

THE WELFARE

MONITORING SURVEY
SUMMARY

2015



70 YEARS
FOR EVERY CHILD



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UNICEF
9, Eristavi str. 9, UN House
0179, Tbilisi, Georgia
Tel: 995 32 2 23 23 88, 2 25 11 30
e-mail: tbilisi@unicef.org
www.unicef.ge

Acknowledgements

The author: Anastasia Mshvidobadze, UNICEF consultant.
Contributors: Tinatin Baum (Social Policy Specialist, UNICEF Georgia), Martin C. Evans (UNICEF New York), Joanne Bosworth (UNICEF, Geneva) Cesar A. Cancho (Economist, World Bank Group).

The findings, interpretations and conclusions expressed in this paper are those of the author and do not necessarily reflect the policies or views of UNICEF.

Cover photo: Vakhtang Khetaguri

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

There were several **major economic developments** revealed through this most recent survey. Some of the most important developments included that real GDP growth rates declined by almost 50% from 2014. However, total GDP increased 8.6%, reaching a total of 29.1 billion GEL. These gains were offset however due to exchange rate depreciation, as nominal GDP in USD decreased by 2.6 billion GEL in 2015. The survey also revealed that unemployment in Georgia fell by over 2% from 2013-2014. It should be noted that unemployment remains four times higher in urban areas compared with rural areas. This is largely thought to be attributed to widespread self-employment in the agricultural sector. Young people appear to be the most disproportionately affected with unemployment rates of nearly 31% in 2014.

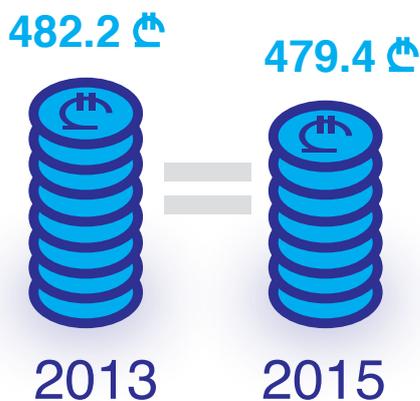
Average nominal salaries rose slightly in 2014 reaching 818 GEL. Men were the greater beneficiaries of this trend, as their wages increased to 980 GEL compared to women's wages (617.9 GEL). The subsistence minimum for working-aged men was 155.6 GEL in 2015.

With regard to **income and consumption**, the average monthly household nominal income for 2015 was 608.9 GEL¹, compared to 562.2 GEL in 2013. This income was higher in urban areas (755 GEL) compared with rural areas (457 GEL). After adjusting for inflation, average household total income decreased over the past two years. With regard to average household PAE income, although in nominal terms it has increased slightly over the last two years totalling 265.2 GEL PAE in 2015, (a 10 percent increase from 2013), when adjusting for inflation, there is no significant change. On average, urban areas have (PAE) incomes 65 percent higher than their rural counterparts. Average nominal **household monthly consumption** increased by 22.4 percent from 2013 to 2015. The average **total income** of household constitutes a 74 percent of **average consumption**. The **income inequality** increased in the whole country from 0.41 to 0.43, however **consumption inequality** has not changed.

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

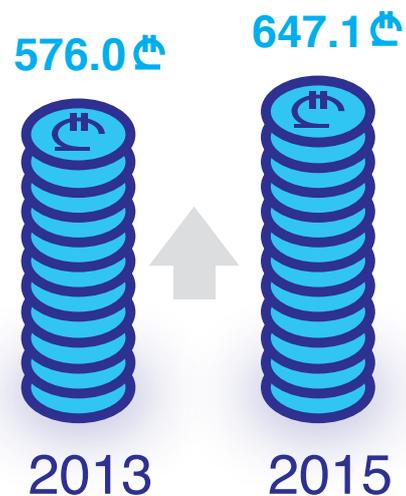
Average household Income

Not changed



Average household consumption

Increased



People spend more without having more money

Real (2009 price)

Poverty

Data regarding **monetary poverty** was also revealed during the survey. Overall there is a declining trend for all poverty thresholds, except for relative poverty. With regard to extreme poverty (1.25 USD per day threshold, corresponding to 77.6 GEL PAE per month), 1.7% of all households, 2.1% of the population, 1.7% of pensioners and 2.5% of all children live below the extreme poverty line. As far as **relative poverty** (60% of median consumption corresponding to 171.8 GEL PAE per month), the share of households and population below this poverty line increased from 20.1 percent to 20.7 percent and from 22.9 to 23.1 percent respectively. The percentage of children living in poor households fell slightly from 27.1 percent to 26.8 percent. The share of pensioners under the relative poverty line also increased from 18.7 to 19.3.

With regard to **general poverty** (2.5 USD per day threshold, corresponding to 155.1 GEL PAE per month) 16.4 % of households, 18.4% of the population, 15% of pensioners 21.7% of all children live under the general poverty line in Georgia. As far as the **subsistence minimum**, which corresponded to 139.8 GEL PAE per month, in 2015, 11.9% of all households, 13.3% of the population, 10.5% of pensioners and 15.6% of children lived under that threshold. **Even though there has been a substantial decline in the share of children living under the subsistence minimum, every sixth child lives in a household where the minimum needs of the household members are not met.**

In 2015, 38.5 percent of all households included at least one child. In all four rounds of the survey, poverty rates were higher in households that had children in them than in those without. As the number of children in the household increases, poverty rates measured on the relative and general thresholds all remain significantly higher.

Using the relative poverty line as an example, 24.5% of households with one or two children live in poverty. This figure rises significantly to almost 32% for households with three or more children. The survey revealed **two other interesting findings**: For every threshold, the percentage of children living in poor households remains higher than the headcount for the whole population, and higher than the rate of pensioners. In addition, lower poverty rates for households, population and children are all generally associated with higher levels of education attained by adults in the household, and a household member who is receiving

regular paid work reduces the risk of relative child poverty by more than twice.

Material deprivation: in 2015 only 5.6% of households were deprived. However, material deprivation still affects more pensioners (5.5%) than children (2.8%) or the population as a whole (3.3%). However, over the last two years, material deprivation has fallen across all groups. With regard to **housing deprivation**, this is significantly worse in rural areas compared with urban areas. In addition, the percentage of children living in households suffering housing deprivation has increased by 5.3 percentage points, from 17.9% in 2013 to 23.6% in 2015. Even though there was a decline in consumption poverty, people's perception of **subjective poverty** has worsened: 36 percent of the population vs 24.3 percent, 37.2 percent of all children vs 22.9 percent and 40.1 percent of all pensioners vs. 25.8 percent in 2013.

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

Water and sanitation was another problem that was reported. In 2015, 5% of the population live in households with no access to improved water, and 24% live in households with no access to improved sanitation. **Social exclusion** was also an issue. At the household level, there haven't been improvements in any aspect of social exclusion since 2013, except in the households having problems in accessing access to social assistance that declined by 3 percentage points from 2013 to 2015. The share of households experiencing problem in access to healthcare increased from 39.7 to 44.1 percent, the share of households with limited access to credit also increased. Children were still disproportionately represented in households where adult educational needs were unsatisfied. Conversely, pensioners are more prevalent in households with lack of land ownership and employment. Overall in 2015, it was found that in 2015, 5% of all households were socially excluded, including 5.7% of the total population, 8.1% of all children and 5.4% of all pensioners.

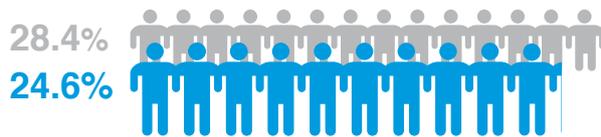
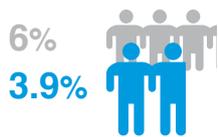
Characteristics of newly poor households

Panel households that have fallen below the relative poverty threshold since 2013 are on average significantly more likely to live in rural areas and are more likely to experience deprivation in other dimensions as well. For example, such households are three times more likely to also experience material deprivation. With regard to **movement across consumption quintiles**, 44% of first quintile panel households in 2013 remained in the first

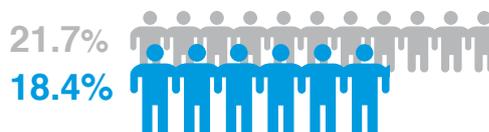
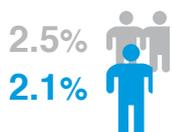
quintile in 2015, whereas 8% and 10% of them moved to the fourth and fifth quintiles respectively in 2015. When comparing the dynamics of households, population, children and pensioners, **poor children** are the least dynamic group: the highest share of children from the first quintile in 2013 remained in the first quintile in 2015 (56%) and the lowest (6%) moved to the fifth quintile.

Extreme Poverty

General Poverty



2013



2015

Social transfers

In Georgia, pensions are available to all people of pension age (men over 65 and women over 60). The country's monthly budget for pensioners was 113,808,541 GEL in 2015 and was received by 705,122 people in Georgia. **Targeted Social Assistance** (TSA) is the chief cash benefit available for families experiencing financial and material hardship. In 2015 it was 21,403,154 GEL per month. As of September 2015, 516,071 households (1,597,511 people corresponding to around 43% of population) were regis-

tered in the unified database for socially vulnerable families in Georgia, however the TSA was received by only 10% of population. Nearly two thirds of all households received some form of social transfer in 2015. **Children** have the highest share (40.1%) of not receiving any benefit. In 2015, 56.3% of households were in receipt of a pension, and TSA receipts decreased from 13.8% to 11.3%¹ of households². The number of families receiving categorical benefits over the same period increased slightly to 6.9%.

² For comparison with the previous rounds of the survey, this figure is based on TSA households where the amount received is known.

Comparison of Income, Consumption with Subjective Poverty levels



Subjective Poverty



Income



Consumption



2013

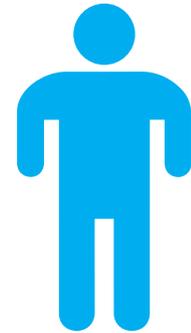


2015

Impact of pensions and TSA on poverty

Over half (57.4%) of all households in Georgia include at least one person of pension age. 56.3% of households received pensions in 2015. In households that include people of pension age the average amount of pension received was 194.8 GEL per month per household. In households with a single pensioner, the average total pension received constitutes 50.9% of mean consumption, and in households with more than one pensioner, it constitutes 57%. Additionally, in 2015, 38.5% of households contained at least one child. At least one pensioner resided in at least half of these households. On the other hand, 57.4% of households have at least one pensioner, and one third of them have a child as a family member. 18.6% of all households in Georgia contain both a pen-

sioner and a child. If pension income was removed from household consumption, extreme poverty among pensioners would have risen sharply from 1.7% to 26.2% and among children from 2.5% to 7.5%. Pensions have the highest impact on pensioners. As for TSA, 64.8% of all **TSA** paid goes to households in the poorest decile, and on average they receive 73.3 GEL PAE. This constitutes 34.9% of household consumption PAE on average. Most importantly, If TSA income is removed from the household consumption value used to calculate poverty rates, those rates would increase. If there were no social transfers in the form of TSA, extreme poverty among children would rise from 2.5 to 8.9, and pensioners 1.7 to 4.7. TSA has the **highest impact** on children.



Pensioners

Children

Population

Social Protection: Effect of Pensions

Pensions have the highest impact on Pensioners and the lowest on Children

Extreme Poverty	from 1.7 to 26.2	from 2.5 to 7.5	from 2.1 to 11.1
General Poverty	from 15 to 49.4	from 21.7 to 30.7	from 18.4 to 31.9

Social Protection: Effect of TSA

TSA has the highest impact on Children

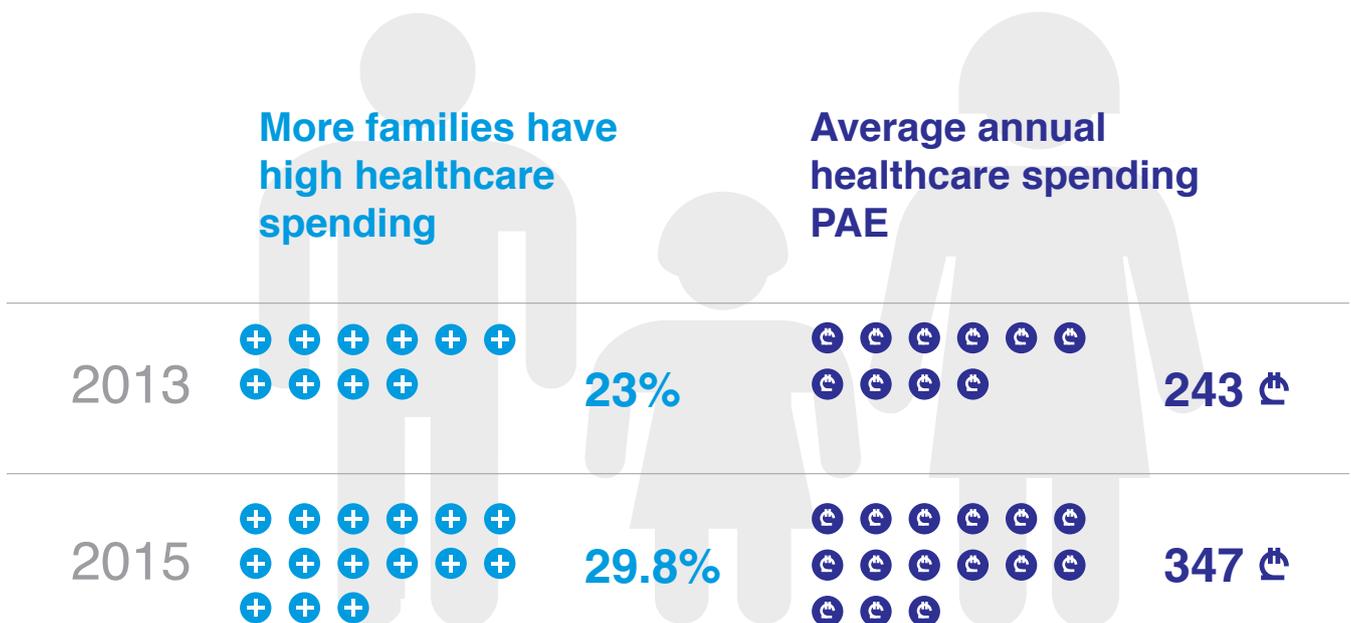
Extreme Poverty	from 1.7 to 4.7	from 2.5 to 8.9	from 2.1 to 6.3
General Poverty	from 15 to 18.6	from 21.7 to 25.9	from 18.4 to 21.7

Healthcare

In 2013, the government of Georgia introduced the **Universal Healthcare Program**, which guarantees state support to all citizens in need of medical treatment. In Georgia, the universal healthcare program offers various sub-health packages. About 50% of the population is covered by basic universal health coverage, and about a fourth of the population benefits from age-specific universal health coverage. The third most common type of health coverage is provided through a universal-targeted program for TSA recipients. Corporate, employer-sponsored or private insurance is more common in urban areas than it is in rural areas. Almost 7% of the population are unaware of their health coverage plans and mistakenly assume that they are not enrolled in any of them.

With respect to health, the mean annual household expenditure on healthcare in 2015 was 346.8 GEL per equivalent adult (median 177 GEL), which marks a sig-

nificant increase from the 243 GEL recorded in the 2013 survey. In other words, the study demonstrates a 31 percent increase of average household spending (PAE) on healthcare since 2013. The proportion of healthcare expenditures also increased from 7 percent to 8.1 percent of all household expenditures over the same period. Although, an average healthcare spending as percentage of all consumption (8.1) is still below 10 percent (considered to be catastrophic), the percentage of households that have experienced catastrophic expenditure went up from 23 (in 2013) to 29.8 percent of all households (in 2015). One of the main reasons for this increase is the cost of medicines. Indeed, the percentage of households that consider paying for medical services to be their main problem has almost halved since 2013 (went down from 53.24% to 30.62%), but the percentage of those struggling to purchase medicines has increased considerably. This increase is especially pronounced in the poorest quintile.



Household coping strategies

A worsened economic situation was reported by 44.9% of households in 2015, compared to 24.8% in 2013. Increased prices, serious illness and a decrease in household income were reported as the main drivers for this change. Taking a loan was reported as one of the household coping strategies. 2,198 types of borrowing were reported among 2,021 households (banks or pawn shops 80.3%; relatives/friends 9.1% and micro-financing organizations 8.3%). Use of banks and pawn shops substan-

tially increased in the bottom quintile, which also poses concerns about the ability of the poorer households to repay their loans. As for the future prospects, from those households who had an opinion about this, only 15.2% stated that things would improve compared to 38% in 2013. This is also the lowest percentage since 2009. On the other hand, households who perceive that will not be able to satisfy their minimum needs over the next 12 months increased from 47% in 2013 to 72% in 2015.

Child development

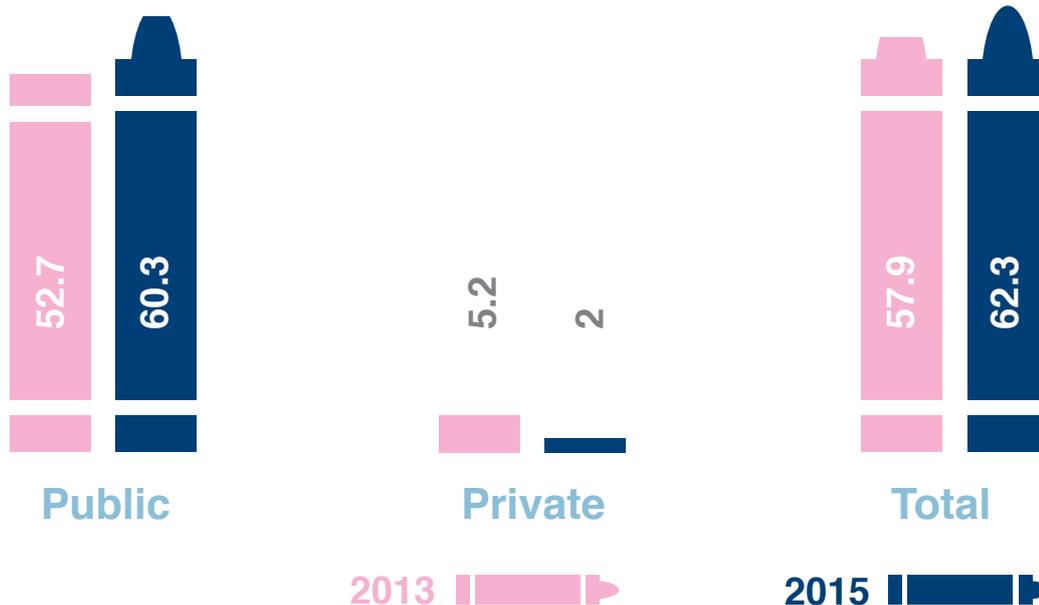
38% of households in the WMS 2015 sample include at least one child under 16 years of age, and 46.8% of all households with children are situated in rural areas. Children are still more likely to be poor than the general population or pensioners. In fact, child poverty rates are about 50% higher in rural areas than they are in urban areas. The material living conditions of children have improved significantly in terms of durable goods in households, but there are no significant reductions in the proportion of children living in dwellings that are in

poor condition. In fact, only the size of the dwelling became marginally less of a problem for households with children. While the material and monetary poverty rates for children are decreasing, subjective poverty and social exclusion are on the rise in 2015.

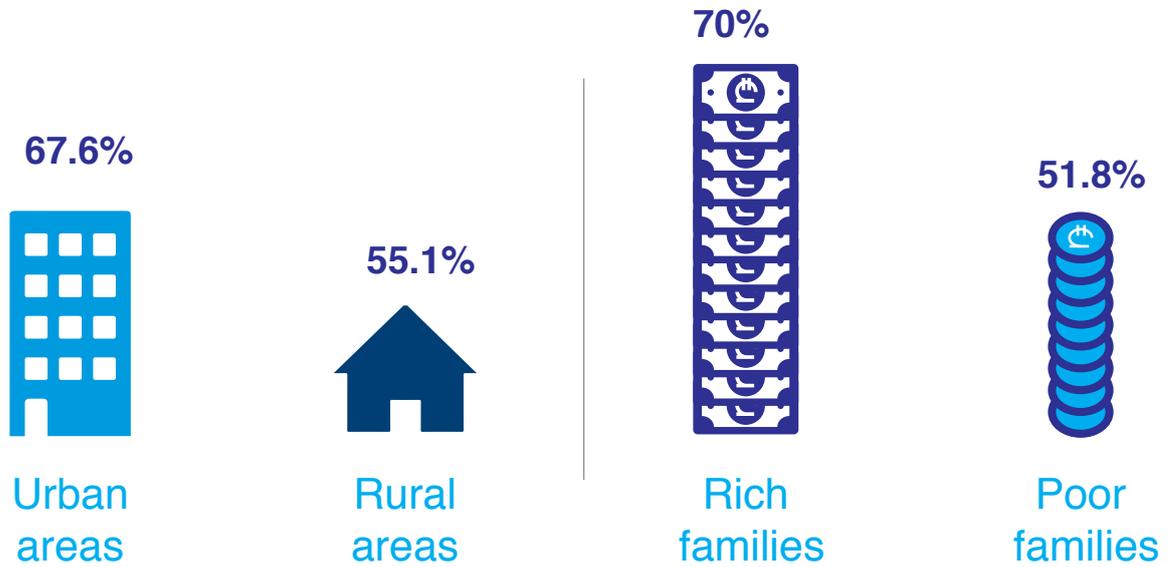
In addition, 6% of children in rural Georgia live in households where there is no improved source of drinking water. Almost 7% of urban children live in households with unimproved sanitation facilities vs 41.3% of rural

Preschool attendance

3-5 year olds



Preschool attendance



children. Many of these unimproved facilities consist of pit latrines with no slab. PAE income is lower in households with at least one child, and the difference is remarkable in the case of social transfers: households without children receive on average 97.9 GEL PAE/month as social assistance, whereas the amount is 39.9 on average for households with children. Average household consumption is 50% higher in households with children than it is in households without. However, PAE consumption is 20% lower in households with children.

Of the 3-5 year-olds in the WMS 2015 sample, 62.3% attended kindergarten during the academic year before the survey. Almost all kindergarteners attended public institutions. The overall kindergarten attendance rate of 3-5 year-olds in urban areas is higher than in rural areas (67.6% vs 55.1%). While almost 70% of 3 to 5-year-olds in the richest fifth of households attended kindergarten, only 51.8% in the poorest fifth did. 18% of all children aged 3 to 5 do not attend preschool services due to the absence of kindergartens in their districts, or the absence of open places in existing

School Attendance

Urban Areas



Rural Areas



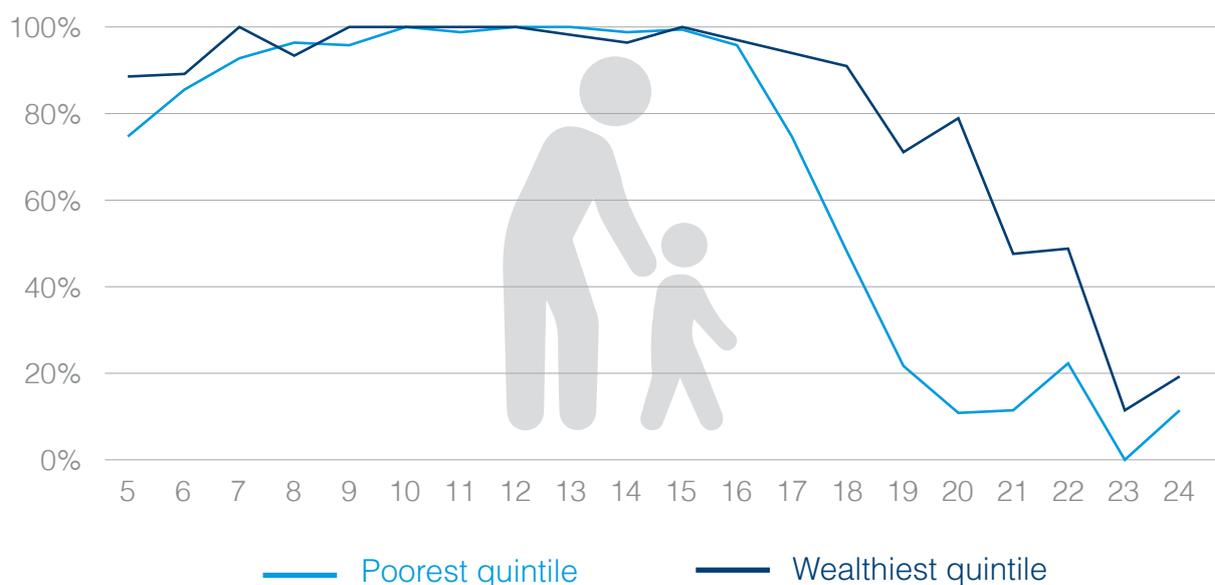
kindergartens. The absence of infrastructure is more common in rural (20.7%) areas as opposed to urban areas (1.9%).

An adult engaged in more than four activities that promote learning and school readiness in 83.3% of children aged 3-5 years-old. However, the father's involvement in at least one of these activities is the case only 34.7% of the time. There are no **gender differentials** in terms of fathers' engagement with children. Adult engagement in activities with children was greatest in Samegrelo (100%) and lowest in Mtskheta-Mtianeti (66.5%). In Georgia, only 58% of children aged 36-59 months have three or more children's books. And while almost no gender differentials are observed, urban children appear to have more access to children's books (73.7%) than do those living in rural households (40.4%). Additionally, 88.4% of children aged 3-5 years are developmentally on track based on ECD index.

With regard to **inadequate care** (defined as children left alone or in the care of another child younger than 10 years of age more than one hour at least once in the past week), 6.4% of children in this age group were left in inadequate care during the week prior to the survey. The highest share of 3 to 5 year-old children left alone at home was in the Kvemo Kartli, Imereti and Shida Kartli regions. Rural households tend to leave young children alone more than urban households. The wealth of the household does not seem to play any role.

Lastly, there is no difference in terms of school attendance among 7 year-olds when comparing the poorest and richest, location or gender groups. However, in secondary education 95.1 % of children from urban areas attend school compared with 87.7%. Also, 79% of the poorest quintile attends school compared to 96% of the richest. As for tertiary, 16% of the poorest pursue some kind of education compared to 62% of the richest.

Child Wellbeing – School Attendance



Recommendations:

Georgia is making significant progress in addressing poverty through social transfers, especially pensions and targeted social assistance. The poverty indicators have decreased, but children still remain the most vulnerable group. Looking ahead, as the country seeks to rejuvenate inclusive economic growth and bring about poverty reduction, Georgia's social protection system must respond to the vulnerabilities experienced by its people – especially children.

1. Protecting children living in poverty from multiple deprivations:

Children living in poverty are disproportionately at risk of lower performance in education, dropping out of school, and have poorer health outcomes. To combat social exclusion, it is important to develop a strategy for children's rights, one that is multi-sectoral, and aligned with the Convention on the Rights of the Child.

2. Protecting the chronically poor, as well as children who live in poverty:

The social protection system is geared towards effectively reaching those in chronic poverty. The recent efforts to improve targeting methodology and expand benefits are welcome. Yet, the share of children living in poor families is higher than the share of the overall population living below the poverty line. The current social protection system is limited in its ability to reach them. Therefore, additional well-designed benefits are needed to help those children escape poverty, and act as a measure to prevent the intergenerational cycle of poverty and deprivation into which children and families fall.

3. Preventing a slide into poverty for families that face life-changing events:

While Targeted Social Assistance is geared toward reaching the chronically poor, it does not provide an effective safety net to more than half the population that could be vulnerable. Therefore, it needs to be ensured that vulnerable families are reached with the safety nets in a timely manner so that they can adequately cope with life-changing events, such as unemployment or illness, without sliding into poverty. One group particularly vulnerable is youth, who not only make the transition to the labour market, but also start establishing their own families. This group faces high unemployment rates at a time when they are also having children, which could make them vulnerable to the prospect of sliding into poverty.

4. Improved regular data collection to better target and protect the chronically poor, as well as children who live in poverty:

Steps need to be taken in order to improve targeting of the most vulnerable groups – especially children. More robust data collection methodologies and practices could contribute to the improved targeting of the most vulnerable in the community. Quality, analysis and the use of disaggregated data on childcare

and the social protection system needs to be improved. The impact of the social protection programmes on the wellbeing of vulnerable children needs to be assessed.

5. Improved access to medicines to ensure improved maternal and child health:

Improved access to medicines for mothers and their children through subsidised schemes of developed basic packages produced by reliable suppliers that meet international standards for manufacturing pharmaceutical products need to be available in order to reduce risks associated with maternal and child health and reduce morbidity and mortality from common illnesses. This can be accomplished by ensuring equal access to essential medicines and encouraging the appropriate use of medicines, whilst assuring their quality.

6. Strengthening National Health Accounts Systems:

National Health Accounts System provides a standard framework for producing a set of comprehensive, consistent and internationally comparable accounts to meet the needs of public and private-sector health analysts and policy-makers. The quality and transparency of the National Health Accounts system should be strengthened for better policy-making.

7. Early and Preschool education law to be implemented for ensuring access to quality and inclusive preschool education for every child:

While the attendance of young children in preschools increased over the last few years, almost half of all children in Georgia do not have access to early childhood education. Inequities persist with significantly lower attendance rates for children living in rural areas, children living in poverty, children with disabilities and ethnic minority children. The recently-adopted (June 2016) Law on Early and Preschool Education and Care guarantees free preschool education for every child, and introduces national standards and the preschool authorization system. Implementation of the law will require increased investment in the sector, the capacity-building of municipal governments and strengthened systems for quality in-service and pre-service training programmes for early childhood educators.

8. Establishing mechanisms to reduce the potential drop-out rates within the education system:

The National Education Management Information System does not report the number of out-of-school children and children at-risk of dropping out. Anecdotal evidence indicates that the main reasons for drop-out at the secondary level can be attributed to extreme poverty, low skills, poor level of motivation of children to learn, and child marriage. Mechanisms regulating the potential drop-out rates need to be established. Second Chance Education Programmes should be introduced in formal and non-formal education institutions to ensure that out-of-school children can enter or re-enter quality and inclusive education.

