being in relative poverty.

Table 5.4: Logistic regression of household characteristics on relative poverty (household monthly expenditure PAE less than 177.1 GEL) for 2017

Household Characteristic	B Coefficient	Odds Ratio	Wald Sig.
Living in urban areas compared to rural			
Urban	-0.09	0.91	ns
Number of children (compared to none)			
1 or 2	0.26	1.29	ns
3 or more	1.00	2.72	**
Households of only pensioners compared to others			
Single pensioner only	-0.68	0.51	**
More than one pensioner only	-0.58	0.56	**
Employment			
Anyone in household employed	-0.98	0.38	***

[37] The model equation is: P (poverty) = 1/ (1 + e-z) where: Z = (b1 x1 + b2 x2 + … + bnxn).

IDP household			
	0.33	1.89	ns
Households with double-material deprivation			
	0.63	2.62	**
Female education level in the household compared to no female in the household			
with no education	-1.25	0.29	***
with education	-1.27	0.28	***

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001; Number of cases = 2,396*

Summary

At the relative and general poverty thresholds, significantly more panel households became newly poor than rose out of poverty from 2015 to 2017. Survey results show that only 9.4% of all panel households rose out of general poverty over these two years, while 13.5% of all panel households became newly poor. In contrast, at the relative poverty threshold, 11.5% of all panel households rose out of relative poverty, whereas 14.0% of all panel households became newly poor.

Children remain the least dynamic group in terms of movement across consumption quintiles. An estimated 44% of first quintile households in 2015 remained in the first quintile in 2017, whereas in 2017, 11% and 3% of first quintile households moved to the fourth and fifth quintiles, respectively. When comparing the dynamics of households, the population, children, and pensioners, poor children are the least dynamic group. Particularly, the highest share of children from the first quintile in 2015 remained in the first quintile in 2017 (56%).

More than half of the families below the general poverty line are chronically poor. Based on the panel data of the WMS, chronic poverty has been assessed. A household is defined as being chronically poor if it falls below the poverty threshold three or more times since the WMS 2011. Results indicate that an estimated 12.2% of households, 14.5% of the population, 18.2% of children, and 10.1% of pensioners are chronically poor and live below the general poverty line. Results also suggest that policy instruments should be elaborated and integrated into development and social assistance programs in order to more effectively support the chronically poor.

The odds of being in relative poverty are significantly increased for households with three and more children, whereas the odds are considerably reduced for pensioner-only households, families with educated female members, and families with wage-earners.

6. SOCIAL TRANSFERS

6.1 Receipt of Social Transfers

Social protection benefits are the foremost means of redistributing resources to improve the living standards of the poor and vulnerable groups of the population. The analysis of WMS 2017 focuses on three main classes of benefits: pensions, targeted social assistance (TSA) with child benefits (hereinafter referred as TSA+CB), and categorical benefits. Among all households, 67.5% received some form of social transfer in 2017. The number of households receiving more than one type of benefit totaled 11.4%. Among other groups, children have the highest share (35.3%) of not receiving any benefit (Table 6.1).

Table 6.1: Households in receipt of different combinations of types of social assistance in 2017

Type of social assistance received	% of households (n=4,697)	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
Pensions only	47.0	44.8	34.9	80.3
TSA + CB	3.8	4.4	7.8	0.0
Categorical benefits only	5.2	5.6	7.0	0.6
Pension and TSA+CB	4.8	5.0	6.4	7.8
Pension and categorical benefits	5.3	5.4	6.2	8.5
TSA and categorical benefits only	0.7	0.8	1.6	0.0
Pension, TSA and categorical benefits	0.6	0.7	0.9	0.9
None of these	32.5	33.4	35.3	1.8

Note: TSA includes a child benefit of GEL 10 for children under 16 years old; Categorical benefits are no longer comparable with previous rounds, since the database has been corrected and updated.

According to survey findings, an estimated 57.8% of households received a pension. The number of families receiving TSA+CB stood at 10%, while categorical benefits were received by 11.7% in 2017. 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 excluding social transfers (pensions, TSA+CB and categorical benefits), there are still 3.9% of extremely poor, 12.8% of relatively poor and 11.7% of generally poor households receiving no benefit payments at all. If pension income is removed from household consumption, an estimated 81.4% of households receiving pension income fall below the extreme poverty line, 73.2% below the relative poverty line, and 74.1% below the general poverty line. If TSA+CB income is removed from household consumption, an estimated 27.7% of TSA+CB recipient families fall below the extreme poverty line, 19.9% below the relative poverty line, and 20.7% below the general poverty line. Finally, if categorical benefits are removed from household consumption, an estimated 19.2% of categorical benefit recipient families fall below the extreme poverty line, 16.1% below relative poverty line, and 16.2% below the general poverty line (Table 6.2).

Table 6.2: Households in receipt of three different types of social assistance by poverty status based on consumption and excluding any of the three types of social transfer 2017

Type of social assistance received	% of households 2017 (n=4,697)	% of extremely poor households (unweighted n=1229)	% of relatively poor households (unweighted n=2187)	% of generally poor households (unweighted n=2073)
Pensions	57.8	81.4	73.2	74.1
TSA+CB	10.0	27.7	19.9	20.7
Categorical benefits	11.7	19.2	16.1	16.2
None of these	32.5	3.9	12.8	11.7

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

6.2 The Impact of Social Transfers on Poverty

Most social transfers in Georgia are designed to ensure that scarce resources are targeted to the neediest households. 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 have less of an effect on poverty rates or poverty gaps. In the following sections, we examine pensions, TSA+CB and categorical benefits in turn, assessing their performance in terms of targeting, coverage, level and effectiveness (Box 6.1).

Box 6.1: Measurements of social transfers

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 benefits received

EFFECTIVNESS: the extent to which receipt of benefits results in a reduction in poverty rates and gaps

6.3 Pensions

6.3.1 Targeting of Pensions

Pension transfers are not intended to be means tested. Hence, as shown in Table 6.3, pensions are more evenly distributed across households with different means-testing scores than any other form of benefit. More than half of all households (58.9%) in Georgia include at least one person of pension age. Considering that not all households include pensioners, receipt of pension income is not universally applicable.

Table 6.3: Households in receipt of three different types of social assistance by family means-testing score in 2017 (n=4,697)

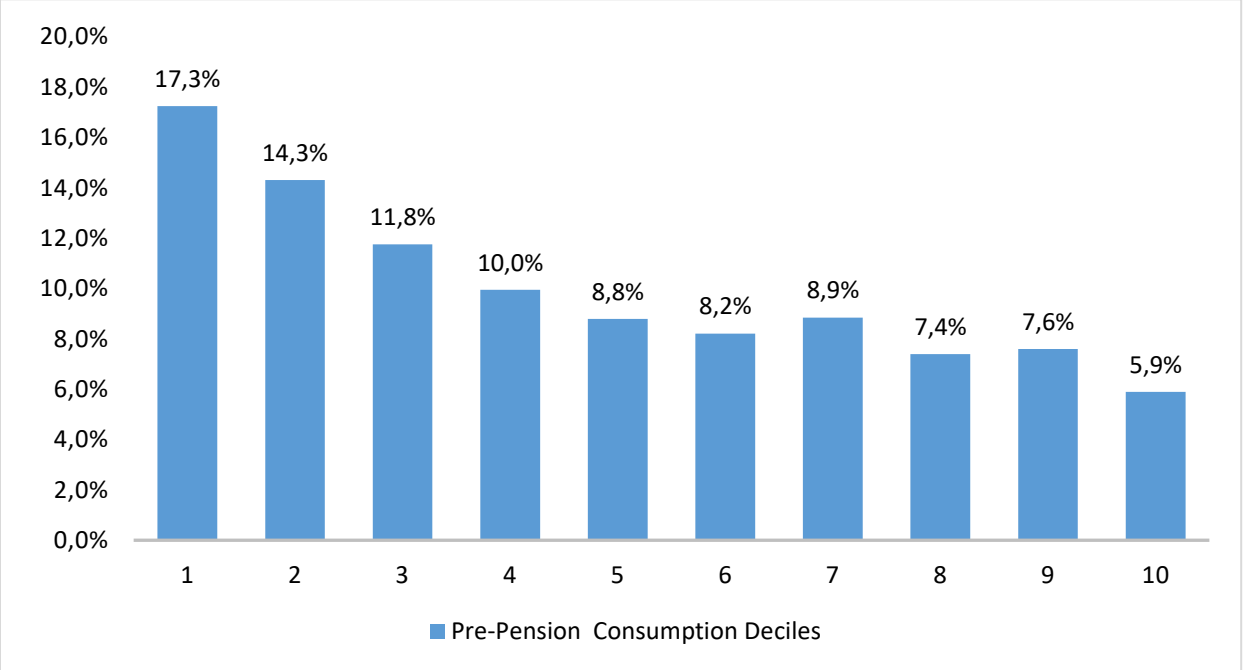
Type of social assistance received	% 0 to 30,000 (n=120)	% 30,001 to 57,000 (n=237)	% 57,001 to 60,000 (n=37)	% 60,001 to 65,000 (n=43)	% 65,001 to 100,000 (n=253)	% over 100,000 (n=231)	% with unknown score (n=1088)	% with no application[a] (n= 2688)
Pensions	48.3	54.6	65.3	65.3	66.5	58.6	63.1	55.7
TSA+CB	100	94.7	89.1	88.0	17.0	0	0	0
Categorical benefits	11.5	17.1	34.6	14.0	17.9	15.1	14.1	9.4
None of these	0	0	0	0	19.6	33.0	30.1	39.7

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

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

If household monthly PAE figures are decreased by the amount of pension PAE income received, this pre-transfer consumption can be ranked from lowest to highest and split into tenths (deciles). Figure 6.1 shows that while 17.3% of households receiving pensions are in the poorest tenth, over 6% of those with pension income are in each of the three richest deciles. It is evident that pensions are not intended to be targeted only to the poor.

Figure 6.1: Distribution of total pension recipient households across pre-pension transfer consumption deciles in 2017 (unweighted n=2,771)



6.3.2 Coverage of Pensions

Table 6.4 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. Also, the same table depicts the distribution of pension receipt across all household deciles. Most households in the poorer deciles receive pensions. In the ninth and tenth decile groups, where the average monthly pre-pension PAE consumption is 509 GEL and 870 GEL, 44.0% and 34.3% of households receive old-age pensions.

Table 6.4: Pension receipt in households by pre-pension PAE consumption decile 2017 (n=4,697)

Decile[a]	Minimum PAE consumption (GEL)	Maximum PAE consumption (GEL)	Average monthly pre-pensions PAE consumption	% of households in decile receiving pensions 2017
1	-226.08	12.87	-56.33	99.5
2	14.05	78.12	48.54	82.6
3	78.33	119.89	99.90	68.0
4	120.09	166.21	141.83	57.4

5	166.24	214.53	189.12	50.8
6	214.57	274.71	244.34	47.4
7	274.82	345.35	309.72	50.6
8	345.43	443.28	390.11	42.7
9	443.40	594.32	508.79	44.0
10	594.33	4356.68	869.77	34.3
Total	-226.08	4356.68	274.07	57.8

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

If the same analysis is repeated to consider only those households containing pensioners, it is evident that almost all of these households receive benefits, especially worse-off families. Hence, pension coverage is very good (Table 6.5).

Table 6.5: Pension receipt in households containing people of pension age by pre-pension PAE consumption decile in 2017 (Unweighted n=2748)

Decile[a]	Minimum PAE consumption (GEL)	Maximum PAE consumption (GEL)	Average monthly pre-pensions PAE consumption	% of households in decile receiving pensions 2017
1	-226.08	12.87	-56.88	100.00
2	14.05	78.12	47.03	98.19
3	78.33	119.89	98.79	98.66
4	120.15	166.21	141.08	99.39
5	166.24	214.53	188.94	98.06
6	214.57	274.69	244.63	97.58
7	274.82	345.35	309.73	94.29
8	345.99	443.28	388.47	92.54
9	443.63	594.32	509.82	97.42
10	596.41	2688.35	835.11	90.37
Total	-226.08	2688.35	208.37	97.26

6.3.3 Level of Pensions

According to survey results, in households including people of pension age, the average total amount of pension received is 234 GEL per month per household, with a median amount of 180 GEL. As a matter of fact, this constitutes the equivalent of 32% of the consumption of households with at least one pensioner on average (735.8 GEL per household per month, on average). In households with a single pensioner, the average total pension received constitutes 61.3% of the mean consumption (up 10.4 percentage points from 2015), and in households with more than one pensioner, it constitutes 68.7% of the mean consumption (up 11.7 percentage points from 2015).

6.3.4 Effectiveness of Pensions in Reducing Poverty

In Georgia, household structures are characterized with complexity. Many households in Georgia include three generations. In 2017, 33.4% of households contained at least one child (down 5.1 percentage points from 2015), and almost half of such households contained at least one pensioner. Conversely, 58.9% of households had at least one pensioner (up 1.5 percentage points from 2015), and almost one-third had a child as a family member. (Table 6.6).

Table 6.6: Percentage of households with children and pensioners in 2015 and 2017

	2015			2017		
	No pensioner	**Pensioner**	**Total**	**No pensioner**	**Pensioner**	**Total**
No child	22.7	38.8	**61.5**	23.9	42.8	**66.6**
Child	19.9	18.6	**38.5**	17.3	16.1	**33.4**
Total	**42.6**	**57.4**	**100**	**41.1**	**58.9**	**100**

Note: sample size in 2015 = 4,533; sample size in 2017 = 4,697

If pension income is removed from the household consumption value used to calculate poverty rates, those rates increase significantly. In fact, this is true not only for pensioners themselves, but also for other family members. More than one-fifth of all pensioners are living in households defined as “poor,” based on the relative poverty threshold. If pension income is removed from household consumption, the relative poverty measure for pensioners rises sharply from 20.4% to 56.5%. Households defined as relatively poor contain 9.7% of all children who are lifted out of poverty by the household receipt of pension income. This effect is exactly the same as the 2015 results, where pension receipts lifted 9.7% of children out of poverty (Table 6.7).

Table 6.7: The estimated effects of pension income on poverty rates in 2017

Poverty threshold	% of households in poverty (n=4,697)	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
Extreme poverty (< 82.8GEL)	4.3	5.0	6.8	3.7
Excluding pensions	**21.1**	**16.5**	**13.1**	**34.1**
Relative poverty (< 177.1 GEL)	22.5	24.8	31.6	20.4
Excluding pensions	**42.5**	**40.2**	**41.3**	**56.5**
General poverty (< 165.5 GEL)	19.6	21.7	27.6	17.6
Excluding pensions	**39.9**	**37.1**	**37.3**	**53.9**

In addition to affecting the rates of poverty, social transfers have the potential to increase the amount of consumption and lift households out of poverty. Table 6.8 shows the effects of pensions on the poverty gap for those households that include pensioners in receipt of this benefit. In extremely poor households, pension receipt reduces the average poverty gap by 78.8 percentage point, whereas in relatively and generally poor households the gap is reduced by 42.5 and 44.3 percentage points, respectively (Table 6.8). The results suggest that pensions have the highest impact on pensioners. In 2017, government transfer payments to pensions equaled 1.6 billion GEL.

Table 6.8: The effects of pensions on poverty gaps for poor households with pensioners in 2017

Poverty threshold	Poor households in receipt of pensions	
	Poverty gap	% point effect
Extreme poverty (< 82.8GEL)	28.7	78.8
Excluding pensions	107.5	
Relative poverty (< 177.1 GEL)	30.4	42.5
Excluding pensions	72.9	
General poverty (< 165.5 GEL)	30.2	44.3
Excluding pensions	74.5	

6.4 Targeted Social Assistance (TSA)

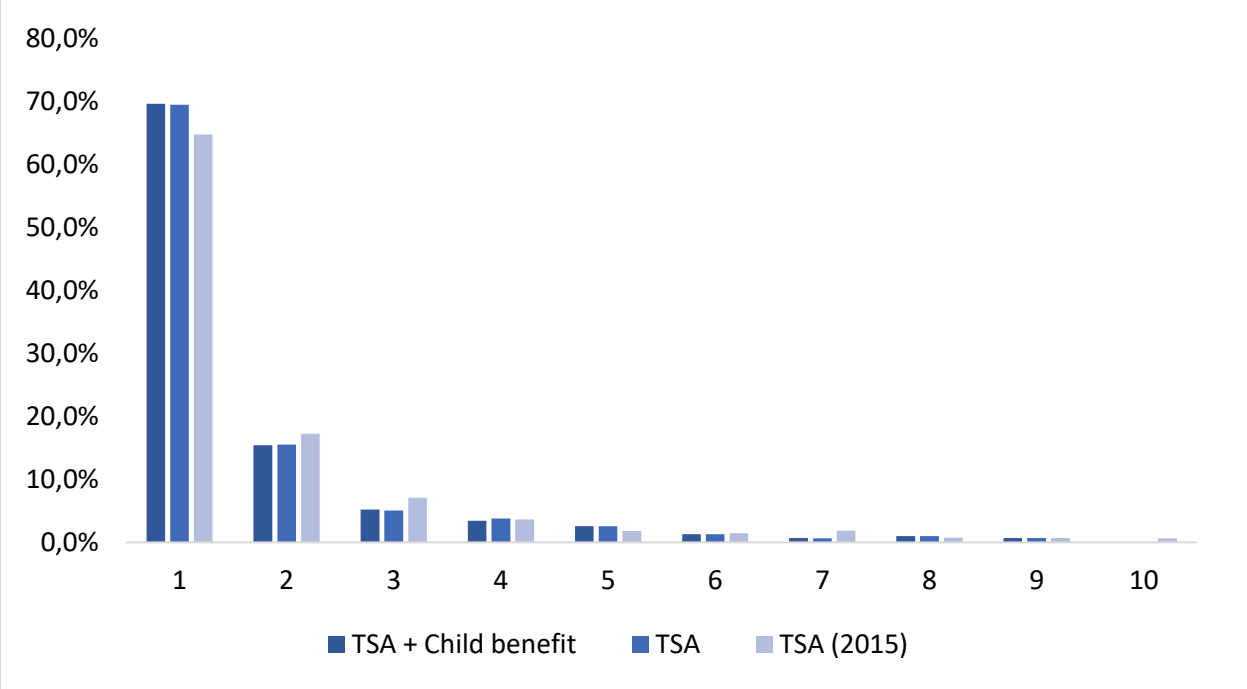
In 2017, government transfer payments to TSA+CB constituted 258 million GEL. Unlike pensions, TSA+CB receipt is based on proxy means testing. Table 6.3 has shown that depending on vulnerability scores, the percentage of TSA+CB recipient households range between 17% to 100%. It should be noted that households with vulnerability scores from 65,000 to 100,000 receive only a 10 GEL child benefit for children under the age of 16.

By design, TSA+CB is intended to identify poor households. Nevertheless, only 37.4% of households in extreme poverty, 25.8% of those in relative poverty, and 27.2% of households in general poverty receive this benefit.

6.4.1 Targeting of TSA+CB

When we rank households by their pre-TSA+CB consumption, and group them into deciles or quintiles, we observe that 69.7% of all benefits paid goes to households in the poorest decile, and more than four-fifths (85.1%) goes to the poorest 20% of households. Excluding child assistance, 69.5% of all TSA (up from 64.8% in 2015) paid goes to the poorest families, and 85% (up from 82% in 2015) goes to the poorest fifth of households (Figure 6.2).

Figure 6.2a: Distribution of benefits in 2017 and 2015

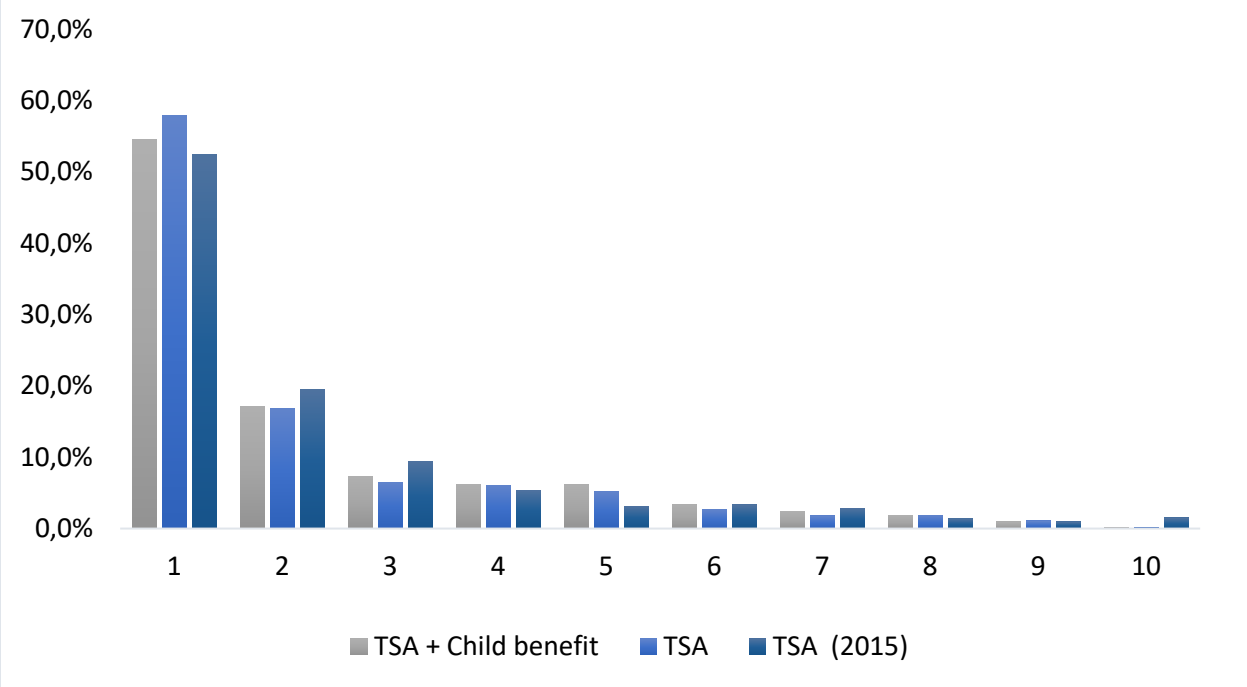


Note: Benefit distribution is based on pre-transfer consumption deciles

More than half (54.5%) of households receiving TSA+CB are in the poorest decile, and 71.6% of TSA+CB recipients are in the poorest fifth of households. Among all households, 57.9% (up from 52.4% in 2015) receiving TSA only are in the poorest decile and 74.7% of TSA recipients (up from 72.0% in 2015) are in the poorest fifth of households (Figure 6.2b).

TSA+CB is well targeted in some ways: very few recipient households are in the better-off deciles. However, many households in the poorer deciles do not receive the benefit, meaning that there is room for improvement.

Figure 6.2b: Distribution of households by TSA status in 2017 and 2015



Note: Distribution of households is based on pre-transfer consumption deciles

TSA also better targets households with children. By 2017, 15.4% of households with children received TSA+CB and 12.6% of them received TSA only. In contrast, 7.3% of households without children received either TSA+CB or TSA only.

Table 6.9: Households in receipt of TSA+CB and TSA by children (<16 years old) (n=4,697)

	TSA+CB		TSA only	
	Recipient	**Non-recipient**	**Recipient**	**Non-recipient**
HH without children	7.3	92.7	7.3	92.7
HH with children	15.4	84.7	12.6	87.4

6.4.2 Coverage of TSA+CB

Table 6.10a shows the consumption levels of pre-TSA+CB transfer deciles for all households, as well as the coverage of benefit receipt across all household deciles. According to Table 6.10a, households in the first and second deciles have average consumptions below the relative poverty line of 177.1 GEL PAE per month, yet only 54.3% of households in the poorest decile, and 17.0% of those in the second decile receive TSA+CB. If we repeat the same analysis for TSA only (Table 6.10b), then the proportion of those families in the first and second deciles that receive TSA equal 52.3% (down from 59.4% in 2015) and 15.2% (down from 22.1% in 2015), respectively.

Table 6.10a: TSA and Child benefit receipt by pre-TSA+CB PAE consumption decile 2017 (n=4,697)

Decile[a]	Minimum PAE consumption (GEL)	Maximum PAE consumption (GEL)	Average monthly pre-TSA+CB PAE consumption	% of households in decile receiving TSA+CB 2017
1	-90.76	102.93	51.27	54.34
2	103.08	157.25	131.86	17.01
3	157.25	198.58	178.94	7.24
4	198.74	242.53	219.92	6.17
5	242.60	291.31	266.21	6.09
6	291.46	345.19	319.17	3.3
7	345.40	409.20	376.91	2.46
8	409.48	503.12	453.10	1.89
9	503.20	667.86	574.76	0.98
10	668.26	4356.68	929.62	0.16
Total	-90.76	4356.68	350.08	9.97

Note: [a] Decile group of pre-TSA+CB PAE consumption is based on a ranking of all households

Table 6.10b: TSA receipt by pre-TSA PAE consumption decile 2017 (n=4,697)

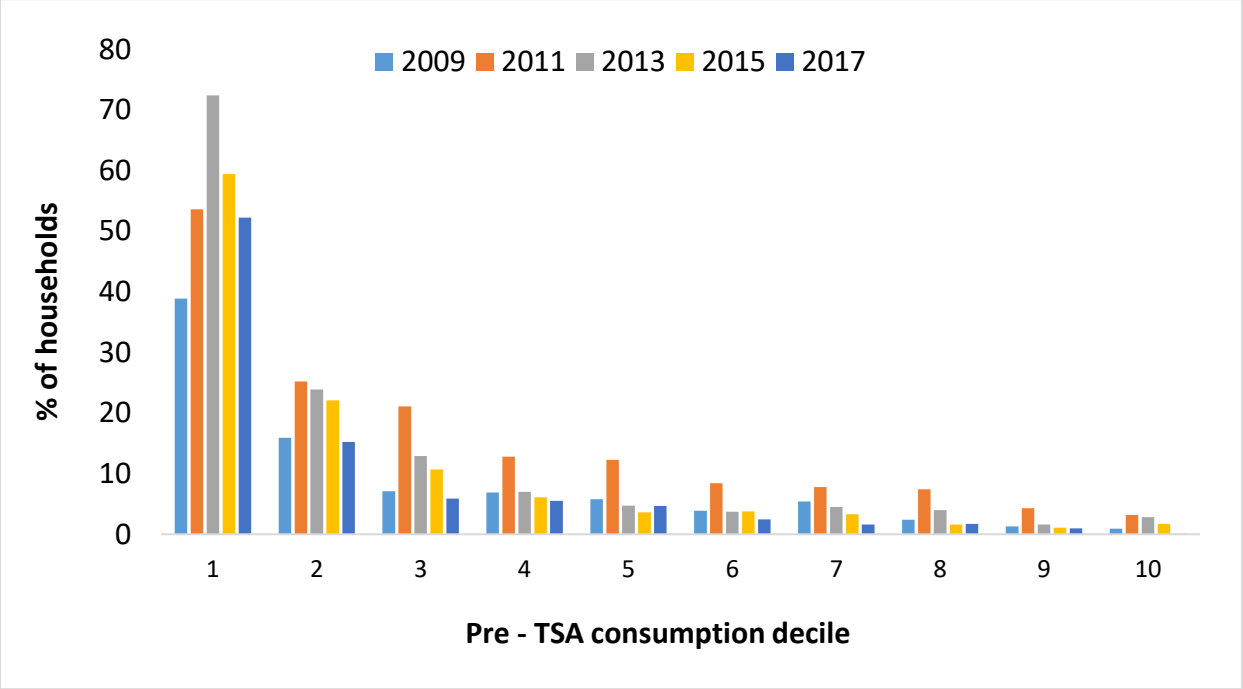
Decile[a]	Minimum PAE consumption (GEL)	Maximum PAE consumption (GEL)	Average monthly pre-TSA PAE consumption	% of households in decile receiving TSA 2017
1	-85.06	103.10	52.96	52.3
2	103.45	157.25	132.40	15.22

3	157.32	198.76	179.07	5.88
4	198.78	242.53	220.00	5.53
5	242.60	291.31	266.30	4.66
6	291.46	345.19	319.22	2.43
7	345.40	409.20	376.95	1.62
8	409.48	503.12	453.13	1.7
9	503.20	667.86	574.78	0.98
10	668.26	4356.68	929.62	0.1
Total	-85.06	4356.68	350.32	9.05

Note: [a] Decile group of pre-TSA PAE consumption is based on a ranking of all households

While there has been significant improvement since 2009, still about 47.8% of the poorest tenth, and 84.8% of the next poorest tenth of households do not receive TSA. Between 2015 and 2017, the coverage of TSA decreased by 7.2 and 6.9 percentage points in the first and the second decile groups (Figure 6.3).

Figure 6.3: Household TSA receipt by decile in 2009, 2011, 2013, 2015, and 2017



As already been mentioned in the very beginning of the analysis, at the end of 2013, the government of Georgia (GoG) started a structural reform of the TSA. As a result, the targeting formula has been modified and the Child Benefit Programme (CPB) has been introduced. However, the new program started later in 2015, and compensation measures were adopted in August of the same year. For the simulation purpose, we assume that the TSA and child benefit (10 GEL for children under 16 years old) received in 2017 would have to be received by beneficiaries back in 2013. Hence, we adjusted TSA+CB for 2017 prices to see difference between actual and potential effect. As shown in Table 6.11, the proportion of those families in the poorest decile group would have been 56.9%, which is a 2.5 percentage point improvement from the actual result given in Table 6.10a. Households in the first and second deciles would have average consumptions below the relative poverty line of 177.1 GEL PAE per month.

Table 6.11: TSA+CB receipt by pre - transfer PAE consumption decile with 2017 prices (n=4,697)

Decile[a]	Minimum PAE consumption (GEL)	Maximum PAE consumption (GEL)	Average monthly pre-TSA+CB	% of households in decile receiving TSA+CB
1	-109.1	101.3	44.5	56.9
2	101.3	156.6	130.1	16.6
3	156.6	197.4	178.4	7.4
4	197.4	241.9	219.3	5.4
5	242.0	291.3	265.8	4.9
6	291.3	344.9	318.8	3.3
7	345.1	408.7	376.7	2.6
8	408.9	503.1	453.0	1.6
9	503.2	667.9	574.7	1.0
10	668.3	4356.7	929.6	0.2
Total	-109.1	4356.7	349.0	10.0

Note: [a] Decile group of pre-TSA+CB PAE consumption is based on a ranking of all households

6.4.3 Level of TSA+CB

Among households that do receive TSA+CB, this benefit can make an important contribution to total consumption. On average, these families receive 66.9 GEL PAE with a median value of 71.4 GEL. TSA+CB constitutes the equivalent of 36.0% of TSA+CB recipient household consumption PAE. If we consider only TSA recipients, on average, such households receive 70.9 GEL PAE with

a median value of 71.5 GEL. TSA constitutes the equivalent of 39.3% of TSA recipient household consumption PAE.

6.4.4 Effectiveness of TSA+CB in Reducing Poverty

WMS 2017 shows that 4.3% of all households are extremely poor. If TSA+CB income is removed from household consumption, the extreme poverty measure among children rises from 6.8% to 13.1%, and among pensioners from 3.7% to 5.6%. In households defined as extremely poor, 6.3% of all children are lifted out of poverty by household receipt of TSA+CB income (Table 6.12a).

Table 6.12a: The estimated effects of TSA+CB income on poverty rates in 2017

Poverty threshold	% of households in poverty (n=4,697)	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
Extreme poverty (< 82.8GEL)	4.3	5.0	6.8	3.7
Excluding TSA+CB	**7.4**	**8.8**	**13.1**	**5.6**
Relative poverty (< 177.1 GEL)	22.5	24.8	31.6	20.4
Excluding TSA+CB	**24.2**	**26.7**	**34.2**	**22.1**
General poverty (< 165.5 GEL)	19.6	21.7	27.6	17.6
Excluding TSA+CB	**21.6**	**24.0**	**30.8**	**19.5**

Table 6.12b shows the effects of TSA income (excluding child benefit) on poverty rates in 2017. If TSA income is removed from household consumption, extreme poverty among children rises from 6.8% to 12.9%, meaning that 6.1% of all children are lifted out of poverty.

Table 6.12b: The estimated effects of TSA income on poverty rates in 2017

Poverty threshold	% of households in poverty (n=4,697)	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
Extreme poverty (< 82.8GEL)	4.3	5.0	6.8	3.7
Excluding TSA	**7.3**	**8.6**	**12.9**	**5.6**

Relative poverty (< 177.1 GEL)	22.5	24.8	31.6	20.4
Excluding TSA	**24.1**	**26.6**	**34.1**	**22.1**
General poverty (< 165.5 GEL)	19.6	21.7	27.6	17.6
Excluding TSA	**21.5**	**23.8**	**30.4**	**19.4**

By considering the same assumption given in chapter 6.4.3, the effect of TSA+CB income (adjusted for 2017 prices) on poverty rates has been assessed. Table 6.12c shows that if TSA+CB income is removed from household consumption, extreme poverty among children rises from 6.8% to 13.8%. In such a case, 7% of all children are lifted out of extreme poverty.

Table 6.12c: The estimated effects of TSA+CB income on poverty rates with 2017 prices

Poverty threshold	% of households in poverty (n=4,697)	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
Extreme poverty (< 82.8GEL)	4.3	5.0	6.8	3.7
Excluding TSA+CB	**7.8**	**9.2**	**13.8**	**6.0**
Relative poverty (< 177.1 GEL)	22.5	24.8	31.6	20.4
Excluding TSA+CB	**24.3**	**26.8**	**34.2**	**22.2**
General poverty (< 165.5 GEL)	19.6	21.7	27.6	17.6
Excluding TSA+CB	**21.7**	**24.0**	**30.9**	**19.6**

Table 6.13a shows the effects of TSA+CB on the poverty gap for those households that receive this benefit. For instance, in extremely poor households, TSA+CB receipt reduces the average poverty gap by 42.3 percentage points. TSA+CB receipt reduces the relative poverty gap by 28.0 percentage points, and the general poverty gap by 28.3 percentage points.

If TSA is considered without a child benefit, then TSA receipt reduces the average extreme poverty gap by 41.7 percentage points. Relative and general poverty gaps are reduced by 28.2 and 29.0 percentage points, respectively (Table 6.13b).

Table 6.13a: The effects of TSA+CB on poverty gaps for poor households in 2017

Poverty threshold	Poor households in receipt of TSA+CB	
	Poverty gap	% point effect
Extreme poverty (< 82.8 GEL)	29.7	42.3
Excluding TSA+CB	**72.0**	
Relative poverty (< 177.1 GEL)	37.8	28.0
Excluding TSA+CB	**65.8**	
General poverty (< 165.5 GEL)	36.6	28.3
Excluding TSA+CB	**65.0**	

Table 6.13b: The effect of TSA on poverty gaps for poor households in 2017

Poverty threshold	Poor households in receipt of TSA	
	Poverty gap	% point effect
Extreme poverty (< 82.8 GEL)	28.3	41.7
Excluding TSA	**70.0**	
Relative poverty (< 177.1 GEL)	37.7	28.2
Excluding TSA	**65.9**	
General poverty (< 165.5 GEL)	36.6	29.0
Excluding TSA	**65.6**	

Table 6.13c depicts the effects of inflation adjusted TSA+CB on poverty gaps. TSA+CB receipt reduces the average extreme poverty gap by 50.9 percentage points, the relative poverty gap by 33.2 percentage points, and the general poverty gap by 34.5 percentage points.

Table 6.13c: The effect of TSA and child benefit on poverty gaps for poor households with 2017 prices

Poverty threshold	Poor households in receipt of TSA+CB	
	Poverty gap	% point effect
Extreme poverty (< 82.8 GEL)	29.7	50.9
Excluding TSA+CB	**80.6**	
Relative poverty (< 177.1 GEL)	37.8	33.2
Excluding TSA+CB	**71.1**	
General poverty (< 165.5 GEL)	36.6	34.5
Excluding TSA+CB	**71.1**	

Table 6.14 shows that there have been improvements in TSA targeting and leakage measures from 2015 to 2017. However, the level and coverage of TSA decreased in the same period.

Table 6.14: Changes in TSA between 2009, 2011, 2013, 2015, and 2017

	2009	2011	2013	2015	2017
Targeting: % of TSA recipient households in the poorest 40%	77.8	73.6	85.0	86.8	87.3
Leakage: % of TSA recipient households in the richest 10%	1	2.4	2	1.5	0.1
Level: mean amount of TSA PAE (GEL)	34.9	35	68	73.3	70.9
Coverage: % of the poorest decile receiving TSA	38.9	53.6	72.4	59.4	52.3
% point reduction in headcount poverty as a result of TSA receipt:					
Extreme	3.0	3.6	5.8	4.2	3.6
Relative	1.8	2	3.3	2.9	1.8
General	0.8	1.4	3.0	3.3	2.1
% point reduction in child poverty as a result of TSA receipt:					
Extreme	3.7	5.1	6.8	6.4	6.0
Relative	2	2.2	2.7	3.7	2.4
General	0.8	1.5	2.5	4.2	2.8

6.4.5 TSA and the Newly Poor

The present analysis identifies as the "newly poor" as those households whose consumption fell below the relative poverty threshold in 2017, but not in 2015. At the time of the 2017 survey, 178 out of 329 newly poor households (unweighted) had ever applied to be registered on the database of vulnerable families, while 895 of 2067 other households had applied. Only 20.3% of households becoming newly poor in 2017 received TSA+CB (Table 6.15). The remaining 288 (unweighted) households fall into three groups:

a) Those who did not apply to be registered on the database (151)
b) Those registered, but with a ranking score over 65, 000 (24)
c) 8 households had not yet had their score calculated, 5 refused to disclose it, and 100 found the question too difficult to answer

Table 6.15: The weighted percentage of households applying who receive TSA+CB in 2017

	% of newly poor households (n=178)	% of other households (n=895)	Total % (n=1073)
TSA+CB received	20.3	23.2	22.7

6.5 Categorical Benefits

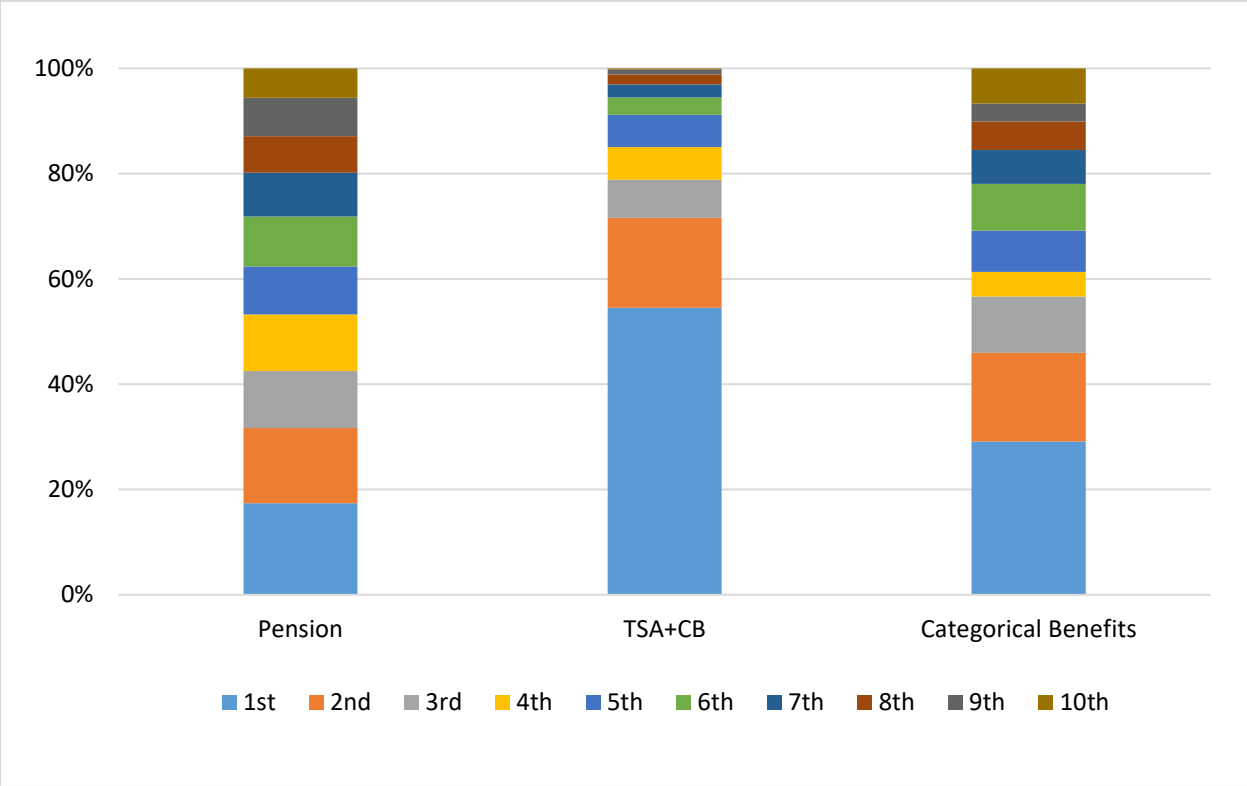
In the present analysis, categorical benefits are no longer comparable with the findings of previous rounds, since the database has been corrected and updated.

6.5.1 Targeting of Categorical Benefits

As depicted in Figure 6.4, categorical benefits are not targeted as TSA+CB for the poorest families and are distributed more evenly across consumption deciles[38].

[38]For pensions, deciles are based on consumption PAE minus pension PAE; for TSA+CB they are based on consumption PAE minus TSA+CB income PAE; and for categorical benefits they are based on consumption PAE minus categorical benefit income PAE.

Figure 6.4: Targeting of Social Transfers (n=4,697)



6.5.2 Coverage of Categorical Benefits

Survey results show that 11.7% of households received at least one kind of categorical benefit in 2017. Households in the first, second and third deciles have average consumptions below the relative poverty line of 177.1 GEL PAE per month, yet only 34.2% of households in the poorest decile, 19.7% of those in the second decile, and 12.6% of those in the third decile receive categorical benefits (Table 6.16).

Table 6.16: Receipt of categorical benefits in households by pre-categorical benefits PAE consumption decile in 2017 (n=4,697)

Decile[a]	Minimum PAE consumption (GEL)	Maximum PAE consumption (GEL)	Average monthly pre-categorical benefits PAE consumption	% of households in decile receiving categorical benefits 2017
1	-820.7	109.8	56.5	34.2
2	109.8	155.5	133.3	19.7
3	155.5	194.7	175.9	12.6

4	194.7	239.5	216.3	5.5
5	239.5	289.1	264.3	9.2
6	289.1	341.3	315.0	10.5
7	341.4	404.9	372.7	7.6
8	404.9	497.3	448.6	6.3
9	497.3	657.1	569.5	4.0
10	658.2	4356.7	923.2	7.9
Total	-820.7	4356.7	347.4	11.7

Note: [a] Decile group of pre-categorical benefits PAE consumption is based on a ranking of all households

6.5.3 Level of Categorical Benefits

The average amount of categorical benefits in recipient households is 79.7 GEL per month PAE. Recipient households with orphans receive 72.7 GEL per month PAE. Among households that contain a person with a disability, 62.4% receive categorical benefits at an average rate of 75.7 GEL PAE per month; and 75.4% of households with an IDP receive categorical benefits at a rate of 67.5 GEL PAE per month. Government transfer payments on categorical benefits equaled 525.5 million GEL in 2017.

6.5.4 Effectiveness of Categorical Benefits in Reducing Poverty

If categorical benefit income is removed from consumption, extreme poverty among households rises from 4.3% to 6.1%, relative poverty from 22.5% to 25.0%, and general poverty from 19.6% to 22.2%. Categorical benefits reduce national poverty rates by fewer than three percentage points across all groups (Table 6.17).

Categorical benefits are more effective on their target groups than on national poverty levels. If categorical benefit income is removed from household consumption, the extreme poverty measure for households with disabled person rises from 11.2% to 23.8%, and for households with an internally displaced person (IDP), the extreme poverty measure rises from 8.5% to 15.6% (Table 6.18).

It should be emphasized that around 60% of all households receiving categorical benefits also receive either pensions or TSA, so the net effect of social transfers is underestimated.

Table 6.17: The estimated effects of categorical benefit income on household poverty rates in 2017

Poverty threshold	% of households in poverty (n=4,697)	% of total population living in such households	% of all children living in such households	% of all pensioners living in such households
Extreme poverty (< 82.8GEL)	4.3	5.0	6.8	3.7
Excluding categorical benefits	**6.1**	**6.5**	**8.7**	**5.0**
Relative poverty (< 177.1 GEL)	22.5	24.8	31.6	20.4
Excluding categorical benefits	**25.0**	**27.2**	**34.0**	**22.7**
General poverty (< 165.5 GEL)	19.6	21.7	27.6	17.6
Excluding categorical benefits	**22.2**	**24.1**	**30.6**	**19.9**

Table 6.18: The estimated effects of categorical benefit income on household poverty rates for only those households including at least one disabled person or an IDP in 2017

Poverty threshold	% of households (with disabled person) in poverty (n=125)	% of households (with IDP) in poverty (n=256)
Extreme poverty (< 82.8 GEL)	11.2	8.5
Excluding categorical benefits	**23.8**	**15.6**
Relative poverty (< 177.1 GEL)	48.9	27.3
Excluding categorical benefits	**62.9**	**43.0**
General poverty (< 165.5)	40.8	23.8
Excluding categorical benefits	**54.6**	**40.4**

Summary

According to survey findings, 67.5% of all households received some form of social transfer in 2017. The analysis of WMS 2017 focuses on three main classes of benefits: pensions, targeted social assistance (TSA) with child benefits (hereinafter referred as TSA+CB), and categorical benefits. An estimated 57.8% of households received pension income. The number of families receiving TSA+CB stood at 10%, while categorical benefits were received by 11.7% in 2017.

Income from pensions constitutes more than 60% of consumption in single pensioner or pensioner only households. More than half of all households (58.9%) in Georgia include at least one person of pension age. In households that include people of pension age, the average amount of the pension received was 234 GEL per month per household in 2017. In households with a single pensioner, the average total pension received constituted 61.3% of the mean consumption (up 10.1 percentage points from 2015), and in households with more than one pensioner, this figure constituted 68.7% (up 11.7 percentage points from 2015). If pension income is removed from household consumption, extreme poverty among pensioners rises sharply from 3.7% to 34.1%, and among children from 6.8% to 13.1%. Survey results suggest that pensions have the highest impact on pensioners. In 2017, government transfer payments to pensions equaled 1.6 billion GEL.

TSA+CB has the highest positive impact on reducing child poverty. Regarding TSA+CB, 69.7% of all benefits paid goes to households in the poorest decile, and 54.3% of those households receive benefits. Excluding child assistance, 69.5% of all TSA (up from 64.8% in 2015) paid goes to the poorest families, and the proportion of those families that receive TSA equals 52.3% (down from 59.4% in 2015). These results indicate that the targeting of TSA increased while coverage decreased. Among households that do receive TSA, the benefit can make an important contribution to total consumption. On average, these families receive 70.9 GEL PAE, and TSA constitutes the equivalent of 39% of TSA recipient household consumption PAE.

If TSA income is removed from household consumption, extreme poverty among children rises from 6.8% to 12.9%, and among pensioners from 3.7% to 5.6%. If TSA with child assistance is removed from household consumption, extreme poverty among children increases from 6.8% to 13.1%. These findings demonstrate that TSA+CB has the highest impact on children. TSA also better targets households with children. By 2017, 15.4% of households with children received TSA+CB, and 12.6% of them received TSA only vs 7.3% of households without. Government spending on TSA+CB constituted 258 million GEL in 2017.

In 2017, 11.7% of households received at least one kind of categorical benefit. In WMS 2017, categorical benefits are no longer comparable with the findings of the previous rounds, since the database has been corrected and updated. Coverage of categorical benefits is substantially high in the poorest tenth of households, of which 34.2% receive this benefit. The average amount of

categorical benefits in recipient households is 79.7 GEL per month PAE. Recipient households with orphans receive 72.7 GEL per month PAE. Among households that contain a person with a disability, 62.4% receive categorical benefits at an average rate of 75.7 GEL PAE per month; and 75.4% of households with an IDP receive categorical benefits at a rate of 67.5 GEL PAE per month. Government transfer payments on categorical benefits equaled 525.5 million GEL in 2017.

Categorical benefits are more effective on their target groups than on national poverty levels. These benefits reduce national poverty rates by less than three percentage points across all groups. If categorical benefits are removed from household consumption, extreme poverty among households with a disabled person rises from 11.2% to 23.8%. For those households including an internally displaced person (IDP), extreme poverty rises from 8.5% to 15.6%. It should be emphasized that around 60% of all households receiving categorical benefits also receive either pension or TSA income, so the net effect of social transfers is underestimated.

7. HEALTHCARE SERVICES

7.1 Background

In 2013, the government of Georgia enacted a Universal Healthcare (UHC) program, which guarantees state support to all citizens in need of health treatment. The effect of healthcare reform is slightly captured by WMS 2017.

WMS 2017 looks at the following five dimensions of financial access to healthcare provisions:

- the composition of household spending on healthcare
- catastrophic healthcare costs[39]
- the distribution of health insurance
- barriers to obtaining healthcare and services [40]
- the impoverishing effects of spending on healthcare[41]

[39]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.
[40]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 if a medical facility was not available.
[41]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.

7.2 Composition of Spending on Healthcare in 2017

Section 4 showed that buying medicine was one of the main problems confronted by 27.8% of households (Table 4.19). While the percentage of those households that consider paying for medical services to be their main problem has decreased since 2015, the percentage of those having difficulties buying medicine has increased.

According to Table 7.1, the mean annual household expenditure[42] on healthcare in 2017 was 430.7 GEL per equivalent adult (median 200.9 GEL PAE). Adjusted for 2015 prices, this shows an increase of 16.4% from the mean expenditure of 346.8 GEL PAE, and a 6.4% increase from the median expenditure of 177 GEL PAE in 2015. With respect to annual healthcare expenditure distribution, households spent the highest share on medicine, both in absolute terms (296 GEL PAE in 2017 vs 233 GEL in 2015), and as a percentage of all health-related expenditure (69% in 2017 vs 67% in 2015). Only 3.6% of households in the survey incurred no healthcare costs at all.

Table 7.1: Use of healthcare services and average composition of annual health care spending by household over the past year in 2017 (n= 4,697)

	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 medicine	296.6	68.9%	96.0%	309.1
Surgical operations	37.9	8.8%	7.7%	492.2
Doctor visits	42.3	9.8%	29.7%	142.5
Emergency medical help	3.9	0.9%	5.9%	66.5
Hospital services	13.5	3.1%	7.7%	174.2
Regular check-ups	17.6	4.1%	18.2%	96.4
Maternity care	3.4	0.8%	2.3%	144.2
Medical insurance premiums	8.2	1.9%	3.9%	210.0

[42]Expenditures on healthcare covers emergency medical assistance (including transportation costs), doctor visits, medical procedures, surgical operations, hospital services, maternity care fees, women's consultations, regular checkups, immunization costs, nursing and care fees, purchase of medicine, medical insurance premiums, and other informal costs.

Women's consultations	2.4	0.5%	3.7%	64.0
Other items	4.0	0.9%	3.5%	114.4
Nursing and care fees	0.9	0.2%	0.2%	405.8
Immunization costs	0.0	0.0%	0.4%	11.9
Total	430.7			

It should be noted that average values mask the variation in healthcare costs, since not all households have the same need for services. For instance, column four of Table 7.1 shows that 96.0% (96.3% in 2015) of households spent money on purchasing medicine in the last year at an average cost of 309.1 GEL PAE (242.3 GEL PAE in 2015) (Column five). Almost 8% paid for surgical operations at an average cost of 492.2 GEL PAE. The remaining 92% however, incurred no costs on this item, so the average cost for all households is much lower (37.9 GEL).

The average annual expenditure on all forms of healthcare PAE has increased to 448.7 GEL in urban areas, compared to 342.7 GEL PAE in 2015. When adjusted for inflation, this represents a 22.7% increase from 2015. The reason for this increase is associated with the cost of medicine. In rural areas, the average annual expenditure has increased from 351.1 GEL to 412.0 GEL PAE, and when adjusted for inflation, there is a 10% increase from 2015 (Table 7.2).

Table 7.2: Average composition of annual healthcare spending (GEL PAE) by urban and rural location in 2017 (n=4,697)

	Average annual expenditure (GEL) PAE				Service users only	
	Urban	% share	Rural	%share	Urban	Rural
Purchasing medicine	303.4	67.6%	289.6	70.3%	315.3	302.6
Surgical operations	37.3	8.3%	38.5	9.3%	468.9	518.3
Doctor visits	49.3	11.0%	35.0	8.5%	173.7	112.8
Emergency medical help	2.2	0.5%	5.8	1.4%	52.9	73.9
Hospital services	12.4	2.8%	14.6	3.5%	164.5	183.8
Regular check-ups	19.7	4.4%	15.4	3.7%	108.7	83.7
Maternity care	3.1	0.7%	3.6	0.9%	166.9	128.4
Medical insurance premiums	14.0	3.1%	2.1	0.5%	223.8	147.9

Women's consultations	2.6	0.6%	2.2	0.5%	74.7	54.3
Other items	4.3	1.0%	3.7	0.9%	13.2	8.2
Nursing and care fees	0.4	0.1%	1.5	0.4%	240.3	515.9
Immunization costs	0.07	0.0%	0.02	0.0%	118.8	109.5
Total for all items	448.7		412.0		464.2	428.3

The difference in total spending on healthcare between urban and rural parts of the country is not significant, though there are differences in spending on particular services. Overall spending on medical insurance premiums is significantly higher for households in urban areas compared to households in rural areas. Expenditures on emergency medical help is significantly lower for urban households in contrast to rural households. Among service users, spending on doctor visits is significantly higher in urban households than in rural households. None of the other differences between rural and urban areas are significant for the average health-related expenditures of actual users (Table 7.2).

7.3 Catastrophic Healthcare Costs

Since 2015, average annual household spending (PAE) on healthcare, even when adjusted for inflation, has increased by 16.4% (Table 7.3).

Table 7.3: Yearly household healthcare spending by consumption quintile in 2009 prices (1 = 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	245.9	396.5	208.2
	2015	102.1	188.6	250.1	329.6	495.2	273.1
	2017	**108.4**	**194.7**	**293.0**	**367.8**	**625.7**	**317.9**
Purchasing medicine (GEL PAE)	**2015**	**77.4**	**140.8**	**179.0**	**228.4**	**293.0**	**183.7**
Purchasing medicine (GEL PAE)	**2017**	**87.5**	**149.9**	**208.0**	**256.4**	**393.0**	**218.9**
Healthcare spending as % of 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	7.4	6.1	7.0
	2015	8.6	9.8	9.3	9	6.7	8.1

	2017	**10.7**	**10.7**	**11.2**	**10.0**	**9.4**	**10.1**
Healthcare spending as % of 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
	2015	20.6	20.4	18.7	16	10.6	14.4
	2017	**21.6**	**20.4**	**20.6**	**16.9**	**14.1**	**16.7**

Note: 2009 (n=4,646), 2011 (n=4,147), 2013 (n=3,726), 2015 (n=4,533), and 2017 (n=4,697) adjusted for inflation (2009 prices)

Moreover, average annual healthcare spending as a percentage of all consumption and all non-food consumption has increased for households in all quintiles. Also, average expenditures on medication increased significantly across consumption quintiles (Table 7.3).

For some households, out-of-pocket expenditures on medical services and medicine can be catastrophic. The costs of healthcare in households are defined as "catastrophic" if they constitute over 10% of the total household consumption, or over 25% of household non-food consumption. These costs constituted over 10% of all consumption in 34.2% of all households - more than in 2015 (29.8%). Moreover, in 26.4% of households, healthcare expenditures accounted for more than 25% of non-food-consumption, marking an increase from 2015 when this figure was 25.1%. One reason for this increase is associated with the increased cost of medicine.

7.4 Health Insurance

The Universal Healthcare Program is comprised of five types of coverage: co-financing, minimal, veteran, age-specific, and targeted. Individuals may also have private, self-financed corporate or employer-sponsored health insurance.

About 82.4% of the population is covered by universal health coverage. Corporate, employer-sponsored, or private insurance is more common in urban areas than it is in rural areas. Almost 11% of the population is unaware of health coverage plans and assume that they are not enrolled in the state healthcare program (Table 7.4).

Table 7.4: Distribution of types of health insurance as reported by individuals in 2017 (n = 16,038)

	%		
Type of health insurance	**Urban**	**Rural**	**Total**
Self-financed corporate	3.8	1.9	2.9
Employer-sponsored	5.2	1.3	3.2
Private	0.7	0.2	0.4
Universal	82.5	82.2	82.4
Refusal	0.0	0.0	0.0
Don't know	0.4	0.3	0.4
No Health insurance	7.4	14.0	10.7
Unweighted number of individuals	5,108	10,930	16,038

7.4.1 Health Insurance and State Programs by TSA Tanking Score

In the WMS 2017 survey, 40.1% of households had applied to be registered for the database of socially vulnerable families. Of these, almost 50% provided their TSA ranking scores.

Over 95% of individuals with a TSA ranking score ranging from 0 to 30,000 are covered by the Universal Healthcare (UHC) program, however, 4.9% of these vulnerable individuals reported that they had no form of health insurance. Of those individuals with scores above 30,000 and below 57,000, 98.1% are covered by UHC, and only 2% reported that they had no form of health insurance. Moreover, 96.4% of individuals with scores ranging from 57,000 to 60,000 are covered by UHC, while 3.6% reported that they had no form of health insurance. For scores above 60,000 and below 65,000, 90.9% of individuals are covered by UHC, and in this category, 9.1% reported that they had no form of health insurance. Among individuals with scores ranging from 65,000 to 100,000, 90.7% are covered by UHC, and 8.4% reported that they are not covered by any type of insurance. Almost 89% of individuals with scores above 100,000 are covered by UHC, and 6.4% of these vulnerable individuals believe that they are not covered by any type of insurance.

7.4.2 Health Insurance and State Programs by Consumption Level

While only 7.7% of the population from the poorest fifth stated that they had no health insurance in 2015, this figure increased to 13.7% in 2017. Despite this belief, most of them are included in one of the UHC programs (Table 7.5).

As shown in Table 7.5, 84.6% of individuals from the poorest consumption quintile are covered by the UHC program. It should be emphasized that those individuals with a yearly income of more than 40,000 GEL are not covered by the UHC program except for very limited categories of insurance service (childbirth coverage, inpatient service and management of infectious diseases). In WMS 2017, such individuals are less than one percent of income PAE distribution. The same is true for consumption PAE, so it is not a surprise that 76.1% of individuals from the richest consumption quintile are covered by the UHC program.

Table 7.5: Distribution of types of health insurance of individuals (n= 16,038) by PAE consumption quintile of the household in 2017

	% individuals by consumption quintile of household					
Type of health insurance	**1**	**2**	**3**	**4**	**5**	**Total**
Self-financed corporate	0.6	1.5	3.0	3.1	7.0	2.9
Employer-sponsored	0.3	1.0	2.7	4.5	8.8	3.2
Private	0.3	0.3	0.3	0.8	0.5	0.4
Universal	84.6	84.9	84.0	81.2	76.1	82.4
Refusal	0.0	0.0	0.0	0.0	0.0	0.0
Don’t know	0.5	0.2	0.4	0.4	0.4	0.4
No Health insurance	13.7	12.2	9.7	10.0	7.2	10.7
Total	100	100	100	100	100	100
Unweighted number of individuals	3,658	3,585	3,315	2,971	2,509	16,038

7.5 Financial Barriers to Healthcare

About 43.1% of all households in 2015 included at least one person who needed medical services that the household could not afford. Two years later, the percentage of households with barriers to accessing health services substantially dropped and stood at 22.3%. In urban areas, this figure went down from 41.0% in 2015 to 22.8% in 2017, and in rural areas it decreased from 45.3% to 21.9%.

Such a dramatic fall can be attributed to the effectiveness of the universal healthcare program (Table 7.6).

Table 7.6: Financial barriers to health care by urban or rural location in 2009, 2011, 2013, 2015, and 2017

	% of households experiencing financial barriers				
	2009	2011	2013	2015	2017
Urban	44.8	47.7	37.0	41.0	22.8
Rural	52.6	52.2	39.9	45.3	21.9
Total	48.6	49.9	38.4	43.1	22.3
Number of households	4,646	4,147	3,726	4,533	4,697

Even though cost as a barrier to healthcare has significantly decreased across consumption quintiles over the last two years, it still affects a higher percentage of households at lower levels of consumption (Table 7.7).

Table 7.7: Financial barriers to healthcare by consumption (PAE) quintile of the household in 2009, 2011, 2013, 2015, and 2017

	% of households experiencing financial barriers				
	2009	**2011**	**2013**	**2015**	**2017**
Quintile 1	64.1	56.5	44.5	56.5	34.3
2	57.7	55.5	43.8	49.4	25.3
3	50.3	51.7	39.4	43.9	23.5
4	44.1	48.4	35.8	36.5	18.3
Quintile 5	27.0	37.5	28.6	29.1	10.2
Total	**48.6**	**49.9**	**38.4**	**43.1**	**22.3**

7.6 The Impoverishing Impact of Out-of-pocket Expenditures on Health Care

We can 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 if all healthcare services were provided free-of-charge. Adding the amount spent on healthcare to each household's total expenditures simulates the effects 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. When expenditure on healthcare is credited back

to household budgets, the percentage of households below extreme poverty rates falls by 0.9 percentage points, while households below the relative and general poverty thresholds fall by 1.7 and 1.9 percentage points, respectively. Under the same scenario, the percentage of urban households below the extreme poverty threshold fall by 0.9 percentage points, whereas the percentage of households below the relative and general poverty thresholds fall by 5.8 and 4.9 percentage points, respectively. In contrast, the share of rural households below the extreme poverty threshold falls by 1 percentage point, while rural households below the relative and general poverty thresholds falls by 2.3 and 2.5 percentage points. Such a 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 7.8).

Table 7.8: The estimated effects on poverty rates of providing free healthcare services in 2017

Poverty threshold	% of households affected (n=4,697)	% urban households	% rural households
Extreme poverty (82.8GEL)	4.3	4.5	4.0
Excluding healthcare expenditure	**3.4**	**3.6**	**3.1**
Relative poverty (177.1 GEL)	20.9	24.1	22.5
Excluding healthcare expenditure	**19.2**	**18.3**	**20.1**
General poverty (165.5 GEL)	18.5	20.8	19.6
Excluding healthcare expenditure	**16.5**	**16.0**	**17.1**

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 expenditures on health are deducted from total consumption PAE. Under this scenario, poverty rates increase substantially. The effect is more than in 2015 for all poverty rates considered in the simulation. It suggests that the costs of healthcare are driving even more households below the poverty thresholds (Table 7.9).

Table 7.9: Increases in household poverty rates when healthcare costs are deducted from total consumption in 2017

	% of households in poverty		
	Before deduction of healthcare spending	**After deduction of healthcare spending**	**% point increase in 2017 (2015; 2013; 2011; 2009)**
Extreme poverty (82.8 GEL)	4.3	6.2	1.9 (0.6; 1.3; 2.8; 3.7)
Relative poverty (177.1 GEL)	20.9	29.6	8.7 (6.2; 4.6; 5.1; 6.7)
General poverty (165.5 GEL)	18.5	26.1	7.6 (5.2; 4.8; 6.4; 8.4)

Summary

WMS 2017 results show a considerable increase in healthcare costs. The mean annual household expenditure on healthcare in 2017 was 430.7 GEL per equivalent adult (median 200.9 GEL PAE). Adjusted for 2015 prices, this shows an increase of 16.4% from the mean expenditure of 346.8 GEL, and a 6.4% increase from the median expenditure of 177 GEL in 2015. On average, urban households spent 448.7 GEL annually on healthcare, while rural households spent 412 GEL. With respect to annual healthcare expenditure distribution, households spent the highest share on medicine, both in absolute terms (296 GEL PAE in 2017 vs. 233 GEL in 2015), and as a percentage of all health-related expenditures (69% in 2017 vs. 67% in 2015). Only 3.6% of households in the survey incurred no health costs at all.

Over the last two years, barriers to accessing health services have significantly decreased. About 43.1% of all households in 2015 included at least one person who needed medical services that the household could not afford. Two years later, the percentage of households with barriers to accessing health services substantially dropped and stood at 22.3%. Such a dramatic fall can be attributed to the effectiveness of the universal healthcare program.

An estimated 82% of the population is covered by the universal health program; however, about 11% of the population is not aware of health coverage plans. In 2013, the government of Georgia introduced a universal health program that guarantees state support to all citizens in need of health treatment. About 82% of the population is covered by universal health coverage. Corporate, employer-sponsored, or private insurance is more common in urban areas than it is in rural areas. Almost 11% of the population is unaware of health coverage plans and assume that they are not enrolled in any.

For some households, out-of-pocket expenditures on medical services and medicine are catastrophic. These costs constituted over 10% of all consumption in 34.2% of all households - more than in 2015 (29.8%). Moreover, in 26.4% of households, healthcare expenditures accounted for more than 25% of non-food-consumption, marking an increase from 2015 when this figure was 25.1%. One reason for this increase is associated with the cost of medicine. Almost 27.8% of households (up from 26.4% in 2015) reported buying medicine to be their main problem. Average expenditures on medication increased significantly across consumption quintiles.

8. HOUSEHOLD COPING STRATEGIES

8.1 Background

According to survey results, economic situations were reported as "worsening" over the previous year in 43.2% of households. This figure decreased since 2015, when it was 44.9%. For almost 50% of households, the economic situation has not changed over the past year, and for only 4% of households, the situation has improved (Table 8.1).

Table 8.1: Respondents' views of the changing economic situation of the household in 2009, 2011, 2013, 2015, and 2017

Change over the last year	% of all households				
	2009	2011	2013	2015	2017
Worsened	49.3	43.2	24.8	44.9	43.2
Not changed	46	50.7	65.1	48.8	49.1
Improved	2.2	4.1	8.2	3.7	4.0
Don't know	2.4	1.8	1.9	2.5	3.4
Refused to answer	0.1	0.1	0	0.1	0.4
Number of respondent households (unweighted n)	4,648	4,147	3,726	4,533	4,697

As in previous rounds of the survey, an analysis of the valid answers to the question regarding changing situations reveals a significant effect of consumption levels (Table 8.2).

Table 8.2: Respondents views of the changing economic situation of the household by quintile group of PAE consumption in 2017 (1 = lowest)

Change over the last year	Bottom	2nd	3nd	4th	Top	Total
Has significantly worsened	23.7	13.1	10.8	6.5	3.9	11.6
Has worsened	35.5	40.5	36.9	30.3	23.3	33.3
Has not changed essentially	38.8	45.2	49.4	57.9	63.6	51.0
Has improved	1.9	1.0	2.8	5.2	8.5	3.9
Has significantly improved	0.2	0.2	0.1	0.1	0.7	0.3
Number of households (unweighted n=4,405)	907	952	929	879	819	4,486

In the first two poorest consumption quintiles, a significant worsening of economic conditions was more common (23.7% and 13.1%) than in the richest fifth (3.9%). Moreover, perceived improvement in the economic conditions of households increases with the consumption quintile. Only 1.9% of the poorest fifth of households report improved conditions, compared to 8.5% of the richest fifth (Table 8.2).

8.2 Reasons for Worsening Household Situation

Table 8.3 shows some important changes in the percentage of households reporting the reasons for their worsening circumstances. Households appear to have recovered from the burden of debt repayments, with 7.9% of households in 2017, instead of 10% in 2015, 10% in 2013 and 74% in 2011. In 2017, increased prices, serious illness and a decrease in household income remain the major problems reported by 69.7%, 23.1% and 16.2% of households, respectively (Table 8.3).

Table 8.3: Reasons given by household members for worsening economic circumstances in 2009, 2011, 2013, 2015, and 2017

	% of households				
	2009 (n=2,185)	**2011 (n=1,792)**	**2013 (n=939)**	**2015 (n=2,079)**	**2017 (n=2,121)**
Increased prices	2.4	0.9	28.4	73.0	69.7
Debt repayments	63.9	74.0	10.0	10.0	7.9
Serious illness	29.2	27.0	39.5	26.5	23.1
Decrease in household income	22.9	17.3	23.5	19.0	16.2

Loss of job(s)	19.7	13.6	18.5	10.0	6.9
Decreased agricultural production	10.3	13.1	13.2	7.2	3.6
Decreased remittances from abroad	9.1	14.3	0.7	1.1	0.6

8.3 Additional Sources of Livelihood

As in 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 sources are shown in Table 8.4.

In 2009, most households (62%) faced with worsening economic situations had no additional source of livelihood. By 2011, this figure had grown to 65%, and in 2013, it had decreased to 41%. In 2015, it had risen back up to 62.7%. However, in 2017, the figure has dropped by 7.3 percentage points and totaled 55.4%. As shown in Table 8.4, alternative sources of livelihood are comprised mainly of assistance from relatives or friends (16.0%) and borrowing money from financial institutions (8.0%).

Table 8.4: Additional sources of livelihood mentioned by members of households experiencing worsening economic circumstances in 2017

		Responses	% of Households
	N (1,930)	%	(n=2121)
Have had no additional livelihood source	1,192	61.8	55.4
Assistance from a relative or a friend	323	16.7	16.0
Borrowing from a bank or other financial institution	176	9.1	8.0
Borrowing from a relative or a friend	58	3.0	3.3
Social assistance to vulnerable households	46	2.4	2.1
Dissaving	40	2.1	1.8
Sale of property (land, house, livestock, car, etc.)	29	1.5	1.1
Assistance from a non-relative or a non-friend	29	1.5	2.0
Borrowing from a non-relative or a non-friend	8	0.4	0.5
Other social assistance	7	0.4	0.5
Assistance from municipality	16	0.8	1.0

Assistance from religious organizations	4	0.2	0.2
Assistance from another NGO (charity organization)	2	0.1	0.1
Total	1,930		

When the types of alternatives mentioned in Table 8.4 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 others, and borrowing or dissaving were more common additional sources of livelihood for urban households compared to rural households. In 2011, these patterns were reversed and rural households were more likely to rely on friends, family or borrowing. From 2013, assistance in kind from relatives, friends or others were again a more common additional source of livelihood for urban households compared with rural households. Between 2015 and 2017, the rate of borrowing increased by 2.2 percentage points in urban areas, however, it decreased by 0.7 percentage points in rural areas (Table 8.5).

While in 2009, rural households were more likely to have no alternative means of support, urban households were most likely to be in that position in later years until 2017. Almost 58% of rural households had no additional source of livelihood in 2017 compared to 53% from urban households. In 2017 compared to 2015, the share of urban and rural households that had no additional source of livelihood decreased by 12.5 and 2.1 percentage points, respectively (Table 8.5).

In all rounds of the survey except the fifth round, rural households were more likely than urban households to have relied on social assistance, and this differential was highest in 2011. In the fifth round, the situation reversed. In particular, urban households were more likely to rely on social assistance as an additional source of livelihood than rural households (Table 8.5).

Table 8.5: Additional sources of livelihood mentioned by members of households experiencing worsening economic circumstances in urban and rural areas in 2009, 2011, 2013, 2015, and 2017

	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
	2009		**2011**		**2013**		**2015**		**2017**	
Assistance in kind	26.8	17.0	17.8	23.7	27.0	23.6	17.6	15.9	20.0	14.9
Borrowing or dissaving	17.6	12.0	13.1	22.4	19.2	34.4	12.7	11.7	14.9	11.0
Renting or sale of goods	2.4	3.3	2.7	3.5	3.4	4.9	0.5	1.0	0.7	1.5

Charitable assistance	0.5	1.3	0.0	0.4	0.0	0.8	0.1	0.0	0.2	0.4
Social assistance	4.3	9.6	1.9	11.0	8.8	17.7	4.2	6.5	2.8	2.3
None	58.2	67.2	71.7	57.3	47.4	33.6	65.3	60.0	52.8	57.9
Unweighted number	**711**	**1,339**	**533**	**1,032**	**281**	**658**	**683**	**1,396**	**646**	**1,475**

Survey results show that in 2017, it is generally better-off households that have alternative sources of livelihood, particularly borrowing or dissaving. Interestingly enough, borrowing or dissaving (9.6%) in the poorest quintile exceeds social assistance (5.1%) as an additional source of livelihood. The percentage of households with no alternative support is 55.3% in the poorest fifth, compared to 50.7% in the richest fifth.

8.4 Alleviating the Impact of Worsening Economic Situations

The most frequent way in which respondents (mentioned in 54.1%) said they tried to alleviate the impact of their worsened economic circumstances was by changing food consumption (either reduced food consumption or started consuming cheaper food). Almost 21% of households changed their non-food consumption (either stopped buying some non-food items, started buying cheaper non-food items, or started buying second-hand items). In 24.1% of households, nothing specific was reported as helping to alleviate worsening economic conditions. Rural households were significantly more likely to have increased their subsistence production. Urban households, on the other hand, were more likely to have changed their use of education services (Table 8.6).

Table 8.6: Means used to alleviate the impact of worsening economic situations in urban and rural households reporting problems in 2017

	% of Urban households	% of Rural households	Total
Change in food consumption	55.5	52.7	54.1
Moving to find work	1.4	1.8	1.6
Increase in subsistence production	0.5	4.1 ***	2.3
Change in non-food consumption	21.8	19.8	20.8
Change in the use of educational services	4.7 ***	1.9	3.2
Change in the use of health services	3.5	4.8	4.2

Reduced use of private transport	0.5	0.5	0.5
None	23.6	24.6	24.1
Total number of households	646	1,475	2,121

*Note: ns = not significant; * p<0.05; ** p<0.01; *** p< 0.001; excludes all male households*

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 intake or buying cheaper food was a means used in 96% of households in the poorest quintile, compared to just over one-half of the most well-off group in 2011. In contrast, in 2013, the greatest difference across quintiles was observed for a change in non-food consumption. In 2015, change in food consumption was also the most frequent answer: 58.2% of the households in the first quintile used change in food consumption expenditure as a means of alleviating economic pressure, while in the highest quintile, this was used in 40% of households. With regard to the situation in 2017, a significant difference across consumption quintiles was again observed for a change in food consumption. About 57.2% of households in the first quintile used change in food consumption as a means of alleviating a worsening economic situation, while in the highest quintile, this was used in 41.1% of households (Table 8.7).

Table 8.7: Means used to alleviate the impact of worsening economic situations in households reporting problems across PAE consumption quintiles (1 = lowest) in 2017

	Quintile					Total
	1	2	3	4	5	
Change in food consumption	57.2	59.3	56.9	47.2	41.1	54.1
Moving to find work	1.3	1.2	2.0	1.8	2.3	1.6
Increase in subsistence production	2.5	1.6	2.1	2.5	3.7	2.3
Change in non-food consumption	19.6	24.2	21.9	20.0	15.6	20.8
Change in the use of educational services	1.7	2.3	3.5	4.7	6.0	3.2
Change in the use of health services	2.4	5.3	3.8	5.3	4.9	4.2
Reduced use of private transport	0.4	0.3	1.2	0.5	0.1	0.5
None	23.8	18.9	22.9	28.1	32.0	24.1
Total number of households (unweighted)	536	528	456	346	255	2,121

8.5 Debt and Borrowing

During the year preceding WMS 2017, nearly 32% of all households had borrowed money, which is less than 45% in 2015, 44% in 2013, 44% in 2011, and 36% in 2009. Among the types of borrowing, 1,629 were reported among 1,534 households. People in these households had most frequently borrowed from a bank or a pawn shop (80.9%). However, borrowing from a relative or friend (4.6%) and micro-finance organizations (8.7%) were the second-most frequent means of borrowing.

As shown in Table 8.8, since 2009, there has been a substantial decrease in people borrowing from friends, relatives and credit associations. At the same time, there has been an increase in households turning to banks or pawn shops for loans (Table 8.8).

Table 8.8: Sources of borrowing among crisis-affected households in the year before the survey (2009, 2011, 2013, 2015, and 2017)

Source	Number of loans	% Loans	% of Households 2017	% of Households 2015	% of Households 2013	% of Households 2011	% of Households 2009
Relative or friend	75	4.6	6.1	9.1	16.8	29.4	36.8
Private person or money lender	25	1.5	2.3	4.5	8.1	7	6.6
Bank or pawn shop	1318	80.9	84.9	80.3	71.8	60.4	48.7
Credit association	8	0.5	0.3	0.6	0.3	1.2	3.1
Shop	61	3.7	3.6	5.3	16.7	22.6	24.6
Micro-finance organization	142	8.7	10.1	8.3	4.1		
Total	1,629	100	n=1,534	n=2,021	n=1,598	n=1,667	n=1,773

The shift away from relatives and friends as a source of financial support is marked both in urban and rural areas. Results also show that the share of urban households using banks or pawn shops as a means of borrowing increased from 80.7% in 2015 to 83.5% in 2017. In urban areas, such households rose from 79.8% in 2015 to 86.6% in 2017 (Table 8.9).

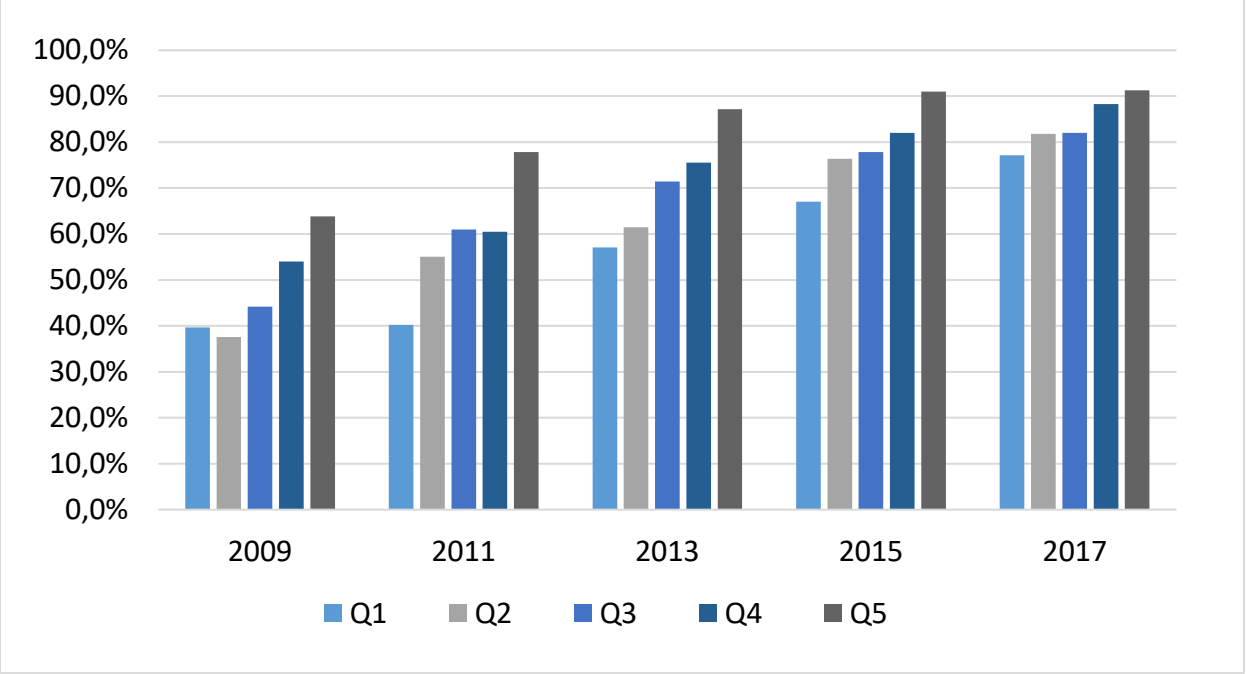
Section 4.1.3 shows that the percentage of households living below each of the three poverty thresholds is significantly higher in rural areas than in urban areas (except for extreme poverty in 2017). This may explain why families and friends are increasingly less able to provide support. For this reason, more households turned to formal sources of credit. In 35 cases, or 0.7% of all households, a relative or friend had been approached during the previous 12 months, but had not lent any money. In 12 of these situations, the reason given was insufficient income.

Table 8.9: Sources of borrowing among crisis-affected urban and rural households in the year before the survey (%)

Source	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
	2009		2011		2013		2015		2017	
Relative or friend	20.9	52.4	24.2	35.2	11.8	22.5	11.0	7.2	7.9	4.0
Private person or money lender	6.5	6.7	6.7	7.3	8.5	7.6	4.8	4.2	3.0	1.4
Bank or pawn shop	64.1	33.5	69.8	50.2	80.6	61.9	80.7	79.8	83.5	86.6
Credit association	6.1	0.1	1.7	0.7	0.1	0.5	0.3	0.8	0.2	0.6
Shop	12.9	36.1	13.4	32.7	12.0	21.9	5.6	5.0	3.5	3.8
Micro-finance organization					1.4	7.0	6.3	10.4	11.6	8.3
Total	**824**	**839**	**925**	**849**	**510**	**1,088**	**684**	**1,337**	**550**	**984**

Although the use of banks and pawnshops by households increased substantially in all consumption quintiles PAE since 2011, the poorest quintile has shown the highest increase. For instance, the share of households using banks or pawn shops in the poorest fifth has increased by 10.1 percentage points from 67.0% in 2015 to 77.1% in 2017. While in the richest fifth, the share of such households increased by 0.3 percentage points from 91.0% in 2015 to 91.3% in 2017. The implication of the resulting effect of interest rates on the ability of poor households to repay their loans is a cause for serious concern. Also, these results may be a good indicator for the increased indebtedness of households in Georgia (Figure 8.1).

Figure 8.1: The percentage of households borrowing money in each quintile that used banks or pawnshops in 2009, 2011, 2013, 2015, and 2017



In 7.4% of households (10.4% in 2015) that used banks or pawn shops as a means of borrowing, debts had not even been partially repaid. In urban areas, this figure is 7.3% (9.6% in 2015), and in rural areas, it is 7.5% (11.2% in 2015). In the lowest consumption quintile, 18.7% (25.6% in 2015) of households that borrowed money still had not repaid any of it at the time of the survey. In contrast, this figure was 3.4% (6.1% in 2015) of the households in the richest quintile. However, no information is available on the ages of the loans. It means that borrowing could have taken place at any time up to a year before the survey.

In 2017, only 5.4% (5.6% in 2015) of households managed to save money. Almost 23% of households save monthly, and 75% save 10% or less of their income.

8.6 Future Prospects

Among respondents of those households that did express an opinion how their economic situations were likely to change over the next 12 months, only 10.3% took the view that things would improve. This is a significant decrease from the 2015 figure (15.2%). A high proportion (58.2%) did not foresee any essential change, and about 24.2% anticipated worsening conditions. There is significant difference in the percentage of rural households (7.9%) and urban households (6.7%) that thought their economic situations would significantly worsen. Pessimistic views are still noticeably more apparent in lower consumption quintiles. For instance, about 30.3% of

households in the poorest fifth think that their economic situation will significantly worsen in the next 12 months, while this figure is 12.5% in the richest fifth (Table 8.10).

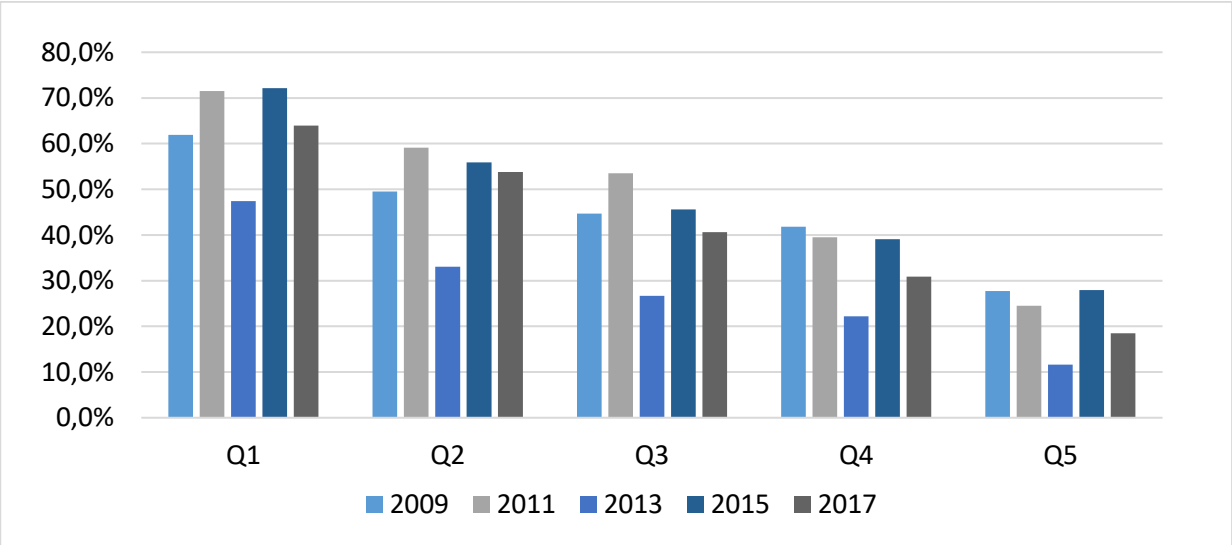
Table 8.10: Household opinions of their changing economic situations during the next 12 months by PAE consumption quintile in 2017 (n= 3,544[a])

	% of PAE consumption quintile					Total
Economic situation	1	2	3	4	5	
Will worsen	17.1	8.7	5.4	3.1	2.7	7.3
Will significantly worsen	30.3	31.6	27.4	20.2	12.5	24.2
Will not change essentially	48.2	54.8	58.1	63.1	66.0	58.2
Will improve	4.1	4.8	8.8	13.3	17.4	9.8
Will significantly improve	0.3	0.1	0.3	0.3	1.4	0.5
Total	100	100	100	100	100	100

Note: [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 72.1% in 2015 to 63.9% in 2017. With regard to the richest quintile, this figure decreased from 27.9% in 2015 to 18.5% in 2017 (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, 2015, and 2017)



Note: [a] Excludes those who answered 'Do not know' or who refused to answer.

Summary

Economic situations were reported as "worsening" over the previous year in 43.2% of households. This figure decreased since 2015, when it was 44.9%. For almost 50% of households, the economic situation has not changed over the previous year, and it has improved for only 4% of households.

A significant worsening of economic conditions is more common in the poorest quintiles compared to the richest quintiles. In the first two poorest consumption quintiles, a significant worsening of economic conditions was more common (23.7% and 13.1%) than in the richest fifth (3.9%). Moreover, the perceived improvement in economic conditions of households increases with consumption quintile. Only 1.9% of the poorest fifth of all households reports improved conditions, compared to 8.5% of the richest fifth.

Increased prices, serious illness, and a decrease in household income are the main reasons given by household members for worsening economic conditions. In 2017, increased prices, serious illness, and a decrease in household income remain as the major problems reported by 69.7%, 23.1% and 16.2% of households, respectively.

Alternative sources of livelihood are comprised mainly of assistance from relatives, friends, or borrowed money from financial institutions. In 2017, 55.4% of households faced with worsening economic situations had no alternative source of livelihood. However, of those households that mentioned it, 16.0% indicated assistance from relatives or friends, and 8.0% mentioned borrowing money from financial institutions.

Taking loans from banks and pawn shops considerably increased in the poorest quintile. Among the different types of borrowing, 1,629 were reported among 1,534 households (banks or pawn shops 80.3%; relatives/friends 6.1%, and micro-finance organizations 8.7%). It should be highlighted that the use of banks and pawn shops considerably increased in the bottom quintile.

The amount of the poorest households perceiving a high or a very high risk that the household will not be able to satisfy even its minimum needs during the next 12 months has decreased significantly. In the poorest quintile, households that perceive that they will not be able to satisfy their minimum needs over the next 12 months decreased from 72.1% in 2015 to 63.9% in 2017.

9. CHILD WELL-BEING

9.1 Child Poverty

In the WMS 2017 sample, 33.4% of households include at least one child under 16 years of age, and 50% of all households with children are situated in rural areas. Poverty rates for these children have increased for every threshold. As survey findings show, children are more likely to be poor than the general population or pensioners. In 2017, the extreme poverty rate for children in urban areas increased by 5.4 percentage points, and in rural areas by 3.2 percentage points. In contrast, the relative poverty rate for children went up by 7.7 percentage points in urban areas, while in rural areas it increased by 1.3 percentage points. The general poverty rate for children increased by 8.1 percentage points in urban areas and 3.2 percentage points in rural areas (Table 9.1).

Table 9.1: Changes in urban and rural child poverty rates in 2009, 2011, 2013, 2015, and 2017

		2009 % (Unweighted number of children= 3,258)	2011 % (Unweighted number of children= 2,713)	2013 % (Unweighted number of children= 2,374)	2015 % (Unweighted number of children= 2,939)	2017 % (Unweighted number of children= 2,805)
	Urban	10.0	6.4	5.8	2.1	7.5
Extreme	Rural	13.0	12.7	6.1	3.0	6.2
	Total	**11.5**	**9.4**	**6.0**	**2.5**	**6.8**
	Urban	19.6	19.7	22.6	22.1	29.8
Relative	Rural	37.6	31.0	31.9	32.1	33.4
	Total	**28.4**	**25.2**	**27.1**	**26.8**	**31.6**
	Urban	37.7	34.1	23.6	17.4	25.5
General	Rural	60.7	48.0	33.6	26.3	29.5
	Total	**49.0**	**40.9**	**28.4**	**21.7**	**27.6**

Material living conditions have improved 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% of children lived with families lacking five or more types of goods in 2009, the corresponding figure for 2011 was 8.9%. In 2013, this figure was 4.7%, in 2015 the figure went down to 2.8%, and in 2017 this figure was only 2.4% (Table 9.2).

Table 9.2: Children living in households lacking different numbers of types of durable goods in 2009, 2011, 2013, 2015, and 2017

Number of selected types of item lacked by household	% of all children living in such households				
	2009	2011	2013	2015	2017
0	10.0	12.6	16.9	21.9	21.4
1	16.1	21.0	26.0	28.9	27.7
2	15.8	19.1	25.1	23.7	28.0
3	19.3	19.6	17.0	14.5	14.0
4	17.9	18.9	10.3	8.3	6.4
5	14.7	6.2	3.9	2.3	1.6
6	5.1	2.3	0.7	0.5	0.8
7	1.1	0.4	0.1	0.0	0.0

Note: shaded cells indicate households lacking five or more types of goods.

Even though there was a significant drop recorded in the percentage of children living in problematic housing in 2017, the share of children living in households that have an earth floor or are small dwellings increased by 1.5 and 5.0 percentage points, respectively (Table 9.3).

Table 9.3: Children living in households reporting housing problems in 2009, 2011, 2013, 2015, and 2017

	% of all children living in such households				
	2009	2011	2013	2015	2017
Damaged, leaking roof	43.0	36.9	33.0	33.9	25.6
Damaged floor or walls	40.3	35.0	28.3	31.4	23.3
Earth floor	13.9	11.5	4.7	5.6	7.1
Damp dwelling	43.1	38.6	29.0	31.1	25.5
Broken windows	20.3	16.8	10.8	15.2	12.2
Noise	10.2	9.3	6.3	8.1	6.0
Dwelling too small	39.2	32.4	24.4	22.6	27.6

Table 9.4 summarizes the changes in multiple deprivation over the periods between WMS waves, highlighting the situation of children. In 2009, 13.1% 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% in 2011, to 2.9% in 2013, to 2.3% in 2015, and to 1.5% in 2017. While the lack of utilities and monetary poverty rates for children increased, double material deprivation, subjective poverty and social exclusion declined in 2017 (Table 9.4).

Table 9.4: Changes in multiple dimensions of poverty and social exclusion in 2009, 2011, 2013, 2015, and 2017

Dimension	Children in poor and deprived households (%)				
	2009	2011	2013	2015	2017
Extreme poverty	11.5	9.4	6.0	2.5	6.8
Relative poverty	28.4	25.2	27.1	26.8	31.6
General poverty	49.0	40.8	28.4	21.7	27.6
Double material deprivation	13.1	5.7	2.9	2.3	1.5
Subjective poverty	36.3	32.1	22.9	37.2	27.5
Social exclusion	8.6	6.7	5.6	8.1	2.9
Lack of utilities	60.3	59.8	53.7	53.9	58.1

Access to an adequate clean water supply is a fundamental need that has considerable health and economic benefits to households and individuals. The lack of access to adequate water contributes to death and illness, especially among 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, WMS 2017 shows that over 4% of children in rural Georgia live in households where there is no improved source of drinking water (Table 9.5).

More than 9% of children in urban areas and 33% in rural areas live in households with unimproved sanitation facilities. Many of these unimproved facilities consist of pit latrines with no slab (Table 9.6).

Table 9.5: Percentage of children in households with improved/unimproved water in 2017

Water source	Urban	Rural	Total
Piped on premises	92.3	62.8	77.1
Other improved	6.7	33.2	20.3
Unimproved	1.0	4.1	2.6
Unweighted n	893	1,912	2,805

Table 9.6: Percentage of children living in households with improved and unimproved sanitation facilities in 2017

Sanitation	Urban	Rural	Total
Improved	90.6	65.4	77.6
Unimproved	9.3	32.9	21.4
Shared	0.0	1.6	0.8
Open defecation	0.1	0.2	0.1
Unweighted n	893	1,912	2,805

9.2 Patterns of Income and Consumption

The patterns of income and expenditures in households with children differ from households without children. In particular, the total average household monthly income is 41.5% higher, and the average income from salaries is 53% higher in households with children than it is in households without children. When income is adjusted to the number of household members, the picture is reversed. PAE income is lower in households with at least one child, and the difference is remarkable in cases of social transfer: households without children receive on average 122.7 GEL PAE a month as social assistance, whereas the amount is 50.3 GEL on average for households with children (Table 9.7).

Table 9.7: Average total monthly household income (GEL) and income PAE by source in 2017 (n=4,697)

Source of income	Income			Income PAE		
	Without children	With children	Total	Without children	With children	Total
Salaries	342.5	523.2	402.8	167.2	162.2	165.5
Self-employment	115.3	210.7	147.1	55.4	63.6	58.2
Social transfers	174.5	169.9	173.0	122.7	50.3	98.6
Private transfers	6.5	4.9	6.0	5.4	1.8	4.2
Rental income	1.9	1.7	1.9	1.0	0.6	0.8
Foreign transfers	9.4	14.1	11.0	6.4	5.0	5.9
Other sources	27.9	34.7	30.2	16.6	11.4	14.9
Total	**678.1**	**959.2**	**771.9**	**374.7**	**294.9**	**348.1**

The trend is almost the same when we examine consumption patterns. Namely, average household consumption is 53.1% higher in households with children than it is in households without children. Despite this fact, PAE consumption is 16.3% lower in the households with children (Table 9.8).

Table 9.8: Average total monthly household consumption (GEL) and consumption PAE by category in 2017 (n=4,697)

Category of consumption	Consumption			Consumption PAE		
	Without children	With children	Total	Without children	With children	Total
Eating in the household	242.8	383.6	289.8	139.1	116.8	131.7
Long-term non-food	226.6	345.5	266.3	126.0	107.5	119.9
Education	18.1	30.2	22.1	6.9	9.5	7.8
Health care	66.5	73.0	68.7	42.8	22.1	35.9
Eating outside the home	20.8	32.6	24.7	11.2	10.1	10.8
Current non-food	95.1	160.6	117.0	51.3	49.7	50.8
Total	**670.0**	**1025.5**	**788.6**	**377.3**	**315.6**	**356.7**

9.3 Birth Registration

The number of children that 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 WMS 2011, 2013, 2015, and 2017. These figures show that the rates are not significantly affected by gender, location, womens' education, consumption levels, or nationality.

Table 9.9: Birth registration rates of children aged 0 to 59 months between 2005 and 2017

	% of births registered MICS 2005 (n=2,222)	% of births registered WMS 2011 (n=888)	% of births registered WMS 2013 (n=788)	% of births registered WMS 2015 (n=972)	% of births registered WMS 2017 (n=893)
Gender					
Male	91.6	98.1	99.4	99.7	98.5
Female	92.3	99.0	99.9	99.5	98.6
Location					
Urban	96.6	98.7	99.6	99.7	98.3
Rural	87.1	98.3	99.7	99.5	98.7
Age					
0-11 months	91.7	99.0	99.8	98.6	97.5
12-23 months	93.7	100.0	99.5	99.6	98.6
24-35 months	90.7	95.4	100.0	100.0	99.6
36-47 months	92.1	99.5	98.9	100.0	99.4
48-59 months	91.5	100.0	100.0	99.6	97.2
Mother's education[a]					
Below secondary	na	100.0	100.0	100.0	100.0
Secondary	86.3	98.1	99.0	98.8	98.8
Vocational	95.0	97.0	100.0	100.0	99.5
Higher	96.2	99.5	100.0	100.0	97.8
Wealth index quintiles[b]					
Poorest	89.1	98.8	98.9	98.7	98.7
Second	83.7	97.8	100.0	99.7	99.3
Middle	89.8	98.1	100.0	100.0	99.4
Fourth	96.7	99.5	99.5	100.0	99.0

Richest	98.0	98.4	100.0	100.0	95.7
Nationality of the head of the household					
Georgian	94.1	99.0	99.9	99.8	98.4
Azerbaijani	72.7	96.6	97.1	99.1	100.0
Armenian	89.8	95.5	100.0	100.0	98.0
Other Ethnic	96.9	100.0	100.0	91.0	100.0
Total	91.9	98.5	99.6	99.6	98.5

Note: [a] WMS 2011, 2013, 2015, and 2017 data is based on highest educational level of all women in the household; [b] WMS 2011, 2013, 2015, and 2017 data is based on consumption quintiles.

9.4 Preschool and School Attendance

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

Among children aged 3-5 years-old in the WMS 2017 sample, 63.7% attended kindergarten. The vast majority of kindergarteners (98.8%) attended a public institution and only 1.2% went to a private one. Of those attending kindergarten, 42.7% were three-year-olds, 73.3% were four-year-olds, and 74.4% were five-year-olds. There was no significant difference in the attendance rates for girls (66.5%) and boys (61.3%). 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 establishment in 2011, 2013, 2015, and 2017

Type of kindergarten	**% of 3-5-year-old children attending**			
	2011	**2013**	**2015**	**2017**
Public	36.6	52.7	60.3	62.9
Private	4.4	5.2	2.0	0.7
Total	41	57.9	62.3	63.7

The overall kindergarten attendance rate of 3-5 year-olds in urban areas is higher than in rural areas. In particular, 57.5% of children attend kindergarten in urban areas, and 42.5% in rural areas (Table 9.11).

Table 9.11: Urban/rural pre-school attendance rates of 3-5 year olds in 2017

	% of 3-5-year-old children attending
Location	
Urban	57.5
Rural	42.5

Children from better-off households have better access to pre-school services than do children from poor households. Table 9.12 shows that while 71.3% (69.9% in 2015) of 3 to 5 year-old children in the richest fifth of households attended kindergarten, the figure for the poorest fifth is 57.7% (51.8% in 2015).

Table 9.12: Kindergarten attendance of 3-5 year-olds by consumption quintile of household (PAE) in 2017 (n=553)

Quintile group	Total number attending kindergarten	%	% of girls	% of boys	% in 2015
1 (Poorest)	82	57.7	55.9	59.1	51.8
2	68	58.7	67.0	52.8	62.4
3	63	63.6	73.7	54.4	66.2
4	59	73.7	79.9	69.6	67.9
5 (Richest)	49	71.3	64.4	82.1	69.9
Total	**321**	**63.7**	**66.5**	**61.3**	**62.3**

According to WMS 2017, the state fully funded 97.6% of all 3-5 year-old children attending kindergarten, whereas households fully funded 2.5% of the children. In the poorest consumption quintile PAE, the state fully funded 98.6% of kindergartners, whereas households fully funded only 1.4% of the children in the same quintile group.

When looking at reasons for not attending kindergarten, about 8.9% of children aged 3 to 5 (about 14,000 children) do not attend preschool service due to an absence of kindergartens in their district. The absence of infrastructure is a common problem in rural areas. Almost 5.1% of children in the same age group do not attend preschool service because of the absence of vacant places in existing kindergartens. Moreover, about 4.5% of urban children are on a waiting list due to non-availability of vacant places, compared to 5.5% of rural children (Table 9.13).

Table 9.13: Reasons for not attending kindergarten by 3-5 year-olds by locality in 2017

	Urban	Rural	Total
Goes to Kindergarten	78.0	51.0	63.7
He/she is too young	6.9	12.6	9.9
There is no kindergarten in our district	0.0	16.8	8.9
The kindergarten is far away	0.0	3.7	1.9
We cannot afford the fee/we have no means	0.4	0.9	0.6
We have a person in the family who takes care of a child	3.0	2.6	2.8
We have a person from another family who takes care of a child	0.0	0.0	0.0
There is no kindergarten for children of her/his age	0.8	1.3	1.0
We are on a waiting list	4.5	5.5	5.1
Other	1.6	1.9	1.8
Difficult to answer	4.9	3.7	4.3
Total	100	100	100

A repeated analysis to include children aged 3 to 6 at the time of the survey produces the results shown in Table 9.14. Among children aged 3 to 6 in the WMS 2017 sample, 65.3% attended kindergarten. Attendance rates are higher in better-off households and the difference is statistically significant (p= 0.0317).

Table 9.14: Kindergarten attendance of 3-6 year-olds by consumption quintile of household (PAE) in 2017 (n=712)

Quintile group	Total number attending kindergarten	%	% of girls	% of boys	% in 2015
1 (Poorest)	107	59.0	61.5	57.2	56.4
2	97	60.1	66.4	55.4	64.8
3	84	67.3	76.3	58.1	70.5
4	75	74.9	79.9	72.0	69.0
5 (Richest)	65	73.5	67.8	81.9	73.2
Total	**428**	**65.3**	**68.9**	**62.3**	**65.6**

There is almost no difference in terms of school attendance among seven year-olds when comparing the poorest and richest groups. Among this group, 96.4% attended school: 96.3% of girls and 96.4% of boys. The gender effect is not significant, and there is no significant variation by consumption quintile either (Table 9.15).

Table 9.15: School attendance of seven year-olds by consumption quintile of household (PAE) in 2017 (n= 379)

Quintile group	Total number attending school	%	% of girls	% of boys	% in 2015
1 (Poorest)	102	95.1	94.7	95.7	94.5
2	87	97.7	98.5	97.1	94.1
3	72	96.2	96.8	95.6	99.3
4	69	97.0	100.0	94.8	99.5
5 (Richest)	49	96.2	93.0	100.0	97.7
Total	**379**	**96.4**	**96.3**	**96.4**	**96.9**

WMS 2017 results show no statistical difference in girls and boys attending primary or secondary school, although location is a significant factor for secondary school attendance: 91.0% of children aged 15-18 from urban areas attend secondary or tertiary school, while the same rate for rural children is only 82.4% (Table 9.16).

Table 9.16: Primary and secondary school attendance rates in 2017

	Primary school attendance	Secondary school attendance	
	Age 6-12	Age 12-15	Age 15-18
	(n=1068)	n=(486)	n=(575)
Gender			
Female	97.4	97.5	86.6
Male	96.9	97.7	86.6
Location			
Urban	97.6	97.6	91.0
Rural	96.7	97.5	82.4
Total	**97.1**	**97.6**	**86.6**

The formal education attendance rate significantly differs between the poorest and the wealthiest quintiles. As shown in Figure 9.1, in the early years of life, children from less wealthy families tend not to attend preschool or primary school. Nearly 81% of worse-off children aged 15-18 attended school, whereas in the wealthiest quintile, 98% of the same age group continues to pursue an education. It means that very fifth poor child aged 15-18 is no longer involved in education. The difference becomes more evident after the age of 18, when children from poor households drop out of educational institutions, probably to help their families economically. Only about 5% of 20-year-olds from the poorest quintile attended some type of educational institution versus 77% from the richest quintile. Interestingly, some youngsters from the poorest quintile are returning to formal education, probably after becoming stronger economically (Figure 9.1).

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 three or four years of life, and that 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.

Table 9.17 presents a mixed indicator related to activities that promote learning, school readiness and ownership of books for children aged 36 to 59 months. An adult is engaged in more than four activities that promote learning and school readiness in 86.3% (82% in the poorest quintile and 96% in the richest quintile) of children aged 3-5 years (Table 9.17). However, the father is only involved in at least one of these activities for 46.7% of the children. There are no gender differentials in terms of the father's engagement with children, though a slightly higher proportion of adults engaged in activities with female children (88.7%) than male children (84.1%). 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).

Table 9.17: Percentage of children aged 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= 371)

	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	three or more children's books
Sex				
Male	84.10	49.32	5.08	59.17
Female	88.74	43.63	5.20	58.36
Area		46.65		
Urban	88.75	47.92	5.31	66.30
Rural	84.25	45.61	4.99	52.64
Age				
36-47 months	88.13	42.48	5.21	58.61
48-59 months	84.44	50.82	5.06	58.98
Wealth index quintiles				
Poorest	82.14	34.21	4.84	36.21
Second	80.60	45.42	4.88	47.83
Middle	85.39	51.71	5.14	67.97
Fourth	92.56	60.18	5.56	75.76
Richest	96.11	50.67	5.56	87.82
Total	**86.28**	**46.65**	**5.13**	**58.79**

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 other reading, such as older siblings doing school work. The presence of books is important for later school performance IQ scores. In Georgia, only 59% of children aged 36-59 months have three or more children's books, including only 36% from the poorest and 88% from the richest groups. This means that six in ten children from poor families have either no access or insufficient access to children's books. In addition, urban children (3-5 years-old) appear to have significantly more access to children's books (66.3%) than those living in rural households (52.6%) (Table 9.17).

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 22.8% 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 old, only 32.3% of children are developmentally on track in literacy-numeracy. Of those children aged 3-5 attending early childhood education, 28.3% are developmentally on track in literacy-numeracy compared to 15.3% of those not attending an educational institution (Table 9.18).

The remaining indicators - child's development in physical, social-emotional, and learning domains - are much higher than the literacy-numeracy development indicator. About 98.9% of children aged 3-5 are developmentally on track in the physical domain, meaning that the child can pick up a small object with fingers, such as a stick or a rock from the ground, or is not sometimes too sick to play (Table 9.18).

The social-emotional domain is at 96.1%, and this domain 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. Among children, 94.4% 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 (Table 9.18).

According to the definition, 92.8% of children aged 3-5 years are developmentally on track in at least three of the four domains. There is only a 1.5 percentage point difference in the ECD index between those attending kindergarten (93.4%) and those not attending (91.9%) (Table 9.18).

Table 9.18: Percentage of children aged 36-59 months who are developmentally on track in literacy-numeracy, physical, social-emotional, learning domains, and the early child development index score (n=371)

	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	22.66	98.80	95.56	92.91	90.50
Female	23.03	99.00	96.65	96.03	95.32
Area					
Urban	27.41	100	96.50	96.54	95.96
Rural	19.08	97.98	95.71	92.59	90.13
Age					
36-47 months	13.33	98.33	95.00	91.04	89.89
48-59 months	32.32	99.45	97.13	97.69	95.63
Attendance to early childhood education					
Attending	28.31	99.19	96.22	95.75	93.40
Not attending	15.26	98.49	95.85	92.46	91.87
Wealth index quintiles					
Poorest	24.34	98.51	97.44	93.78	93.78
Second	14.57	98.64	93.61	91.54	87.57
Middle	35.17	100	94.72	95.14	94.68
Fourth	22.59	98.90	98.53	96.27	94.80
Richest	15.86	98.62	95.35	96.23	92.96
Total	**22.83**	**98.89**	**96.07**	**94.37**	**92.76**

Finally, inadequate care of a child is defined as children left alone or in the care of another child younger than 10 years of age for more than one hour at least once in the past week. The share of children aged 3-5 left alone or left in the care of another child under 10 years old for more than one hour at least once during the past week are presented in Table 9.19. Almost 7.1% of children (around 11,000) aged 3-5 were left in inadequate care during the week leading up the survey. Urban households tend to leave young children alone more than rural households (10.9% vs. 3.8%), and well-off households in the fourth quintile (12.7%) tend to leave children alone more than other wealth groups.

Table 9.19: Percentage of children aged 3-5 who were left alone (n= 539)

	Percentage of children aged 3-5		
	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	2.4	7.3	7.5
Female	5.4	2.0	6.7
Area			
Urban	5.6	7.0	10.9
Rural	2.2	3.0	3.8
Wealth index quintiles			
Poorest	4.4	4.2	6.9
Second	5.8	6.1	7.9
Middle	0.4	0.6	1.0
Fourth	5.7	7.9	12.7
Richest	1.5	6.1	7.7
Total	**3.8**	**4.8**	**7.1**

Summary

Consumption poverty among children is on the rise, while non-monetary indicators of child poverty have improved. In the WMS 2017 sample, 33.4% of households include at least one child under 16 years of age, and 50% of all households with children are situated in rural areas. As survey findings show, children are more likely to be poor than the general population or pensioners. The material living conditions of children have improved in terms of durable goods in households, and there are substantial reductions in the proportion of children living in dwellings that are in poor condition. Subjective poverty and social exclusion have also decreased for children, however, monetary poverty indicators are on the rise in 2017. Furthermore, 4.1% of children in rural Georgia live in households in which there is no improved source of drinking water. Almost 9.3% of urban children live in households with unimproved sanitation facilities vs. 32.9% of rural children. Households without children receive an average of 122.8 GEL PAE/month as social assistance, whereas households with children receive an average of 50.5 GEL PAE/month. Average household consumption is 53% higher in households with children than it

is in households without children. In contrast, PAE consumption is 19.5% lower in households with children.

Due to the absence of kindergartens, around 14 000 children do not attend preschool. Among children aged 3-5 years in the WMS 2017 sample, 63.7% attended kindergarten, and the vast majority of kindergarteners attended public institutions. The overall kindergarten attendance rate of 3-5 year-olds in urban areas is higher than in rural areas (78% vs. 51%). While almost 71.3% of 3-5 year-olds in the richest fifth of households attended kindergarten, only 57.7% in the poorest fifth attended kindergarten. Among all children aged 3-5, 8.9% did not attend preschool services due to the absence of kindergartens in their districts. The absence of infrastructure is more common in rural (16.8%) areas, and because of the absence of places in existing kindergartens, nearly 5.1% of all children are unable to attend.

School attendance in mandatory education is 97%; however, every fifth poor child aged 15-18 is no longer involved in education. The formal education attendance rate significantly differs between the poorest and wealthiest quintiles. Children from poor households tend not to attend preschool or primary school. Nearly 81% of worse-off children aged 15-18 attended school, whereas in the wealthiest quintile, 98% of the same age group continues to pursue an education. The difference becomes more evident after the age of 18, when children from poor households drop out of educational institutions. Only about five percent of 20-year-olds from the poorest quintile attended some type of educational institution, versus 77% from the richest quintile.

Six in ten children from poor families have no access or insufficient access to children's books. An adult is engaged in more than four activities that promote learning and school readiness for 86.3% (82% in poorest and 96% in richest) of children aged 3-5, however, the father is only involved in at least one of these activities 46.7% of the time. In Georgia, only 59% of children aged 36-59 months have three or more children's books, including only 36% from the poorest and 88% from the richest groups. In addition, urban children appear to have more access to children's books (66.3%) than those living in rural households (52.6%). Survey results show that 92.8% of children aged 3-5 are developmentally on track based on the Early Childhood Development (ECD) index.

Finally, inadequate care is more prevalent in urban households than in rural households. Almost 7.1% of children (around 11 000) aged 3-5 were left in inadequate care during the week leading up the survey. Urban households tend to leave young children alone more than rural households (10.9% vs. 3.8%). Additionally, well-off households in the fourth quintile tend to leave children alone more than other wealthy groups.