



MILLENNIUM DEVELOPMENT GOALS IN GEORGIA

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Tbilisi 2004



Foreword letter of the Prime Minister of Georgia

Georgia is in the process of building modern European state. This long-term endeavor requires equally strong commitment from the Government and the society at large. The objective of the inevitable reforms should be the eradication of social disintegration caused by already deep-rooted poverty. The same goal is set in the government's programme for 2004-2009 that aims at strengthening and uniting Georgia through economic growth, long-term stability and European integration.

The first national report of Georgia on Millennium Development Goals emphasizes the necessity and inescapability of such approach. The report clearly defines the directions that the development policy of the country should take. Georgian society has proved in recent months that it possesses the capacity to set and successfully implement such ambitious targets.

Zurab Zhvania
Prime Minister of Georgia

Foreword letter by UN Resident Coordinator



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

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

Part of the work of these persons was to successfully customize the targets and indicators created at the international level, in order to best fit the circumstances of Georgia. They then focused their attention on determining how well Georgia is doing in meeting these important goals, targets and indicators.

As described in more detail in the Report, the overall picture for Georgia is of concern. For some areas, such as universal primary education, Georgia is doing relatively well. However, in many areas progress towards achieving the Millennium Development Goals by 2015 is not sufficient. An important example is Goal 1 – that of halving the percentage of the population living in poverty. Unfortunately, the percentage of persons living in poverty has actually increased since the baseline year of 2000.

Thus, much hard work is needed to accelerate progress towards meeting these Millennium Development Goals. The good news is that Georgia today has an unprecedented opportunity to shake off the adverse legacies of its past. What is needed is to effectively channel the popular energy and optimism, government commitment to fundamental reforms, and good donor support that characterize the current post-Rose Revolution context. This must be done in ways that produce major and sustained economic development, and that ensure that such development is driven not just by the interests of the strong, but also by the interests of the poor.

To implement such a vision, the Millennium Development Goals for Georgia provide clear and crucial priorities for action. On behalf of the United Nations system in Georgia, I would like to reaffirm our commitment to working with all the development partners to help Georgia attain these Goals.

A handwritten signature in dark ink, reading "Lance Clark".

Lance Clark

UNDP Resident Representative
UN Resident and Humanitarian Coordinator

List of Acronyms

BCG	Bacillus Calmette-Guerin, anti-tuberculosis vaccine
CIS	Commonwealth of Independent States
CSOs	Civil Society Organisations
CSWs	Commercial sex workers
DAC	Development Assistance Committee
DOTS	Directly Observed Treatment Short Course
DPT	Diphtheria, pertussis (whooping cough) and tetanus vaccine
ECTS	European Credit Transfer System
EDPRP	Economic Development and Poverty Reduction Programme
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEL	Georgian Lari
GFAMT	Global Fund to Fight Against AIDS, Malaria and TB
GNI	Gross National Income
GSP	General System of Preferences
HIPC	Highly Indebted Poor Countries
ICCIDD	International Council for Control of Iodine Deficiency Disorders
ICTs	Information and Communication Technologies
IDD	Iodine Deficiency Disorders
IDPs	Internally Displaced Persons
IDUs	Injecting drug users
IFAD	International Foundation for Agricultural Development
IMF	International Monetary Fund
IQ	Intellectual quotients
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
MMR	Measles, mumps and rubella vaccine
NGO	Non Governmental Organization
NMCP	National Malaria Control Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPV	Oral polio vaccine
PPP	Purchasing Power Parity
PRGF	Poverty Reduction and Growth Facility
RDA	Recommended daily allowances of macronutrients
SDS	State Department of Statistics
TB	Tuberculosis
TRIPS	Trade-related aspects of intellectual property rights
UN	United Nations
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNCEF	United Nations Children's Fund
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UN-Habitat	United Nations Human Settlements Programme
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

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EXECUTIVE SUMMARY

This national baseline report is Georgia's first effort in monitoring its commitment to the Millennium Declaration through implementation of Millennium Development Goals (MDGs). The report adapts global goals and targets to national priorities and local conditions in respective areas. It suggests that Georgia has to intensify its attempts in order to arrive by 2015 at the required levels of targets specified within its development agenda.

This is especially crucial in regard to Goal 1, which relates to the reduction of extreme poverty and, in Georgian context, the improvement of the population's diet composition and social and economic reintegration of the internally displaced population (IDPs and ecological migrants¹). The report makes use of two poverty lines, one at the official subsistence level and the other at the extreme poverty line. The targets for reduction by 2015 are set at 20-25% and 4% of the total population respectively. Available data indicates that the current trend in poverty eradication is going in the wrong direction, with an increasing percentage living in poverty. A considerable share of the population is living in deteriorating conditions. The Food and Agriculture Organisation (FAO) standards place Georgia's nutrition level in the risk zone. The unbalanced diet of the impoverished is imposing a threat to the overall health of the population and a risk of human resource deterioration. The IDPs are isolated from society, have limited access to employment, live in inadequate conditions and receive inefficient social assistance.

Goal 2 in original wording relates to universal access to primary education. Owing to the Soviet legacy universal primary school enrolment in Georgia is achieved, but currently the education system is experiencing sharp deterioration. The scope and the quality of knowledge provided by the system falls short of the present day requirements due to scarcity and inadequate mechanisms of financing (budget expenditure/GDP² ratio - 1.6-2.1%); cumbersome and centralised system of management; unavailability of curricula, textbooks and technical base; irrelevant standards; outdated system of teachers' retraining; subjective system of student's assessment and marking; no links to the labour market and higher and vocational education policies; etc. Consolidated education statistics are urgently needed to improve analysis of the sector. New targets that aim at improvement of quality and institutional set up of the education system are suggested.

The internationally set Goal 3 relates to gender disparities in primary and secondary education. In Georgia gender equality at all levels of education is supported by the Constitution and the target appears to have been achieved before independence. In the Georgian context this Goal has been modified to aim at promoting the equal position of men and women in society. The analysis suggest that women in Georgia have limited access to managerial positions both in civil service and private sector, they are under-represented in local and central elected bodies (only 7% in the national Parliament), and their remuneration is usually lower. Gender stereotypes prevail when it comes to protection of women's rights. Despite the gender-neutral legislation the institutional set-up does not provide adequate leverage to promote and enforce women empowerment policies. Thus, new MDG targets are identified - achieving equality in employment and achieving equal participation in the political sphere and in all levels of management.

Goal 4 aims at reducing child mortality. The assessment of child mortality data in Georgia is discouraging. The infant mortality rate and child mortality rate in the country are high compared to European states. This can be attributed to the lack of access to safe childbirth practices and overall inefficiency of the public health care system. Goal 5 is devoted to improvement of maternal health. Georgia's maternal mortality ratio (51.2 in 2003) remains high if compared to European countries due to high maternal death rate in labour, lack of qualified medical personnel during delivery and poor equipment of maternity wards. New tendencies of maternal deaths resulting from poverty-related

¹ Casualties of natural disasters that were forced to displace.

² Gross Domestic Product.

delivery at home, or after abortion complications are emerging. Georgia is facing the threat of depopulation due to the low birth rate, general rise in the death rate, high child and maternal mortality and substantial out-migration. The attainment of Goals 4 and 5 will depend on implementation of priority interventions and improvement of state health insurance programmes. The analysis is complicated by the deficient system of birth and death registration and database discrepancies. Harmonisation of statistical databases is urgently required.

Combating HIV/AIDS, malaria and other diseases is the main focus of Goal 6. Georgia is an HIV/AIDS low prevalence country, but virtually all factors contributing to a potential rapid spread of the infection are in place. The legislative constraints to working with high-risk groups, scarcity of budget financing, low public awareness and multi-sector co-ordination impose certain constraints in implementing preventive interventions. Malaria had been eradicated, but recently due to failure to carry out prevention measures a number of cases were reported. Currently the situation is under control. Outbursts of tuberculosis (TB) occurred in 1992-1996, and improvements upon the introduction of a state programme per World Health Organization (WHO) strategy of Directly Observed Treatment Short Course (DOTS) been achieved.

Goal 7 calls for ensuring environmental sustainability. In Georgia environmental protection and sustainable development aspects are integrated into national policies and programmes. Problems include weakness of planning and implementation of environmental measures; increased impact on natural resources; population's low environmental awareness and participation in decision-making; weak law enforcement; and inefficient monitoring systems. Access to safe drinking water is a problem due to uneven natural distribution of water resources and under-funding and lack of maintenance of water supply systems, causing degradation of quality control and creating a menace to the population's health. Target attainment depends on greater independence of water supply services, enhanced financial planning and management capacity, and engagement of private sector actors into management of water supply and sewage systems in major cities. After privatisation of municipal housing in the 1990s state municipal programmes practically discontinued. Illegal construction, squatting, eviction, homelessness, and "slumerisation" of multi-storey houses are on the rise. The legal and regulatory base is imperfect and city planning deficient. IDP migration and earthquakes further aggravate the situation. Statistical data is scarce and of questionable reliability. Systemic development of urban indicators is an important task for the state. The Government also needs to develop strategies for municipal programmes consistent with the social protection policies.

Goal 8 relates to the global partnership for development and calls on the developed countries to support the developing ones in their efforts to achieve MDGs. Georgia has demonstrated certain progress in creating environments conducive to the development of such partnerships. It has liberalized trade and joined the World Trade Organization (WTO). The Georgian banking system, though still only 15% of GDP, has become an important component of the economy. Prudent monetary policy enables the National Bank to manage the inflation processes, maintain exchange rate stability and achieve good progress in banking sector consolidation and expansion. The insurance market is developing. Georgia has committed to and created considerable potential for deployment and systematic use of Information and Communication Technologies (ICTs) in its development plans. However, the country is facing the burden of excessive external debt liabilities that amount to 53% of GDP as of 2003. Despite some successful rounds of restructuring (including Paris Club negotiations) there is still a need for more concessional terms and another round of Paris Club negotiations.

INTRODUCTION

On 8 September 2000, the heads of state and governments of 147 nations assembled in New York for the United Nations (UN) 8th Plenary Session and endorsed the UN Millennium Declaration. The Declaration places emphasis on world peace, security and development and encompasses principles underlying environmental protection, human rights and effective governance. The Declaration spells out the Millennium Development Goals (MDGs) to guide a comprehensive and broad-based programme to overcome the root causes of poverty and substantially reduce it by 2015. Each of the eight goals has specific targets, whereas their monitoring is to be performed based on relevant indicators.

Georgia, as one of the signatories of the Millennium Declaration, made a commitment to integrate the Millennium Development Goals within its national development strategies, and report periodically on the status of their attainment.

Considering these commitments, the Presidential Decree of 26 August 2003 led to the establishment of the Governmental Commission for Elaboration of the Report on the Realisation of the Millennium Development Goals headed by the State Minister. Five working groups were identified to focus on specific development goals: poverty and development, education, health care, environment, gender equality and women's empowerment. The working groups comprise representatives of relevant ministries and agencies, as well as experts from non-governmental and international organisations. Following the peaceful revolution of November 2003 the new government reconstituted and transformed the Commission into a permanent one (Government Resolution #7 of March 31, 2004).

The Commission adopted 2000 as the baseline year for MDG monitoring purposes, compared to the internationally set baseline of 1990. This was to avoid the establishment of unrealistically ambitious targets and the distortion of post Soviet reality. Consensus reached in the process of developing the report served to modify and add a number of targets, particularly relevant to the country's contemporary context. Of special note in this regard is Target 3 that envisions the socio-economic rehabilitation of populations affected and displaced due to conflicts and natural calamities, and their full integration into society. A number of additional indicators were identified that will facilitate monitoring of specific target implementation.

Work on the report revealed a number of problems caused by the lack of an adequate information base. It should be emphasised, however, that in the process of implementing Georgia's Economic Development and Poverty Reduction Programme (EDPRP), efforts should continue to upgrade the information base and develop an improved schedule of indicators, bringing them into line with MDG indicators. This will allow closer monitoring for the attainment of the goals enunciated in the UN Millennium Declaration and, hence, to create a more refined system of reporting.

Millennium Development Goals Internationally and in Georgia

Goals		Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted
Goal 1: Eradicate extreme poverty and hunger	Goal 1: Eradicate extreme poverty	Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	Target 1: Halve, between 2000 and 2015, the proportion of people living below the poverty line	<ul style="list-style-type: none">- Proportion of population below \$1 per day (Purchasing Power Parity [PPP]-values)- Poverty gap ratio [incidence x depth of poverty]- Share of poorest quintile in national consumption	<ul style="list-style-type: none">- Proportion of population below the poverty line- Proportion of population in extreme poverty- Poverty gap ratio (official poverty)- Poverty gap ratio (extreme poverty)- Share of poorest quintile in national consumption
		Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Target 2: Halve, between 2000 and 2015, the proportion of people that have unbalanced diets	<ul style="list-style-type: none">- Prevalence of underweight children (under-five years of age)- Proportion of population below minimum level of dietary energy consumption	<ul style="list-style-type: none">- Prevalence of underweight children (under five years of age)- Energy consumption specifically of the destitute- Proportion of macronutrients consumed against Recommended Daily Allowances (RDA)- Proportion of the household income allocated to food
			Target 3: Ensure socio-economic rehabilitation and civil integration of population affected and displaced as a result of conflicts and natural calamities		<ul style="list-style-type: none">- Employment/unemployment indices- Poverty indicators- Income indicators (sources and amounts of income)- Expenditure indicators (structure and size of expenditures)- Habitat indicators (number of rooms, ownership, total area, availability of public utilities, etc.)- Demographic indicators (average size, gender/age structure of the family, etc.)

Millennium Development Goals Internationally and in Georgia (continued)

Goals		Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted
Goal 2: Achieve universal primary education	Goal 2: Ensure coherence of Georgian educational systems with educational systems of developed countries through improved quality and institutional set up	Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Target 4: By 2015 maintain universal primary education; ensure the transformation of school education into 12 year cycle; inclusion into the International Systems of School Education Quality Assessment; achievement of institutional coherence with modern school education systems	<ul style="list-style-type: none"> - Net enrolment ratio in primary education - Proportion of pupils starting grade 1 who reach grade 5 - Literacy rate of 15-24 year olds 	<ul style="list-style-type: none"> - Net enrolment ratio in primary education - Proportion of pupils starting grade 1 who reach grade 5 - Inclusion into the international system of education quality assessment and the results of such assessments
			Target 5: By 2015 ensure establishment of accreditation system for tertiary education institutions; achievement of institutional coherence with modern tertiary education systems		<ul style="list-style-type: none"> - Increased harmonisation and coherence with the study programmes of European and American institutions
			Target 6: By 2015 ensure the transformation of vocational education into the one focused on labour market needs; facilitate the establishment of institutional support to private sector development in vocational education		<ul style="list-style-type: none"> - Training and re-training programmes - Increase of the employment coefficient (proportion of students employed after graduation)

Goals			Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	
			<p>Target 7: By 2015 ensure the function of inclusive and integrated educational programmes; incorporate the principles of inclusive education into national study programmes</p>			<ul style="list-style-type: none"> - Role of inclusive education in study programmes and the practice of their implementation
Goal 3: Promote gender equality and empower women	Goal 3: Promote gender equality and empower women	<p>Target 4: Eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015 (not relevant to Georgia)</p>	<p>Target 8: Ensure gender equality in employment</p>	<ul style="list-style-type: none"> - Ratio of girls to boys in primary, secondary and tertiary education - Ratio of literate females to males of 15-24 year olds - Share of women in wage employment in the non-agricultural sector - Proportion of seats held by women in national parliament 	<ul style="list-style-type: none"> - Labour market profile in the prism of gender parameters - Comparison between males' and females' average wages - Rehabilitation/development of social aid system - Number of pre-school institutions 	
			<p>Target 9: Ensure equal access to activity in the political domain and all levels of management</p>			
						<ul style="list-style-type: none"> - Proportion of women in senior positions in the Executive branch - Proportion of women in local governments - Government institutions that focus on gender equality issues - Proportion of seats held by women in national parliament

Millennium Development Goals Internationally and in Georgia *(continued)*

Goals			Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	
Goal 4: Reduce child mortality	Goal 4: Reduce child mortality	Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Target 10: Reduce by two-thirds, between 2000 and 2015, the under-five mortality rate	<ul style="list-style-type: none">- Under-five mortality rate- Infant mortality rate- Proportion of 1 year old children immunised against measles	<ul style="list-style-type: none">- Under-five mortality rate- Infant mortality rate- Proportion of children immunised against measles (13 month-olds and under 2 years)	
Goal 5: Improve maternal health	Goal 5: Improve maternal health	Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	Target 11: Reduce by three-quarters, between 2000 and 2015, the maternal mortality ratio	<ul style="list-style-type: none">- Maternal mortality ratio- Proportion of births attended by skilled health personnel	<ul style="list-style-type: none">- Maternal mortality ratio- Proportion of births attended by skilled health personnel	
Goal 6: Combat HIV/AIDS, malaria and other diseases	Goal 6: Combat HIV/AIDS, malaria and other diseases	Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS	Target 12: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS	<ul style="list-style-type: none">- HIV prevalence among 15-24 year old pregnant women- Contraceptive prevalence rate- Number of children orphaned by HIV/AIDS	<ul style="list-style-type: none">- HIV incidence (new cases)- Percentage of injecting drug users (IDUs) among HIV positive persons- Condom prevalence rate- Number of children orphaned by HIV/AIDS	
		Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases	Target 13: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases	<ul style="list-style-type: none">- Prevalence and death rates associated with malaria- Proportion of population in malaria risk areas using effective malaria prevention and treatment measures- Prevalence and death rates associated with tuberculosis- Proportion of TB cases detected and cured under DOTS (Directly Observed Treatment Short Course)	<ul style="list-style-type: none">- Malaria prevalence rate- Death rate associated with malaria- Proportion of population in malaria risk areas using effective malaria prevention and treatment measures- TB incidence rate- TB mortality rate- TB case detection rate- Proportion of TB cases treated under DOTS (Directly Observed Treatment Short Course)	

Goals		Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted
Goal 7: Ensure environmental sustainability	Goal 7: Ensure environmental sustainability	Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Target 14: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	<ul style="list-style-type: none"> - Proportion of land area covered by forest - Land area protected to maintain biological diversity - GDP per unit of energy use (as proxy for energy efficiency) - Carbon dioxide emissions (per capita) [Plus two figures of global atmospheric pollution: ozone depletion and the accumulation of global warming gases] 	<ul style="list-style-type: none"> - Proportion of land area covered by forest (%) - Land area protected to maintain biological diversity (ha) - GDP per unit of energy use (kg oil equivalent / 1000\$) (GDP in nominal values) - Carbon dioxide emissions (per capita) - Use of ozone depleting substances (kg/per capita)
		Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water	Target 15: Halve, by 2015, the proportion of people without sustainable access to safe drinking water	<ul style="list-style-type: none"> - Proportion of population with sustainable access to an improved water source 	<ul style="list-style-type: none"> - Proportion of population with sustainable access to an improved water source
		Target 11: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	Target 16: Harmonisation of the housing sector with international standards, including the development of municipal (social) tenure component	<ul style="list-style-type: none"> - Proportion of people with access to improved sanitation - Proportion of people with access to secure tenure 	<ul style="list-style-type: none"> - <i>The indicators have to be developed</i>

Millennium Development Goals Internationally and in Georgia (continued)

Goals		Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted
Goal 8: Develop a Global Partnership for Development	Goal 8: Develop a Global Partnership for Development	Target 12: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system	Target 17: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system	Official Development Assistance <ul style="list-style-type: none"> - Net Official Development Assistance (ODA) as percentage of Development Assistance Committee (DAC) donors' Gross National Income (GNI) [targets of 0.7% in total and 0.15% for LDCs] - Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation) - Proportion of ODA that is untied - Proportion of ODA for environment in small island developing states - Proportion of ODA for transport sector in land-locked countries 	<ul style="list-style-type: none"> - Not applicable for Georgia
		Target 13: Address the Special Needs of the Least Developed Countries (LDCs)	Not applicable for Georgia		<ul style="list-style-type: none"> - Not applicable for Georgia
		Target 14: Address the Special Needs of landlocked countries and small island developing states	Not applicable for Georgia	Market Access <ul style="list-style-type: none"> - Proportion of exports (by value and excluding arms) admitted free of duties and quotas - Average tariffs and quotas on agricultural products and textiles and clothing - Domestic and export agricultural subsidies in Organisation for Economic Cooperation and Development (OECD) countries - Proportion of ODA provided to help build trade capacity 	<ul style="list-style-type: none"> - Not applicable for Georgia

Goals		Targets		Indicators	
Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted	Internationally Set	Georgia Adjusted
		Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	Target 18: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term	Debt Sustainability <ul style="list-style-type: none"> - Proportion of official bilateral Highly Indebted Poor Countries (HIPC) debt cancelled - Debt service as a percentage of exports of goods and services - Proportion of ODA provided as debt relief - Number of countries reaching HIPC decision and completion points 	<ul style="list-style-type: none"> - <i>Not applicable for Georgia</i>
		Target 16: In co-operation with developing countries, develop and implement strategies for decent and productive work for youth	<i>Not applicable for Georgia</i>	<ul style="list-style-type: none"> - Unemployment rate of 15–24 year olds 	<ul style="list-style-type: none"> - <i>Not applicable for Georgia</i>
		Target 17: In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries	<i>Not applicable for Georgia</i>	<ul style="list-style-type: none"> - Proportion of population with access to affordable essential drugs on a sustainable basis 	<ul style="list-style-type: none"> - <i>Not applicable for Georgia</i>
		Target 18: In co-operation with the private sector, make available the benefits of new technologies, especially information and communications	Target 19: Ensure improved accessibility to communication systems countrywide, minimise digital inequality between urban and rural areas	<ul style="list-style-type: none"> - Telephone lines per 1000 people - Personal computers per 1000 people 	<ul style="list-style-type: none"> - Telephone lines per 1000 people - Personal computers per 1000 people

BRIEF OVERVIEW OF COUNTRY'S DEVELOPMENT

Following its independence in 1991, Georgia suffered a dramatic socio-economic downturn. Macroeconomic stabilisation and systemic transformation commenced in 1994, with the government's adoption of the anti-crisis programme supported by International Financial Institutions. The main thrust of the reform was seen in the transformation of monetary policy and drastic fiscal adjustment, accelerated privatisation, reforms of health care, education and social protection, liberalisation of economic activity and trade, as well as price liberalisation.

Implementation of these measures brought about a degree of macroeconomic stabilisation that enabled the government to introduce the national currency, the Lari (GEL). Inflation was brought under control, declining from hyperinflationary levels of over 13,000% in 1993 to 7.3% in 1997. Macroeconomic stabilisation entailed the growth of economic activity. Compared to earlier periods, in 1995 the budget deficit/GDP ratio decreased almost threefold. Average annual GDP growth in 1996-1997 was 10%. The same period showed a rise in tax revenues. In 1996 tax revenue collection amounted to 11.1% of GDP. In 2002 the figure increased to 15.6%. However, budget revenue/GDP ratio is still low.

The 1998 financial crisis in Russia, the largest trade partner of Georgia, sent shock waves over the Georgian economy causing a marked impairment in the country's macro-economic situation. The rate of GDP growth in 1999 fell to 2.9% from 10.5% in 1997, with a subsequent decrease to 1.8% in 2000. Inflation in 1999 surged to 19.2%, but decreased to 4% in 2000. GDP growth resumed in 2001 and amounted to 11.1% in 2003. However, this rise was due to significant Foreign Direct Investment (FDI), mainly in pipeline construction, that had little effect on wealth distribution and the investment climate of the country.

In 2003, Georgia's total foreign debt was US \$1,853 million, or 53% of GDP. In 2001 Georgia faced a heavy external debt service burden that seriously jeopardised the country's credit standing. Agreement reached in the Paris Club with bilateral lenders significantly relieved the country's financial situation, though external debt service is expected to remain an acute problem in the near future. Georgia will again have to rely on co-operation with the Paris Club to have its bilateral credits rescheduled on concessionary terms.

Leadership changes brought about by the 2003 Rose Revolution enabled the establishment of a new framework for the consolidation of national identity. The government committed itself to restore territorial integrity and develop the country as a modern European state. The reform priorities of the government may be listed as follows:

- Fostering economic growth;
- Improving the business environment;
- Implementation of targeted employment policies and poverty eradication;
- Creation of equal economic and social opportunities in all regions;
- Guarantees of uninterrupted power supply for paying customers;
- Ensuring universal access to basic healthcare;
- Strengthening educational standards;
- Increasing investment in education and science;
- Enforcement of high standards for the protection and sustainable use of natural resources;
- Promotion of public input in decision making.

The government's Reform and Development Programme for 2004-2009 declares the priority sectors of the economy as energy, transportation and communications, tourism, agriculture, banking and light industry.

Despite certain positive developments, Georgia's overall socio-economic situation remains difficult. Rapid and sustainable economic growth and a significant improvement in the population's social situation are still to be achieved. The priority focus should be on extremely impoverished people, as well as other marginalised groups.

The existing situation and the relevance of issues facing Georgia guided the development of a long-term comprehensive strategy document, the Economic Development and Poverty Reduction Programme. This envisions phased, targeted and co-ordinated policies by the state.

Table 1: Major Socio-economic Indicators for Georgia, 1997-2003

	1997	1998	1999	2000	2001	2002	2003
Real GDP (change, %)	10.5	3.1	2.9	1.8	4.8	5.5	11.1
Consumer Price Index (change, %, previous year average)	7.1	3.6	19.2	4.0	4.7	5.6	4.8
Overall Tax Revenue (% of GDP)	15.4	14.8	14.6	15.0	15.6	15.1	14.8
Overall Public Expenditure (% of GDP)	20.5	20.3	21.0	18.7	18.6	18.8	17.6
Education	2.0	2.1	2.1	2.1	2.0	1.8	1.6
Health Care	1.1	0.7	0.6	0.9	0.8	0.8	0.7
Social Protection	4.2	4.4	4.7	4.3	3.8	4.0	4.0
Housing and Municipal Services		0.1	0.1	0.1	0.1	0.1	
Overall Budget Deficit (% of GDP)	4.6	4.9	5.5	3.4	2.3	3.4	2.3
External Debt (US \$ million)	1,412	1,627	1,635	1,556	1,602	1,753	1,853
Poverty Line / Official Subsistence Minimum	46.2	50.2	51.8	51.8	51.1	52.1	54.5
Poverty Line / Alternative Poverty Line (Extreme Poverty)	9.9	13.8	15.2	14.3	13.8	15.1	16.6
Unemployment rate (official)	7.5	12.3	12.7	10.3	11.1	12.3	11.5

Source: State Department of Statistics of Georgia



GOAL 1: ERADICATE EXTREME POVERTY

Target 1: Halve, between 2000 and 2015, the proportion of people living below the poverty line

Target 2: Halve, between 2000 and 2015, the proportion of people that have unbalanced diets

Target 3: Ensure socio-economic rehabilitation and civil integration of population affected and displaced as a result of conflicts and natural calamities

Current situation and tendencies

The international goal aimed at eradication of extreme poverty and hunger targeting the population with the income below \$1 per day was adjusted to better reflect actual poverty levels in Georgia as described below. To properly envision the food security concerns of the population, dietary imbalances were considered. The socio-economic rehabilitation of the internally displaced population resulting from conflicts and natural disasters was seen as an important component of the development agenda. Hence, the targets under Goal 1 in a Georgian context are asserted as follows:

- Halve, between 2000 and 2015, the proportion of people living below the poverty line (Indicators: proportion of population below the official poverty line; proportion of population in extreme poverty; poverty gap ratio [official poverty]; poverty gap ratio [extreme poverty]; share of the poorest quintile in national consumption);
- Halve, between 2000 and 2015, the proportion of people that have unbalanced diets (Indicators to be developed: prevalence of underweight children [under 5 years of age]; energy consumption specifically of the destitute; the proportion of macronutrients consumed against Recommended Daily Allowances (RDA); proportion of the household income allocated to food);

- Ensure socio-economic rehabilitation and civil integration of population affected and displaced as a result of conflicts and natural calamities (Indicators to be developed: employment/unemployment indices; poverty indicators; income indicators [sources and amounts of income]; expenditure indicators [structure and size of expenditures]; habitat indicators [number of rooms, ownership, total area, availability of public utilities, etc.]; demographic indicators [average size, gender/age structure of the family, etc.]).

Poverty: Poverty is defined as the condition of a person or a household characterised by a lack or inadequate level of income necessary to satisfy essential needs (food, shelter, physical safety, basic education, potential for personal growth, health care, and communication).

In Georgia poverty is estimated based on household consumption expenditure. This document makes use of two poverty lines adopted under the EDPRP elaborated by the government in 2003 with the support of the international community and in close co-operation with the non-governmental sector:

- Poverty line at official subsistence level - monthly GEL124-128 per adult, equivalent to a working-age male;
- Extreme poverty line - monthly GEL58-63 per adult, equivalent to a working-age male.

According to the State Department of Statistics in 2002 the poverty rate estimated at the official subsistence level amounted to 52%. The poverty rate at the extreme poverty line was 15%. In 2003 the proportion of the population below the poverty line increased to 54.5% and the proportion of the population in extreme poverty to 16.6% (Table 2).

Table 2: Poverty Indicators

Indicator	2000	2001	2002	2003
Proportion of population below the poverty line	51.8	51.1	52.1	54.5
Proportion of population in extreme poverty	14.3	13.8	15.1	16.6
Poverty gap ratio (official poverty)	20.2	19.3	19.8	21.1
Poverty gap ratio (extreme poverty)	4.6	4.3	4.8	5.4
Share of poorest quintile in national consumption	7.6	8.2	7.9	7.8

Source: State Department of Statistics of Georgia

Note: Poverty line is the minimum level of consumption or income necessary for a person to meet basic needs.
Poverty gap ratio is the mean distance separating the population from the poverty line (with the non-poor given the distance of zero), expressed as a percentage of the poverty line.
Share of the poorest quintile in national consumption is the income that accrues to the poorest fifth of the population.

As illustrated by the 2003 study “Improving targeting of poor families in Georgia: the construction of poverty maps at the district level” conducted by United Nations Development Programme (UNDP) (Figure 1) poverty rate tendencies differ across regions. Additionally, poverty indicators differ significantly between urban and rural areas. The poorest regions are Adjara, Samtskhe-Javakheti and Shida Kartli. Urban poverty focuses upon Kutaisi, Batumi, Rustavi, Gori, Zugdidi and several districts in Tbilisi. Higher poverty levels in most cases correlate with geographical isolation and the low intensity of arable land use. Seasonal factors have a significant impact on overall poverty indicators.

A low level of economic development increases the number of vulnerable people (households) and the risk of their falling under extreme poverty. 28% of a poor person’s income depends on the social protection system. The social security system, however suffers from an inadequate tax base, weak fiscal discipline and governance, overwhelming corruption, the demographic ageing of the population (as of 2003, pensioners account for 19.5% of total population) and deficiencies in the targeting of social transfers. The size of government-provided benefits (social service benefits, disability benefits,

[illegible]

Source: “Improving targeting of poor and extremely poor families in Georgia: the construction of poverty maps at the district level”, UNDP Georgia, 2003

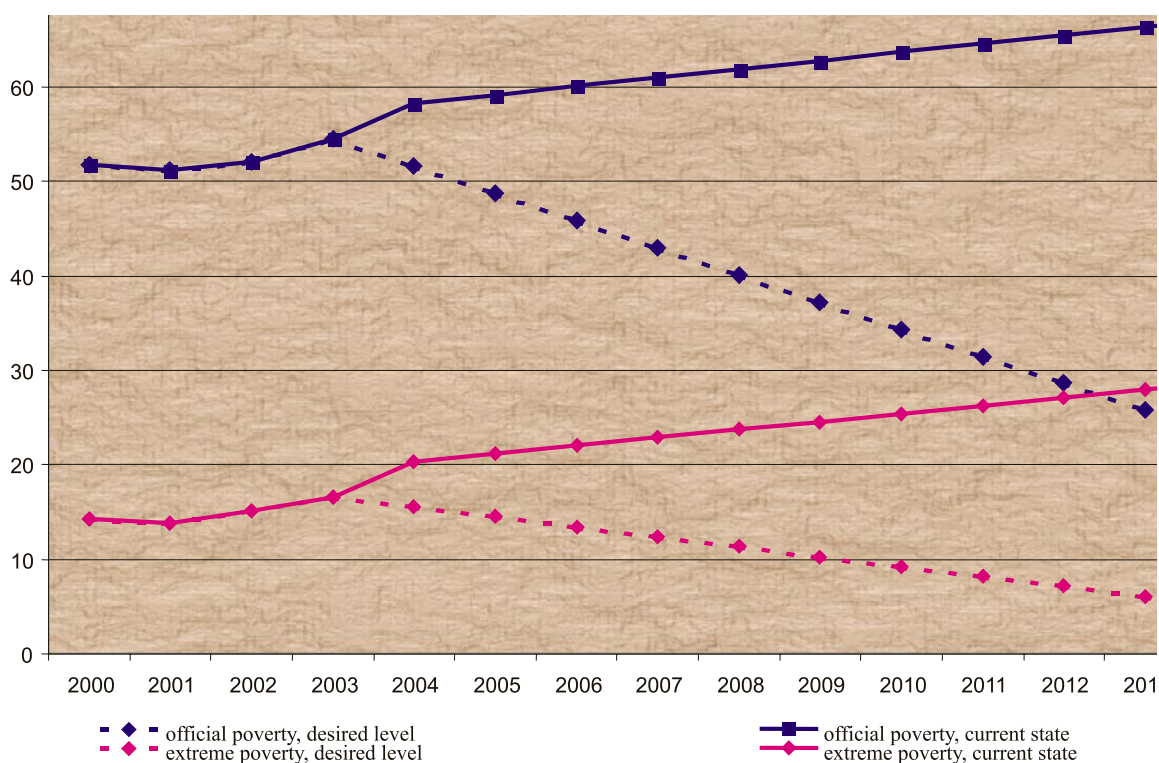
social allowances, etc.) is very low. Deficiencies in budget execution led to the accumulation of arrears in social payments and pensions. Since the 2003 revolution, the new government has started refining budget policy. It is seeking to reallocate resources and provide relevant services to the population. The draft budget for 2004 envisages the gradual repayment of budget liabilities to the population.

Many of the working-age population live in difficult geographic settings. The socio-economic situation in mountainous and highland areas is particularly complex. 55% of the country's territory is over 1000 m above sea level. Political, economic and social developments in the past decade have been particularly detrimental to mountainous regions. Traditionally hard labour and low work remuneration, lack of employment opportunities, underdeveloped consumer services are some of the push factors responsible for increasing migration from mountainous regions to the urban areas but mostly to outside the country.

The target to halve the proportion of people living below the poverty line by 2015 is consistent with the objectives set out in Georgia's EDPRP. The Programme aims to reduce extreme poverty to 4%, and decrease poverty estimated in relation of the official subsistence level to 20-25% by 2015.

Diagram 1 depicts the poverty levels for 2000-2003 and projections up to 2015. The poverty level has an upward trend if current conditions prevail. By 2015 the official poverty line will take in 68.2% of the population and 29% will be in extreme poverty level. The trends demonstrate that the target to reduce poverty is unlikely to be met without substantial intervention.

Diagram 1: Poverty Trends, 2000-2015



Hunger: The level of dietary energy consumption of the population expressed in calories constitutes an important measure of estimating poverty in transition economies.

Populations living below or above the poverty line rely on very different diets. The population below the poverty line relies mostly on nutritionally cheap calories in their diets. There seems to be no distinctively strong correlation between poverty and hunger in Georgia due to reliance on homegrown food to complement diet and informal social protection mechanisms. The first factor is highly effective in addressing extreme poverty or lack of income to satisfy basic food needs. However, in the longer term, this resource cannot generate cash income necessary to satisfy non-food needs such as education, health care, heating, electricity, etc. According to FAO standards, average dietary energy consumption below the poverty line appears to place people in the risk zone.

Dietary energy consumption differs across regions. The lowest level of dietary energy consumption is traditionally found in Tbilisi. The level of dietary energy consumption is relatively high in Western Georgia, particularly in Samegrelo. However, it would be misleading to conclude that the situation in Samegrelo is better than elsewhere in Georgia. Surveys do not adequately depict the situation of IDPs, and the proportion of IDPs is particularly high in this region.

In the Household Food Economy Assessment conducted in January-February 2004 by the World Food Programme (WFP), it was found that food security problems are more likely manifested by qualitative imbalances in diet and inadequate economic access to food by vulnerable groups at the household level rather than real food unavailability at the national level.

According to the WFP the average calorie intake of rural population is still maintained at 2,694 Kcal/person/day which is much higher than FAO recommended energy requirement for an adult of light physical activity of 2,100 Kcal. It is also higher than the Government's proposed requirement of 2,300 Kcal with climate adjustment. Only the destitute households (approximately 5% of total population) consumed far shorter than this level (1,736 Kcal). This means that, in overall, diets are quantitatively adequate in caloric terms. However, they are qualitatively unbalanced. All groups (destitute, poor, middle) consume a low content of proteins (8% of total calories versus recommended 10-15%). The destitute and poor households, that account for two thirds of total population, eat a higher content of carbohydrates (72% versus recommended 55-60%). These two groups are increasing their intake of less nutritious and cheap foods as they can not afford to produce or purchase the more nutritious food such as meat, fish and dairy products. It may indicate a deficit of essential micronutrients (vitamin A, iron and iodine) in the diet which are crucially important for young children, pregnant/nursing women and other vulnerable groups.

In contrast, the diet of the middle group is characterised by a typical dietary pattern of industrialised countries, e.g very high calories (3,355 Kcal), of which 34% are from fat and 57% from carbohydrates. It may warn us about risks of some diseases usually seen in the developed world such as diabetes and cardio-vascular disorders.

Inadequate economic access to food is reflected in a large share of income that households spend on food. In surveyed rural families food accounts for 74% of total annual expenditure. This figure reaches 86% amongst the destitute and 63% in the poor households. The very high food share of income diminishes the household's ability to address other urgent needs such as medical care, heating, transportation, schooling and housing (currently at 7-15% of total expenditure). Additionally, food expenditures compete with farm input requirements (currently at 7-11% of total expenditure), preventing households from investing in their land, maintaining low productivity, and contributing to a vicious cycle of poverty. Many farmers can only afford to cultivate part of their land. Elderly people and the handicapped with no support from relatives are particularly food insecure. A significant number of food insecure people have to borrow food and take loans to cope with the food gap.

While energy consumption is the most widely recognised global indicator of hunger, it fails to capture the critical aspect of food insecurity in Georgia. There are three more sensitive indicators, more reflective of poverty and hunger, that need to be developed for use in Georgia: energy consumption specifically of the destitute, the proportion of macronutrients consumed against Recommended Daily Allowances (RDA), and household income allocated to food. Progress against any one of these three indicators will reflect critical achievement in the fight against poverty in Georgia.

Unfortunately, administrative data on nutritional status of children has not been gathered regularly in Georgia so far. The only available source is the Multiple Indicator Cluster Survey (MICS) jointly conducted by the State Department of Statistics, the National Centre for Disease Control and UNICEF in 1999. The survey suggests that the proportion of

underweight children under five years of age in Georgia is 3.1%, which *per se* is not a bad indicator. The 1999 MICS Survey found acute and chronic malnutrition rates to be 2.3% and 11.7%, respectively. The nutritional status among children shows no gender disparity. In 2002 the National Centre for Disease Control and Save the Children's office in Georgia jointly implemented "Survey on Nutritional Status of Children under Five Years of Age in Six Drought Affected Regions". As per the survey children with moderate and severe signs of acute malnutrition accounted for 0.4% and 1% in 2000 and 2001, respectively. The chronic malnutrition rates were found to be 8.1% to 10.2% for 2000 and 2001, respectively. The results of the survey clearly indicate that even in the drought period, the level of child malnutrition was significantly lower than the levels accepted as the standard threshold by WHO criteria for acute (5%) and chronic (20%) malnutrition. This can be explained to a major degree by the food distribution pattern among household members traditionally giving priority to care and nutrition of children and elderly.

Available data on children's nutrition status is generally encouraging, although one should not overlook the problem of micro-nutrients (iodine, iron) deficiency. Iodine deficiency has historically been a serious problem for Georgia, especially for the population of high-mountainous areas. The study conducted in 1996 with UNICEF support revealed varying degrees of iodine deficiency in 64% of children surveyed. Goitre prevalence among the regions varied from 54% to 78% - the trend being alarming compared to the international standard of low Iodine Deficiency Disorders (IDD) level of 5% (Ref.: WHO/UNICEF/ICCIDD³).

However, positive shifts are expected in the medium term. This is suggested by a number of remarkable achievements made in 1998-2003 through Government of Georgia/UNICEF partnership efforts. This included: drop in goitre prevalence among adults and children from 55-58% in 1998 to 38-39% in 2002; 16-fold increase in import of adequately iodised salt in 1999-2003; increase in household consumption from 8.1% in 1999 to 67.45% in 2003; and public awareness raised to 76% of the population.

However, despite the achievements, IDD in Georgia still remains as a major public health concern. About 40% of the child and adult population have shown to be iodine deficient. IDD is the most widespread and easily preventable cause of physical and mental retardation making children and women under special vulnerability. Children brought up under chronic scarcity of iodine will have on average a reduction of about 13.5 points in their intelligence quotients (IQs)⁴, while in pregnant women IDD causes miscarriages, stillbirths, and other complications. Accordingly, further advocacy, capacity building and information, education and communication efforts are essential for achieving the global and national targets for universal salt iodination as the most cost-effective strategy for sustained elimination of IDD in Georgia.

Georgia's favourable climate and geographic location will facilitate the attainment of the target for improved nutrition. However, specific interventions are required to regain lost markets, improve farming knowledge and skills, and increase access to financial resources, as well as to revise land and agriculture policies. Studies indicate that with dietary energy consumption approaching optimum levels, it will be necessary to address the problem of securing better diets.

Internally displaced: Georgia's internal conflicts in Samachablo (South Ossetia) and Abkhazia led to the emergence of especially vulnerable groups. According to government data, IDPs currently number approximately 260 000 persons. In addition, there are approximately 170 000 so-called ecological migrants, casualties of natural calamities, displaced into 11 regions through state and other programmes. However, these figures have never been adequately verified. Currently the government is undertaking a comprehensive recount of IDPs (except ecological migrants) with the support of the United Nations High Commissioner for Refugees (UNHCR).

Many persons in both categories are deprived of acceptable living conditions. Infrastructure as well as employment opportunities in the displacement areas are poor. According to the Ministry of Refugees and Resettlement, 42% of IDPs are accommodated in former hotels, hostels, kindergartens, schools, institutes or healthcare facilities, many of which are inadequate for living. The rest are individually accommodated or rent living spaces.

³ International Council for Control of Iodine Deficiency Disorders.

⁴ Assessment of Iodine Deficiency Disorders and Monitoring their Elimination. A Guide for Programme Managers. WHO/NHD/01.1. World Health Organization. 2001.

Currently, the working-age population represents 61% of the total IDP population, of which only 20 % are formally employed. The situation of IDPs in terms of their integration in the labour market is especially daunting. Unemployment among individually accommodated IDPs is twice as high as among the local population. Unemployment among IDPs residing in collective accommodation centres is three times higher. About 20% of IDPs say they feel completely isolated from public life. They have no information on job openings or necessary connections to find a job. The jobs open to them are low-paid and often unreliable.

Many IDPs suffer from stress, unsuitable living conditions and a poor quantity and quality of diets. An increase in psychosomatic pathologies, goitre, scoliosis, glaucoma, TB and cancer among women, elderly and children is reported. Poor sanitary and hygiene conditions in collective accommodation centres lead to increase of infectious and sexually transmitted diseases. The death of young males due to myocardial infarction has risen. Mortality has increased, including suicides.

The socio-economic situation of IDPs residing in Tbilisi (approximately 95 000 persons) differs markedly from that in Georgia's provinces. Living conditions are far worse there, pushing IDPs to migrate to the capital or to a third country. The most vulnerable are war invalids, orphans, households without wage earners, large families, war veterans and single persons.

Conflict zones are damaging for the country, both politically and economically. Assistance to IDPs is a heavy burden for the state budget. Unresolved conflicts threaten political stability and damage the economy. In addition, conflict zones are the source of smuggling, which is a serious impediment for economic development. Another major problem is the IDPs' social adaptation and integration.

In 1999 UNDP, UNHCR, United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) and the World Bank (WB) forged an innovative partnership to substantially improve the lives of IDPs in Georgia and their host communities by reforming government policy and supporting the transition from humanitarian assistance to development centred activities. The objective of the programme is to substantially improve the lives of IDPs in a manner that reduces tension between IDPs and host communities through eliminating discrimination and violations of human rights currently suffered by IDPs, primarily through activities that increase opportunities to access their full range of rights as citizens, including equality before the law and access to quality shelter, social services, and most importantly, employment opportunities.

In order to assess the condition of IDPs it is suggested to establish the following IDP specific monitoring indicators: employment/unemployment indices; poverty indicators; income indicators (sources and amounts of income); expenditure indicators (structure and size of expenditures); habitat indicators (number of rooms, ownership, total area, availability of public utilities, etc.); demographic indicators (average size, gender/age structure of the family, etc.).

Major challenges

An important contributing factor for the successful attainment of poverty reduction (Goal 1) is a well-targeted and well-sequenced implementation of reforms. Hence, improving governance is viewed as a major priority of the EDPRP. It is essential to continue with assistance from Georgia's partners and mobilise support to translate the Programme's goals and objectives into reality.

One possible reason for failure is the all-pervading corruption and the scale of the shadow economy. Their negative impact on the country's development is very significant, and failure to reverse this situation will seriously jeopardise the prospects of successful implementation of Goal 1.

Improved diet composition can be achieved by improving the general socio-economic situation, leading to growth in household income and a more diversified pattern of food consumption. One of the most serious interventions is in protecting the consumer market from counterfeit products. This can only be done through the improvement of the relevant legal framework. Great importance is attached to the protection of the local market from smuggling and dumping.

It is essential to create a reliable database, which will include children under five years of age and would enable effective and consistent monitoring. Technical and financial assistance is required to provide effective mechanisms for monitoring, development and implementation of targeted programmes and interventions.

It is imperative to adopt a law on the import of iodised salt, as a measure to prevent and eliminate iodine deficiency. This is expected to improve population access.

Another important factor is the political and peaceful settlement of conflicts. This will serve to reinvigorate the economy, restore international communications, mobilise further investments and re-establish economic links between regions.

In addressing the difficult task of IDP integration, Georgia will need to rely on the technical and financial assistance of the international community. The active involvement of international organisations and donor states in efforts to develop rehabilitation programmes for post-conflict zones will give an additional impetus to the political settlement of the conflicts.

It is necessary to ensure effective use of existing mechanisms to manage social risks, implying an improvement of the pension and social security systems, and better targeting of social assistance and benefits. The EDPRP recognises the same targets among its priority interventions. Improvement of IDP registration, even within current financing, can become a facilitating factor in attaining targets. It can also enable the increase of monthly allowances and pensions.

In parallel with steps taken towards the political settlement of internal conflicts, urgent interventions should be made to:

- Implement programmes to provide social support to IDPs through job placement and increase of self-reliance and integration into host communities. This will ensure social and economic stability and in turn, is expected to create prerequisites necessary to stimulate peaceful settlement of the conflicts.
- Work out special programmes for the rehabilitation of post-conflict areas and develop concrete mechanisms for their implementation, which will secure co-ordinated action by the central and local governments, international organisations and donor states.

Fully-fledged rehabilitation programmes will become possible after the resolution of the conflicts. However, at this stage it is necessary to activate mechanisms that create preconditions and facilitate their effective implementation through conveying a new, socio-economic dimension into dialogues between the sides. In this context, it is important to prepare both IDPs and communities in the conflict zones to enable their participation in the formulation and implementation of rehabilitation and reconciliation programmes. It is impossible to reflect on any guarantees of social security without rebuilding confidence between the IDPs and Abkhaz and Ossetian communities and engaging them in co-operative efforts.



GOAL 2: ENSURE COHERENCE OF GEORGIAN EDUCATIONAL SYSTEMS WITH EDUCATIONAL SYSTEMS OF DEVELOPED COUNTRIES THROUGH IMPROVED QUALITY AND INSTITUTIONAL SET UP

Target 4: By 2015 maintain universal primary education; ensure the transformation of school education into 12-year cycle; inclusion into the International Systems of School Education Quality Assessment; achievement of institutional coherence with modern school education systems

Target 5: By 2015 ensure establishment of accreditation system for tertiary education institutions; achievement of institutional coherence with modern tertiary education systems

Target 6: By 2015 ensure the transformation of vocational education into the one focused on labour market needs; facilitate the establishment of institutional support to private sector development in vocational education

Target 7: By 2015 ensure the function of inclusive and integrated educational programmes; incorporate the principles of inclusive education into the national study programmes

Table 3: Education Indicators

Indicator	2000	2001	2002 ¹	2003
Gross enrolment ratio in primary education ²	97.4	97.3	97.4	97.3
Literacy rate of 15-24 year olds			99.8	

Source: State Department of Statistics

¹ According to the population census of 2002.

² Expert projections.

Current situation and tendencies

Since the Soviet period, the Georgian education system has comprised compulsory primary, basic (grades 7-9) and general secondary education. Primary, basic and secondary schools operate in all populated areas and provide access to a complete secondary education. The education system takes into account the interests of national minorities. They can receive instruction in their mother tongue. The number of private education institutions is increasing at all levels of the system.

Nevertheless, the education system is in an extremely difficult, in fact critical, situation. The quality and the scope of knowledge provided by the system fall short of present day requirements. This stems from a number of factors:

- The scarcity and inadequate mechanisms of financing (in 2000-2002 the ratio of budget expenditure on education to GDP was 1.6-2.1%);
- Cumbersome and centralised system of management;
- Un-availability of curricula, textbooks and material to meet present-day requirements;
- Irrelevance or absence of standards;
- Outdated system of teacher training;
- Subjective system of student assessment;
- Negative vestiges of the Soviet past, such as state order on number of admissions for specific professions and entrance examinations to tertiary and vocational education; and
- Weak links between the labour market and higher and vocational education policies.

The EDPRP places special emphasis on education. One of the priorities is access to quality education within the framework of general secondary, vocational and higher educational institutions, as well as within the system of continuing education, and bringing the education system in line with labour market demands.

It is essential for Georgia, with respect to MDGs, to ensure that a coherent and quality educational system is instituted in line with those of developed countries. New targets must be set. These targets for Georgia are:

- By 2015 maintain universal primary education; ensure the transformation of school education into a twelve year cycle; inclusion into the International System of School Education Quality Assessment; achievement of institutional coherence with modern school education systems (Indicators to be introduced: net enrolment ration in primary education; proportion of pupils starting grade 1 who reach grade 5; inclusion into the international system of education quality assessment and the results of such assessments);
- By 2015 ensure establishment of accreditation system for tertiary education institutions; achievement of institutional coherence with modern tertiary education systems (Indicators to be introduced: increased harmonisation and coherence with the study programmes of European and American institutions);

- By 2015 ensure the transformation of vocational education into the labour market consistent system; facilitate the establishment of institutional support to private sector development in vocational education (Indicators to be introduced: training and re-training programmes and increase of the employment coefficient⁵);
- By 2015 ensure inclusive and integrated educational programmes; incorporate the principles of inclusive education into national study programmes. (Indicators to be introduced: the role of inclusive education in study programmes and the practice of their implementation).

School Education: Under the 1997 Law on Education, school education comprises twelve grades: grades 1-6 primary school, grades 7-9 basic school, and grades 10-12 secondary education. Net enrolment ratio in primary education is fairly high owing to the school infrastructure inherited from the Soviet period. However, the overall economic downturn in the country may lead to a drop in this indicator. More specifically, inadequate budget allocations for education, outdated logistics, the population's financial standing, and other factors have resulted in an increase of student dropouts. It is becoming increasingly difficult to provide adequate primary education in remote areas and in settlements with low population numbers. Budgeting procedures lack transparency, are undemocratic and inefficient. There is no tradition or practice of public monitoring.

To address these issues, the Government's Programme of School Education Development has defined interventions to upgrade the quality and improve the efficiency of the school education system.

Vocational Education: The state has managed to preserve partially the potential possessed by vocational education institutions. It has adjusted their specialisation and functions in line with the demands of specific phases in the country's development and charted a road map for their reorganisation and reform. Vocational education policy is becoming increasingly oriented to the labour market. New education standards are developing in line with employer requirements and take into account relevant international experience. Vocational school independence has increased substantially and they have acquired new functions. Co-operation has started between employment and labour organisations. Noteworthy is the strengthening of co-operation with international organisations. Initial steps have been taken towards the integration of vocational education with business and the development of professional skills and business attitudes in trainees.

In December 1998, Georgia adopted the Law on Primary Vocational Education and provided other relevant legal acts and by-laws. In 2003, Georgia had 78 public primary vocational schools and 130 private vocational schools. However, they cover only 3.6% of the population of the respective age group. There is a significant disproportion between demand and supply of skilled workers. Demand is unskilled labour driven, whereas the supply is for professionals with higher education. Studies suggest that most hired workers (40-42%) work in a completely different profession and perform work that does not conform to their professional qualifications⁶.

Georgia has no unified system of human resource development, mechanisms to facilitate the management of professional training and job placement or qualification requirements for employment demands. Social partnerships are developing at a slow pace and their interaction is inefficient.

Tertiary Education: There are 194 higher educational institutions in Georgia. 44 (including branches) are public and 150 private. Higher educational institutions have limited autonomy in managing state budget allocations. Old practices are still in place, and the state defines student enrolment for different professions in public institutions. The employment coefficient, according to professional qualifications, is very low in state institutions (3-4 %). In several successful private institutions it is 85%. This suggests a weak link between the higher education sector and the labour market. Apart from financial constraints, the problems include a highly subjective system of entrance examinations; elitism; outdated methods of teaching and learning; and an absence of quality control. Since 1994, there have been positive innovations in the system. These include the introduction of a two-tier system of education (with the old system of scientific degrees preserved) and the introduction of a credit system (partially introduced).

⁵ Proportion of students getting job placements after graduation.

⁶ Labour Market Survey: Final Report, IPM, Tbilisi, 2002.

The processes unfolding internationally are of particular relevance for Georgia. After the Lisbon Conference of 1997 that defined the guidelines for the international recognition of qualifications, the declarations adopted in 1998 in Bologna and 2001 in Prague, emphasised the need to create a single European space of higher education. This process aims to introduce a compatible system of scientific degrees based on Bachelor and Master Courses. It is planned to introduce the European Credit Transfer System (ECTS) - a system of knowledge assessment that will facilitate the free movement of students; ensure institutional recognition of researchers and lecturers trained abroad; formulate syllabuses and curricula and co-operate in the development of integrated programmes and research.

Inclusive education: The education system falls short of the requirements set by a modern democratic society with regard to providing equal access to education for people requiring special care⁷. Specialised institutions and social rehabilitation are either non-existent or are seen as outdated and inefficient. The system has no new methodologies and suffers from a lack of adequately qualified professionals. Today, it is virtually impossible to obtain any data concerning the numbers of handicapped children, or their condition. The social worker system appears to be paralysed and disrupted due to state negligence.

A lack of adequate attention to the problem of access to education for handicapped children contradicts the principles spelled out in the Georgian Constitution, the Universal Declaration of Human Rights, the Convention on the Rights of the Child, and other internal acts or international instruments. Paradoxically, the Law on Education and the model regulation of general education institutions adopted by the Ministry of Education do not provide special and inclusive education and the

□

Major challenges

There has been some improvement in the legal framework and an increasingly active public engagement in education. However, there remain significant challenges.

For school education they include fitting classrooms and school laboratories with requisite equipment, the provision of visual aids, staffing schools with qualified professionals, the development and introduction of a new system of state examination and the provision of new textbooks and learning materials. Georgia's education system realignment and strengthening aims to improve teaching and learning in primary, basic and secondary schools, upgrade students' knowledge and skills to make them better equipped to meet the requirements of a market economy and a democratic society. The main objectives of education policy are the reorganisation of the education system, decentralisation of management, optimisation of physical and financial resources, development of an information system enabling identification of relevant mechanisms and elaboration of recommendations to ensure effective management and monitoring. School education should be reoriented from delivering substantial amounts of specific knowledge to the student towards a system that encourages the development of specific skills.

Despite the fact that social partnership principles and relevant institutions are slowly finding their way into Georgia, vocational education has so far been unable to readjust itself in line with the principles of the market economy. It is essential for the government and society to intensify its efforts for the processes to develop. It is essential to reorganise the system of vocational education taking into account the requirements of the labour market and based on sector/regional strategies. Interventions in vocational education should include the provision of necessary equipment and facilities, teacher retraining, defining education content, updating teaching methods and the elaboration of professional standards and curricula.

Georgia lacks adequate knowledge and experience to bring higher education in line with the demands of a market economy and a democratic state. Certain resources are nevertheless available. The adoption of the Law on Higher Education provides a reasonable legal framework. Both the government and the society must show their will to translate the law into a reality. The main objectives of tertiary education reform should include the full autonomy of tertiary institutions, the

⁷ Persons with various degrees of physical and/or mental disabilities.

establishment of a competitive climate for public and private institutions, the eradication of the state order tradition and the introduction of the “*money follows the student*”⁸ system.

The state needs to recognise the importance of providing equal access to education for persons in need of special care and mobilise public interest on this issue. It is essential to include into the education budget required allocations for interventions to be implemented in the sector. A package of legislative amendments needs to be drafted with the involvement of interested parties. The programmes of training and retraining for special and inclusive education professionals need to be developed. More broadly there needs to be a programme to raise awareness of state and public bodies and to provide support to NGOs active in addressing this issue. Priority interventions into the system of inclusive education include institutional support for the introduction of the social worker profession, ensuring maximum inclusion by 2015 and the enactment of civil integration programmes for students requiring special care.

⁸Based on the results of the state entrance examinations the successful student receives a voucher [the state financing for the specific stage of the tertiary education] that is then redeemed at the institution of the student's choice that has state accreditation.

A large group of men, mostly in dark suits and ties, are seated in rows, facing towards the left side of the frame. They appear to be attending a formal event, conference, or lecture. Some are looking forward, while others are looking slightly away. The setting is indoors, with a patterned carpet visible in the foreground. The lighting is somewhat dim, typical of an indoor event space.

A vertical collage of 15 photographs documenting the Bosnian conflict and its aftermath. The images include: 1. A damaged building with a collapsed roof. 2. A street scene with a dog in the foreground and a person in the background. 3. A group of men in suits, including a man with a blue ribbon. 4. A woman in a white top. 5. A close-up of a man's face. 6. A group of men in suits sitting at a table. 7. A person in a white top working at a desk. 8. A person in a white top sitting at a desk. 9. A person in a white top sitting at a desk. 10. A person in a white top sitting at a desk. 11. A person in a white top sitting at a desk. 12. A person in a white top sitting at a desk. 13. A person in a white top sitting at a desk. 14. A person in a white top sitting at a desk. 15. A person in a white top sitting at a desk.

Current situation and tendencies

Table 4 illustrates that the internationally set target on elimination of gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015 is not relevant for Georgia. Gender equality in education has been supported by the Constitution ever since the Soviet period and this target appears to have been achieved before independence. However, a certain degree of inequality, as supported below, is observed concerning the empowerment of women. In this context the following targets should be met:

- Ensure gender equality in employment (Indicators to be introduced: labour market profile in the prism of gender parameters; comparison between males' and females' average wages; rehabilitation/development of social aid system; number of pre-school institutions);
- Ensure equal access in the political domain and all levels of management (Indicators to be introduced and maintained: proportion of women in senior positions in the Executive branch; proportion of women in local government; government institutions focus on gender equality issues; proportion of seats held by women in national parliament).

Women and education. Results of a survey that assessed education sector compliance to the "Convention on the Elimination of All Forms of Discrimination against Women" suggest that gender equality in general is achieved, except in the following areas:

- Access to education for girls needing special care (problematic for both genders, girls being more disadvantaged);
- Insufficient inclusion of gender equality principles in curricula (except the optional course for both gender students in tertiary educational institutions);
- Access to teaching practice or administration (in administration, including managerial positions, males appear to be in a privileged position);
- Textbooks and learning materials not reviewed to eliminate gender stereotypes;
- Failure to admit the presence of gender stereotypes in education theory and practices;
- Lack of professionals in gender equality.

Education indicators are equally high for both genders. However, recent family expenditures for boys' education appear to have grown. This tendency is particularly evident in high-mountainous areas, among non-Georgian populations and in large families.

Women and the labour market. Labour market analysis signals a significant deterioration in the status of women after independence. According to the State Department of Statistics in 2002 women only account for 47.7% of the economically active population. Some 35.9% of women in the total female employed population above fifteen years of age are contractually employed. The remainder, 64% are self-employed. Most self-employed women work on family farms or business for no remuneration.

Employment opportunities are legally equal. However, women have limited access to managerial positions both in the public and private sectors and their remuneration is usually lower. According to the SDS Survey "Women and Men in Georgia, 2003" (Table 5) average wages of female employees in state-owned industries amount to only 55.1% of wages of male employees; in public institutions 46%; in agriculture 82.5%; in trade 71.2%; in education 72.6%; in healthcare 71.8%, in consumer services 51.7%, in self-employment 69.9%.

An analysis of women's socio-economic situation suggests that the decline of their economic role stems from the weakening of previously available social guarantees⁹ and, in some cases, from their abolition rather than from discriminatory practices. It has become increasingly difficult for women to combine work and family functions.

⁹ State benefits linked to family size and composition, availability of free children day-care services, legally supported flexibility of working hours linked to children's health state, etc.

Table 5: Average monthly wages of hired workers (in GEL)

	2002	
	female	male
Economy, total	75.7	150.1
Agriculture	36.7	44.5
Mining	167.1	199.5
Processing industry	101.6	165.1
Electric energy, gas and water supply	198.0	219.7
Construction	120.5	181.9
Trade	60.1	84.4
Hotels and restaurants	46.1	57.6
Transport	137.2	185.3
Financial mediation	381.6	492.3
Property transactions	70.0	113.7
Public administration and defence	99.1	163.2
Education	52.0	71.6
Healthcare	51.7	72.0
Other consumer services	59.1	114.3
Public institutions	75.9	165.0
State-owned industries	51.9	94.2
Self-employment	84.0	120.2

Source: State Department of Statistics of Georgia

Women's rights. Georgia lacks legislation prohibiting discrimination based on sex or marital status. Equality is only partially observed due to prevailing traditional stereotypes. Both the state and society tend to look at women's issues through the prism of their role as mothers, rather than in the context of independent human rights. The majority of women are not aware of their rights. The worldwide movement to promote women's rights and the overall system of human rights are seen as something abstract and hardly accessible.

Impoverishment has led to increased violence against women in various forms, including domestic violence. This is explained by the disruption in role functions.

Female economic migration abroad has risen. However, this is sometimes in the form of human trafficking. Job placements abroad are usually incompatible with professional qualifications leading to a devaluation of labour. Women in such situations are deprived of any guarantees of social or legal protection. All these factors have a negative impact on the demographic situation and family values.

In 1994 Georgia joined the Convention on the Elimination of All Forms of Discrimination against Women and undertook to fulfil all its commitments. In 1998 the President of Georgia established a State Commission to work on a plan for women's development thus enacting the Plan of Action of the 1995 Beijing Platform for Gender Equality and Women's Development. The President issued a decree concerning the development of an action plan for 1998-2000 and 2000-2004 aimed at improving the situation of women. Other decrees include Plans of Action for Strengthening of Women's Rights (1999), Combating Violence against Women (2000-2004), and the Fight against Trafficking (2003- 2005). However, no practical steps have so far been taken.

Women's political rights and participation in public life. Georgian legislation grants equal voting rights to men and women. Women voters are equally active both in urban and in rural areas and have no impediments in exercising their voting rights. The situation varies, however when one considers who is elected. Only an insignificant proportion of women find their way into senior positions of Parliament or the Executive branch. Legislation does not limit female participation in public life. At the same time it does not encourage women to be politically active. Women's participation in politics and decision-making is very limited.

In local elections held in 2002, female representation in local government increased insignificantly (about 1%). Women were elected mostly in village councils. They have far less representation in district and town councils. In the major cities of Kutaisi and Rustavi there is no female representation. One woman was elected in Poti, two in Batumi and four in the capital Tbilisi.

Major challenges

According to the Ministry of Justice, Georgian legislation is gender-neutral and laws contain no discriminatory norms. However, problems concerning discrimination against women continue to be neglected. Government understanding of gender issues does not transcend traditional approaches. There are no legislation or political agreements, which define discrimination against women or govern actions within state agencies or private institutions. Only a few claims concerning discrimination against women have been filed in court. There are no special legal mechanisms to enable women to protect their rights. Legislation does not provide protection against violence. There are no laws concerning domestic violence. Given the patriarchal nature of Georgian society, most domestic offences go undeclared. This theme throughout Georgian society remains a taboo and should not be allowed to cultivate through lack of legislation or enforcement of existing legislation. The country has failed to carry out a consistent and well-sequenced gender development policy. It has been mostly episodic in character and limited to the support of NGO activities by international organisations.

The legal framework on gender-related issues is limited to presidential regulatory acts. Unfortunately, none of these regulatory acts are supported by the budget. This is a serious impediment for their implementation. Despite repeated endeavours by NGOs, parliament has so far been reluctant to address gender equality issues.

GOAL 4: REDUCE CHILD MORTALITY



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

Table 6: Child Mortality

Indicator	2000	2001	2002	2003
Under-five mortality rate ¹	24.9	25.5	26.0	26.4 ⁴
Infant mortality rate ²	22.6	22.9	23.8	24.2 ⁴
Proportion of children immunised against measles: ³				
13 month-olds	N/A	57.2	66.0	79.7
Under 2 years	94.8	99	99.1	98.6

Source: State Department of Statistics

¹ Under-five mortality rate is calculated by dividing the number of under-five deaths for a specific year by the number of live births in the same year and multiplying the resultant number by 1000.

² Infant mortality rate is calculated by dividing the number of under-one deaths for a specific year by the number of live births in the same year and multiplying the resultant number by 1000.

³ National Center for Disease Control and Medical Statistics

⁴ SDS estimates

Current situation and tendencies

Analysis of the current situation suggests that in recent years the under-five and infant mortality rates in Georgia have increased and are at fairly high levels compared to average figures for European Union (EU) countries. In 2000 the average under-five mortality rate in Europe constituted 12.6, in EU countries 5.7, in Georgia 24.9. The average infant mortality rates were 9.7, 4.7, and 22.6 respectively.

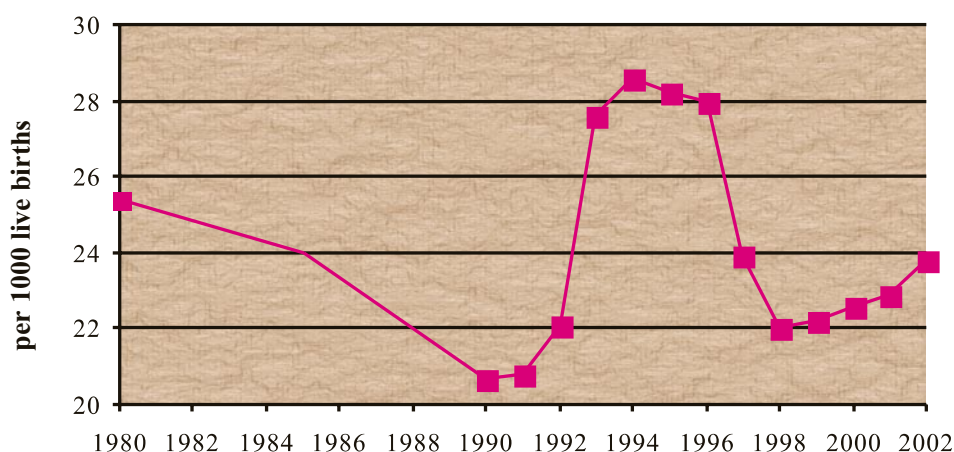


There is an alarming demographic situation in the country. The population between 1990-2002 reduced from 5.4 to 4.4 million, the birth rate fell sharply from 17.1 to 10.7 and natural growth dropped from 7.8 to 0. The situation was further aggravated by an increase in the general death rate and prevailing high child and maternal mortality. Additionally, there has been substantial out-migration that has brought further threat of depopulation.

In such conditions it is imperative to improve child and maternal health and decrease child and maternal morbidity and mortality rates. Within the context and efforts to improving general health status of the population, major importance is attached to ensuring an “encouraging start” for children. The latter envisages prioritising special care and control over child health in the prenatal, perinatal¹⁰ and postnatal periods as an important determinant of child health and development in the future. Priority given to protection of maternal and child health stems from the need to up bring a healthy, harmoniously developed and socially active new generation.

For children under 5 years of age, the first year is the most critical. Infant mortality accounts for the bulk of death under age of 5. The high infant-mortality rate shown in Diagram 2 mainly derives from mortality within the first 28 days after delivery.

Diagram 2. Infant mortality rate



Source: *Children and Women in Georgia: situation assessment and analysis, UNICEF, 2003*

An important problem for monitoring child mortality indicators is the deficient system of registration of births and child deaths. There are also discrepancies between the State Department of Statistics and the Department of Medical Statistics that cause monitoring problems.

The factors contributing to the high level of child mortality in Georgia include:

- Lack of access to and inadequacy of prenatal and perinatal services, hence to safe child-birth practises;
- Low level of mothers' education and awareness on safe motherhood and early child care and development;
- Low awareness and utilisation of existing health benefit packages by the women population and families;
- Inefficient pre and postnatal diagnosis, provision of genetic consultations;
- Inadequate medical assistance and care immediately after birth;
- Lack of appropriate monitoring over child's health status;
- Inadequate management of common childhood diseases;
- Inadequacy of training for medical personnel at the primary healthcare level and community mobilisation initiatives;
- Non-existence of sustainable continuous education system for paediatricians and neonatologists.

¹⁰ Period between 28th week of pregnancy and 7th day of infant's life.

The country has put into place state medical insurance programmes for safe motherhood and outpatient and hospital care for children aged 0-3. There is a referral system for the provision of medical assistance to high-risk newborns. A new Prenatal Care Centre meeting modern standards has been established in Tbilisi that serves as the referral hospital for the regions as well. The Centre has state-of-the-art equipment and well-qualified medical staff. This benefits the timely hospitalisation and qualified treatment of patients. Medical personnel engaged in the referral system participate in continuing education programmes mainly supported by international agencies working in the field of maternal and child health.

Immunisation: The child immunisation programme disrupted in early 1990s was revitalised through support from the international community (UNICEF, USAID, Japanese Government). Overall immunisation coverage for the major antigens (BCG¹¹, DPT¹², OPV¹³, measles) improved from 30-50% to over 80-90% in 1994 to 2003. Vaccine Preventable Disease incidence has been reduced. The country received polio free certification in 2002 (zero reporting for Polio and maternal and neonatal tetanus was maintained, diphtheria incidence was reduced from 5.5/100,000 children in 1997 to 0.6 in 2002). Since 1998, measles incidence among children was brought under control - measles morbidity reduced from 6.4/100,000 in 1997 to 4.6 in 2002. However, since 2003 the country has witnessed an increasing incidence of the disease mainly among adolescent and adult population groups, reasoned by relatively low coverage of Measles vaccination among children over 5 years of age. Accordingly, the Government has prioritised to strengthen the Measles immunisation component through introduction of 3-dose MMR¹⁴ vaccination schedule for 1, 5 and 13-year age groups¹⁵. In line with measles vaccination priority would be given to ensuring continuous and uninterrupted supply of routine vaccines and sustaining high coverage rates. Guided by the global and European regional goals for measles mortality and morbidity elimination, the national immunisation programme aims to eliminate, before 2010, the local transmission of measles.

Major challenges

It is essential to ensure a co-ordinated and co-operative effort on the part of all government entities and non-governmental organisations involved in programmes to promote safe maternity and medical care for 0-3 year-old children, as well as primary care and public health programmes. It is necessary to engage women's consultation clinics, maternity hospitals, children's outpatient clinics, children's hospitals and specialised research institutions. However, infant mortality is by no means the problem relevant to the health sector alone. The improvement in the overall economic and social situation in the country will substantially contribute to its reduction.

The state medical insurance programmes are contributing towards the reduction of under-five mortality rate. There are also initiatives carried out by international organisations that have helped in areas such as life support interventions (resuscitation) and common disease management, integrated management of childhood diseases, training courses for gynaecologists, paediatricians, neonatal doctors and obstetricians working at maternity hospitals and wards.

It is essential to maintain a high coverage of measles immunisation, focusing on maintaining and improving vaccination coverage rates among 1, 5 and 13 year age groups. Equally important is to raise the effectiveness of sanitary and epidemiological surveillance, enhance the efficiency of laboratory services and ensure the state immunisation programme's sustainability through co-ordinated interaction between state entities and international donor organisations.

It is essential to sustain and expand the programmes carried out with support of the international organisations aimed at reducing maternal and child morbidity and mortality. The role of partner organisations is particularly important in the implementation of programmes aimed at raising public awareness and education, social mobilisation and focusing public attention on urgent issues (i.e. immunisation, breast-feeding, safer sex, family planning, and the fight against drugs, alcohol abuse and smoking), and to ensure continuous provision and security of supplies and commodities essential for successful implementation of maternal and child health programmes.

¹¹ Bacillus Calmette-Guerin, anti-tuberculosis vaccine (BCG).

¹² Diphtheria, pertussis (whooping cough) and tetanus vaccine (DPT).

¹³ Oral polio vaccine (OPV).

¹⁴ Measles, Mumps and Rubella vaccine (MMR).

¹⁵ MMR vaccination to be supported by Vishnevskaya-Rostropovich Foundation funded through US Government.

GOAL 5: IMPROVE MATERNAL HEALTH

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

Table 7: Maternal Mortality

Indicator	2000	2001	2002	2003
Maternal mortality ratio*	47.1	56.7	45.1	51.2
Proportion of births attended by skilled health personnel	95.7	96.6	97.5	97.5

Source: *State Department of Statistics of Georgia and Centre for Medical Statistics and Information*

* Maternal mortality ration is calculated as follows: the number of maternal deaths (in absolute figures) is divided by the number of live births and multiplied by 100 000.

Current situation and tendencies

The maternal mortality ratio is high compared to the same parameters in Europe and other post-Soviet countries. In 2000, the average maternal mortality rate in Europe constituted 18.5, in EU countries - 5.6, in Georgia - 47.1. There is evidence of new tendencies, namely, maternal deaths resulting from home delivery or complications after abortion (including illegal abortion). Until 1990 99.9% of deliveries in Georgia took place in hospitals. Since then, due to impoverishment of the population, poor access to health services, especially in rural areas, the increased cases of home deliveries are often accompanied by complications. Deaths are predominantly caused by complications such as bleeding (during pregnancy, intrapartum and postpartum haemorrhage) and thromboembolism.


Maternal mortality shows a high maternal death rate in labour, which is sometimes caused by the lack of adequately qualified medical personnel and equipment. The high incidence of complications during pregnancy, child delivery and puerperal period, as well as high maternal mortality ratio are, to a certain degree, the result of inefficient pre- and postnatal care, the lack of safe birth practises, poor training in gynaecology and obstetrics, the low level of preventive education among teenage girls and women and underdeveloped family planning and reproductive health services.

Major challenges

Currently, one of the major preconditions for the effective reduction of maternal mortality is to bring state medical insurance programmes in line with present day requirements and to ensure their access for all. Another important instrument is community mobilisation. This involves raising a mother's and family's awareness on pregnancy and childbirth-related issues and the relevant medical and social benefit packages provided by the state insurance programmes.

It is necessary to expand and finance the state medical surveillance programmes. Relevant medical facilities should be properly equipped and prepared for emergency medical care (licensing of medical facilities). One successful example has been the Perinatal Care Centre giving priority to the provision of qualified medical assistance through a referral system for high-risk patients. At the same time, the process of certification of medical personnel has to be continued. It is imperative to upgrade maternity hospitals and women's consultation clinics. Community mobilisation may be instrumental in educating women and improving referral to relevant pre- and perinatal services.

It is essential to sustain and expand the programmes carried out with support of international organisations. This will help to improve women's reproductive health and reduce maternal and child morbidity and mortality. The role of partner organisations is particularly important in the implementation of information and communication programmes for public health education, social mobilisation and focusing public attention on urgent health issues.



GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 12: Have halted, by 2015 and begun to reverse the spread of HIV/AIDS

Target 13: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases

Current situation and tendencies

The political and socio-economic processes of recent years have resulted in an overall deterioration of people's economic situation and population's overall health status and resistance to diseases. This has impacted the operation of many components of the health system. There has been a marked increase in the incidence of many communicable and socially dangerous diseases. Therefore, control, prevention, timely diagnosis and qualified treatment of communicable diseases have added significance. The incidence rate of communicable diseases is an indicator of the general well being of the population and economic and social conditions in the country.

HIV/AIDS: Georgia is classified among countries with low HIV/AIDS prevalence. AIDS does not appear to have a major share in the current pattern of morbidity and mortality. However, the study of possible risk factors (high prevalence of intravenous drug users, high-risk sexual behaviour coupled with other social, economic, geographic and cultural factors) indicate that conditions in Georgia might lead to a rapid spread of HIV/AIDS. It is worth mentioning that the incidence of new cases of HIV infection has increased twelve times between 1996 and 2003.

Table 8: HIV/AIDS

Indicator	2000	2001	2002	2003
HIV incidence (new cases, official)	74	93	95	100
Percentage of IDUs ¹ among HIV positive persons	70.1	69.0	68.9	69.1
Condom prevalence rate	6.3 ²			
Number of children orphaned by HIV/AIDS (cumulative)	N/A	15	37	47

Source: Communicable pathology, AIDS and Clinical Immunology Research and Practice Centre

¹ Injecting drug users (IDUs)

² Condom prevalence among 15-44 year old women in registered or unregistered marriage - Source: Women's Reproductive Health Survey, Georgia, 1999/2000

Preventive interventions are of paramount importance in combating HIV/AIDS. These include safety in the use of blood and blood products, raising public awareness, and prevention of drug use. The World Health Organisation urges states to work towards the integration of health services (preventive interventions, reproductive health, primary care, medical care for prisoners), improving epidemiological surveillance, studying HIV/AIDS-related behavioural risk factors, promotion of voluntary testing and consultations, prevention of "vertical" (mother-to-child) transmissions, and improving hygienic education.

The full financing of existing state programmes will enable a broad-based implementation of preventive interventions. Additional funding (US \$12 million for 2003-2007) provided by the Global Fund to Fight against AIDS, Malaria and TB (GFAMT) should contribute substantially to the attainment of this Goal.

Malaria: In Georgia, malaria was completely eradicated in 1970. However, failure to carry out malaria prevention measures in the nineties led to a sharp increase in mosquito populations, including *Anopheles pulcherrimus*, the principal malaria vector, coupled with malaria epidemics in Armenia and Azerbaijan. New cases were reported in 1996. Conditions favourable for malaria transmission exist in much of the country. A strong political commitment led to stabilisation of the situation in eastern Georgia and reversed the spread of malaria in western Georgia. A state programme for malaria control and prevention has been developed. Emphasis is on early detection and radical treatment of all malaria cases. However, certain areas need further attention. There is the need to strengthen epidemiological surveillance, enhance vector control with environmentally safe methods, upgrade skills of health care workers and to create a sustainable stock of reagents for laboratory examination, as well as insecticides and anti-malarial drugs.

Table 9: Malaria

Indicator	2000	2001	2002	2003
Malaria prevalence rate*	3.8	9.9	10.7	7.2
Death rate* associated with malaria	0	0	0	0
Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	80	90	90	95

Source: National Centre for Disease Control and Medical Statistics

* Estimate per 100 000 persons

The National Malaria Control Programme (NMCP) adopted in 2000 within the scope of the “Roll Back Malaria” initiative is implemented in close collaboration with the WHO. A proposal on strengthening the existing national response for implementation of effective malaria prevention and control activities in Georgia for 2004-2006 was submitted to GFAMT. The extended assistance (USD 806 300) enables Georgia to further strengthen the partnership for synchronizing strategies and efforts supported in containment of malaria transmission on a large scale and eradication of the disease in the country.

Tuberculosis: According to the 2002 National Health Report of Georgia, the period between 1992 and 1996 saw a peak in the spread of TB infection. This was associated with further deterioration of already daunting socio-economic conditions, the spread of the so-called “prison”¹⁶ tuberculosis, and collapse of the disease control system.

Table 10: Tuberculosis

Indicator	2000	2001	2002
TB incidence* rate (new cases)	84	77	87
TB mortality* rate	7.6	8.1	8.4
TB case detection rate	34	48	50
Proportion of TB cases treated under DOTS (Directly Observed Treatment Short Course)	61	63	67

Source: National Centre for Disease Control and Medical Statistics

* Estimate per 100 000 persons

After 1995 Georgia started implementation of a long-term state programme based on DOTS (Directly Observed Treatment Short Course)/WHO strategy, which has served to stabilise the epidemiological situation to a certain degree (the death rate dropped from 12.6 in 1996 to 8.4 in 2002). Despite certain positive achievements the situation remains serious. According to WHO criteria Georgia is listed among the countries “burdened” by tuberculosis.

TB incidence remains high, with 25-44 year age group being the most affected. In 2002 the highest incidence of the disease was detected in the cities of Tbilisi (135) and Poti (151) and the regions of Ajara (127), Guria (138) and Samegrelo (100). The high numbers can be explained with high population density in the above locations as well as proportion of the local population below the poverty level.

The incidence of TB is extremely high in the penitential system being 50 times higher than in the general population. The survey conducted in certain detention centres as well as districts of Tbilisi revealed a high number of anti-TB drug resistance cases caused by improper and incomplete treatment.

Major challenges

Active efforts by the government towards effective prevention and control of the spread of communicable and socially dangerous diseases were reinforced by the Reform and Development Programme of the Government for 2004-2009. A key success factor will be the adequate funding of state programmes. The existing infrastructure and human resources represent an important prerequisite for the effective realisation of programme activities.

¹⁶ Approximately 80% of the prisoners have TB.

The National Strategic Plan of Action on HIV/AIDS currently supported through the GFAMT project, remains a government priority. It envisages changes in the legislative framework, preventive measures in different risk groups (intravenous drug users [IDUs], commercial sex workers [CSWs]), prevention of mother-to-child transmission of HIV infection, treatment and care of HIV/AIDS patients, and strengthening of the safe blood programme. The active involvement of NGOs enhances government efforts in this area.

Current legislation makes it difficult to conduct preventive intervention among HIV/AIDS high-risk groups (IDUs, CSWs, etc.) Low levels of state funding and inter-sector coordination are serious impediments for effective interventions. It is also important to improve the information base to enable comparison and analysis of baseline and future data.

Despite the eight years of operation of the state anti-tuberculosis programme disease control is still imperfect. The integration of activities on TB control has yet to be achieved due to the lack of coordination on the primary health-care level. Outreach services need to be developed. All these contribute to low levels of disease detection (50% against the international minimum requirement of 70%) and comparatively high level of abandoned treatment (14% against the international requirement of less than 10%). After successful expansion of the DOTS strategy, Georgia should move to the implementation of the DOTS-Plus strategy that implies treatment of drug-resistant forms of the disease.

At the WHO's request, the national system of epidemiological surveillance is expected to collate and analyse data on the incidence, spread, and profile of communicable diseases to inform the design of adequate responses.

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

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

Target 15: Halve, by 2015, the proportion of people without sustainable access to safe drinking water

Target 16: Harmonisation of the housing sector with international standards, including the development of the municipal (social) tenure component

Table 11: Environment Indicators

Indicators	2000	2001	2002	2003
Proportion of land area covered by forest (%)	39.8	39.8	39.8	39.9
Land area protected to maintain biological diversity (000 ha)	273	284	284	284
GDP per unit of energy use (kg oil equivalent / 1000\$) (GDP in nominal values)		921		
Carbon dioxide emissions (per capita)		2.14*		
Use of ozone depleting substances (kg/per capita)	0.0125	0.0112	0.0109	

Source: Ministry of Environment Protection and Natural Resources

* From energy sector alone.

Current situation and tendencies

Georgia has demonstrated its adherence to principals of environmental sustainability by integrating them into national policies and programmes. However, the weakness in implementing and monitoring these commitments remains a considerable impediment for a successful turn around of the loss of environmental resources.

The international target on achieving a significant improvement in the lives of at least 100 million slum dwellers under the Goal on environmental sustainability was adjusted to Georgian context. It is currently set as:

- Harmonisation of the housing sector with international standards, including the development of the municipal (social) tenure component.¹⁷

Environment: Georgia has signed international and regional agreements and introduced national legislation promoting environmental protection and sustainable development. In 2000, the government approved the first National Environmental Action Plan that defined priority environmental issues, and set short and medium term goals for state administration and institutional development in the area of environmental protection and sustainable use of natural resources. The government worked out and approved policies and plans for various aspects of environmental protection. These include the National Programme and Plan of Action for Withdrawal from Use of Ozone-Depleting Substances (1997), the National Programme and Plan of Action for Raising Environmental Awareness (2000), and the National Action Programme to Combat Desertification (2003). Draft national strategic action plans for the protection of the Black Sea and biodiversity have been prepared. Environmental protection and sustainable development are integrated into annual indicative plans of socio-economic development.

The recent democratic changes have seen the emergence and rapid strengthening of environmental NGOs. The introduction of a legislative framework has promoted a certain degree of civil participation in decision-making. A Law on Environmental Impact Assessment was enacted in 1996. In 2000 Georgia acceded to the Aarhus Convention on Access to Environmental Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.

Georgia is rich in natural resources, especially in forestry, biodiversity, surface and ground waters and natural landscapes. Forests, many of which are virgin, cover almost 40% of the country. Georgia along with other countries of the Caucasus region is one of the internationally recognised 25 “hot spots” (richest and most threatened reservoirs of plant and animal life on Earth) with respect to biodiversity. There are about 26 000 small rivers and 16 different landscapes in the country.

Intensive industrial and agricultural development during the twentieth century had a substantive impact on the environment and the condition of natural resources. However, the last decade of that century saw a contraction of industrial and agricultural activities. Nevertheless, the degradation of natural resources continues. Most of the sewage systems built during the Soviet era are currently idle due to lack of maintenance. Thus, untreated industrial and municipal wastewaters flow directly into the Black Sea, lakes or rivers.

Forestry. Forests have an exceptional value as environmental, economic, cultural, scientific and recreational resources. They are uniquely placed to sustain the environment, protect soils, store water and regulate watercourses. Forests are home to Georgia’s major biological resources, including unique and endangered species of plant and animal life.

In recent years there has been an increase in illegal timber production for firewood, local industry and export. Forests are mostly cut down in easily accessible areas, against established rules, which is a clear threat to forest ecosystems. Un-systematised grazing of animals (threatening the growth of young forests) and unsustainable agricultural activities cause soil erosion and desertification.

¹⁷ Due to the scarcity and questionable reliability of statistical information on urban indicators it was suggested to develop the indicators for the target at a later stage with participation of relevant international institutions.

Inefficient legislative framework (lack of methodologies, norms and standards) and monitoring capacity impedes the proper assessment of the sector. Hence, the existing statistics (Table 11) give very limited quantitative information, which sometimes even contradicts the observable qualitative picture of the current state of forestry in Georgia.

To overcome the difficult situation in the forestry sector the government developed the “Policy Guidelines for Forestry Development for 2002-2010”. The document reaffirms Georgia’s commitment to streamline, in accordance with internationally accepted principles of sustainable development, a state forestry policy. The intention is to eliminate unlawful practices, reorganise structurally and financially forestry management, introduce market principles, promote the sustainable use of forests, their protection and restoration, and develop protected territories in selected areas. These interventions form the basis for the Forestry Development Project for 2002-2008 backed with World Bank financial support.

Biodiversity and protected territories. The biodiversity is shrinking due to the illegal hunting and fishing practices. Some endemic species of flora and fauna are on the verge of extinction. The recent financial constraints weakened the monitoring of the qualitative state of natural resources and biodiversity. Hence, the reliable information on the status on the environment is very limited.

A network of state reserves is expected to promote biodiversity in Georgia. As of 2003, the total area of reserves comprises 4.1% of the country. Financial constraints and institutional weakness prevent the management of protected territories under prescribed regimes.

The Global Environmental Facility (GEF) has provided financing for the development of protected territories to be implemented in 2002-2006. The project envisages establishing new protected territories in Eastern Georgia, elaborating the management plan for prospective protected territories in the Central Caucasus, and institutional capacity-building for public environmental institutions. Implementation will increase the area of protected territories by end-2004 to 6.1 % of the country.

Climate change. During the 1990s Georgia’s share in global emission of greenhouse gases decreased five fold due to the sharp decline in the country’s economy and the severe energy crisis. The given energy efficiency indicator (Table 11) can be explained by the increased share of trade and services and other less energy consuming industries in the national economy. Another contributing factor is illegal imports of fuel that is not reflected in the official statistics. However, as the economy and energy sector recover, due to the lack of energy-efficient technologies, this parameter is expected to increase.

Georgia is not included in Annex 1 of the UN Framework Convention on Climate Change and its Kyoto Protocol. Hence it has no prescribed quantitative obligations to limit greenhouse gas emissions. At the same time, the country possesses significant potential both in terms of increasing energy efficiency, and of using renewable energy resources, which would reduce greenhouse gas emissions. Georgia has an intention to put this potential into use through participating in the Clean Development Mechanism defined by the Kyoto Protocol to the UN Framework Convention on Climate Change. Increased reliance on renewable energy resources represents one of the key priorities of the government’s energy policy.

Reversing environmental degradation and sustainable use of natural resources depend largely on an improvement in the prevailing political and economic conditions for state environmental agencies and research institutions, NGOs and private actors to operate properly. This, for its part, is conditioned by the successful implementation of reforms initiated during the 1990s and reaffirmed by the November 2003 revolution. The government emphasises the importance of environmental protection and sustainable development aspects in economic development processes. Environmental protection is one of the priority thrusts of the EDPRP. Within the framework of the Programme environment protection related interventions are integrated into the development programmes of individual sectors. This creates a favourable political background for the practical incorporation of environment protection aspects in development processes and for arresting natural resource degradation trends. Currently, the state environmental institutions are undergoing restructuring and improvement and strengthening of management mechanisms.

Table 12: Water Supply

Indicators		2000	2001	2002
Proportion of population with sustainable access to an improved water source	Urban areas	95%	95%	95%
	Rural areas	35%	35%	35%

Source: Ministry of Infrastructure and Development

Access to safe water supply: While Georgia is rich in water resources, access to safe drinking water is still a problem almost in all regions. It is further compounded by the uneven natural distribution of water resources across the country, with severe water shortages traditionally experienced by the population of eastern regions.

Community water-supply systems: Ground water represents the major source of drinking water, accounting for 90% of supply. 65% of drinking water supply is provided by centralised systems, which meets the demand for drinking water of 95% of urban, and 35% of the rural population. In 2000-2001 centralised water supply was available in seventy-seven towns and urban settlements. Most of the rural population rely on individual wells and springs and in high-mountainous areas springs and streams. Water supply in rural areas is also provided by low-capacity “rural-type” local systems that are fed by both ground and surface waters. Virtually all water supply systems suffer severe anthropogenic¹⁸ pressure. They are contaminated by industrial, communal, domestic and agricultural wastewater, agricultural chemical discharges and industrial and domestic waste from populated areas. Almost all wastewater treatment facilities are inoperable.

Condition of water supply infrastructure: The sanitary and technical condition of existing water pipelines is unsatisfactory. No major rehabilitation or repair works have been carried out since 1987. There is a replacement requirement for over 60% of trunk and distribution pipe networks. The unsatisfactory sanitary and technical conditions existing in the water-supply system often lead to breakdowns leading to losses of 25-30% of total drinking water supply.

Status of drinking water treatment and quality control: Water treatment facilities are technically unfit, and lack adequate supplies of filter materials, installations and chemical agents used for water preparation. 69% of existing water pipelines appear to operate without water decontamination installations, 28% without sanitary protection zones, and 23% without necessary raw water treatment facilities. There is thus a threat to sanitary-hygienic norms. The situation is further complicated by wasteful and injudicious consumption of drinking-quality water and its misuse. Due to financial constraints, most quality control laboratories are not operational. Surveys of the quality of drinking water conducted by the state sanitary surveillance inspections of the Ministry of Labour, Health and Social Protection infer that in 2000-2002 the quality of drinking water supplies failed to meet state standards. There is the threat of intestinal infection and epidemic outbreaks. Annual river discharge and ground water resources have decreased. As a consequence a considerable part of the population has less drinking water than prescribed by sanitary-hygienic norms.

The EDPRP calls for radical reform in water supply and sewage treatment. The measures outlined include granting greater independence to water supply services, enhancing financial planning and management capacity, the establishment of sustained financing mechanisms to secure water supply systems and mobilisation of necessary funds for their repair and maintenance, engagement of the private sector into the management of water supply and sewage systems in major cities. It is expected that implementation of these measures will aid the attainment of the MDG of providing sustainable access to drinking water for increasing numbers of people.

Housing: Housing constitutes another crucial problem. In the past few years, the condition of the housing stock has deteriorated markedly. Most residential housing and communal infrastructure has reached its depreciation term. The earthquake of April 25, 2002 damaged about 21 500 residential houses in Tbilisi alone. In the last fifteen years there has been no maintenance, overhaul or scheduled repair.

¹⁸ Caused by human intervention.

The privatisation of the housing stock in 1992 lacked any well-considered approach. The state transferred ownership to the population, but failed to provide any information on ownership rights or housing management. Today, the majority of apartments in residential buildings are privatised. In Tbilisi 90% of such properties are private. Despite the availability of relevant legal norms established by the Civil Code (1997), the process of setting up partnerships and condominiums of apartment owners in apartment blocks has so far failed to get off the ground.

The mass privatisation of housing resulted in the elimination of socially subsidised (municipal, community) housing. This is the only form of accommodation accessible to poor households in different parts of the world. There has been no work done to address this problem from the viewpoint of terminology, regulatory framework, methodology, economics or statistics. Average housing space per capita is quite large (20 sq.m per capita). However, this figure hides concentrations in some areas and broadly does not correspond to demographic tendencies.

Socially subsidised community/municipal accommodation has virtually vanished. Public construction has stopped. Local governments that, under legislation, are responsible for establishing and managing social dwellings are not capable to undertake effectively this function. Commercial and private housing is built, predominantly in the capital. Mortgage schemes are starting to appear, but are currently not widely used.

There are a number of negative issues that appear to be on the increase. There is a preponderance of illegal construction, squatting (occupying a building or land without permission), eviction, and homelessness.

What is particularly alarming is what might be called “slumerisation” of multi-story houses. Most of the houses built in the period of mass housing construction are nearing the end of their depreciation period. Over the past 12-15 years, there has been no preventive maintenance, routine or capital repair. Internal and external supply systems are depreciated. Lifts are mostly inoperative. Roofing and engineering communications are out of order and the load-bearing capacity has decreased. This leads to a breakdown condition. The situation is further complicated by the fact that the country is located in a seismically active zone.

The dynamics of the situation in this area are determined through a system of urban development indicators designed within the framework of the UN-Habitat¹⁹ Programme. However, assessment of Georgian realities with these indicators is not systematic. There remains a scarcity of statistical information and that which exists is unreliable. There is a need to look closer at the real estate market and conduct specific studies. The systematic development of urban indicators is an important task for the state. It should be carried out on a regular basis.

Major challenges

Environment:

Weakness of environmental planning. Despite certain steps taken to integrate environmental protection and sustainable development principles and targets into policies and programmes of development, the actual implementation of environmental action has a long way to go to reach a desired level. Limited financial and technical resources impede the implementation of environmental policies and programmes. The private sector contribution is limited. Businesses have little interest or expertise to implement environmental planning, management and up-to-date environmentally friendly production methods. The country has neither a tradition, nor adequately developed capacity, to prioritise problems and design effective policies, programmes, especially at the local levels of government. The priority is to promote institutional development and capacity building of environmental institutions. This relates directly to the Ministry of Environment and Natural Resources and its regional bodies. There should be a clearer definition of their functions and responsibilities, and improved co-ordination between stakeholders involved in environmental planning.

Environmental awareness and public participation in decision-making. Georgia does not have a long tradition of public participation in environment protection and decision making processes. Decision-makers as well as the general public, especially at local levels, have little awareness and understanding of issues pertaining to environmental protection and sustainable development. Priority is mostly given to short-term options, whereas long-term environmental, social and economic

¹⁹ United Nations Human Settlements Programme.

consequences are often overlooked. International assistance can be used effectively to develop systems of environmental education to train environmental professionals and raise public awareness of these issues.

Weakness of enforcement. Despite certain progress attained in the adoption of laws governing environmental protection and the use of natural resources, their enforcement is still weak. This is due to deficiencies in legislation, a weak law enforcement culture, and the limited capacity of relevant regulators, especially at the local level. The principal fault is with the inefficient regulatory base due to the scarcity of experience in defining environmental regulations and by-laws, and inadequate funding of government agencies responsible for their development. Assistance and experience sharing is needed from advanced countries in developing legislation and putting in place systems for enforcement.

Weakness of the monitoring system. Financial constraints led to a disruption of the Soviet era environmental monitoring system. As a result, data collection and processing became inefficient. The lack of reliable information on the environment prevents the proper identification of problems, effective decision-making and management by the state. Access to reliable information for government, research institutions and the general public is of major importance for the sustainable management of environmental resources. Georgia possesses both human and technical resources for data processing and analysis. However, the lack of financing precludes collection of primary data on various environment components. International assistance in the medium-term will be essential for the collection, analysis and publication of primary data.

Establishing sustainable financial mechanisms. It is unlikely that there will be a substantial increase in necessary resources in the medium-term to improve budgetary financing for the environment. Financial support will be needed from external sources to promote environmental protection, with an emphasis on protection and sustainable use of environmental resources of global significance. However, an emphasis should be placed upon setting up sustainable financing mechanisms to enable mobilisation of domestic financial resources and their effective use for priority interventions.

Access to safe water supply: Current financial constraints prevent the government from assigning funds to sustain the sector. Revenues from the water supply and sewage sector, including state transfers, subsidies from local budgets, rates, international credits and grants only cover 40% of expenditure commitments. Due to inefficiencies in legislation cooperation between the state and private actors is very limited. The only exception is in Tbilisi, where a project implemented with World Bank support, involves private operators. The EDPRP emphasises reform in management, financing and efficient use of resources. The programme sees gradual state withdrawal from the sector to a position of regulator of service quality and tariffs and revising tariff policy on commercial principles. The ongoing World Bank financed Tbilisi Water Supply and Sanitation System Rehabilitation Project is expected to pave the way for reforming water supply and sewage systems on technical and legislative levels. Another World Bank supported project, the Municipal Development and Decentralisation Project, aims to enhance the efficiency of local bodies in defining the needs of local infrastructure, water supply services, and planning and collection of payments. The Ministry of Infrastructure and Development is currently elaborating the cooperation framework for German participation in the rehabilitation of water supply systems in Kutaisi, Batumi and Poti. There is a need to grant greater independence to water supply services, enhance financial planning and management capacity, establish sustained financing mechanisms to secure water supply systems and for repair and maintenance.

Housing: The factors that hinder the proper development of the sector include a poor legal and regulatory base, deficient city planning, placing communal housing at the bottom of priorities, disrupted institutional set-up and weak administration, migration to the capital of large number of IDPs, high seismic activity leading to degradation of buildings, limited access to mortgage loans, slow formation of partnerships and condominiums of apartment owners as a new form of management, the non-existence of state and municipal rehabilitation programmes, and a lack of accurate statistics.

More positive factors are the considerable number of highly qualified designers and construction specialists, the availability of local building materials, favourable climatic conditions allowing 9-12 months construction period, the existence of private design and construction companies, the development of a secondary market for apartments and the on-going structural reform in the housing and communal sphere.

There is a requirement for more accessible mortgage loans. Additionally there is a need for financial support to develop the social/municipal housing sector, the rehabilitation of municipal services networks and to implement projects in the area of housing; Specifically, there is a need for methodological, technical and financial support to organise a network of local and national urban monitoring entities to monitor the condition of housing using urban indicators developed by the UN-Habitat Programme.



GOAL 8: GLOBAL PARTNERSHIP FOR DEVELOPMENT



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



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



Target 19: Ensure improved accessibility to communication systems countrywide, minimise digital inequality between urban and rural areas



Current situation and tendencies



Goal 8 relates to the global partnership for development and calls on the developed countries to support the developing ones in their efforts to achieve MDGs.



Four of the internationally suggested targets were not considered especially relevant to Georgia and have thus been dropped. These include international targets:

- Target 13: Address the special needs of the Least Developed Countries;
- Target 14: Address the special needs of landlocked and small island developing states;
- Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth; and
- Target 17: In cooperation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.



Conversely, as further described, Georgia has achieved certain progress in creating environments conducive to the development of global partnerships. This includes the areas under the international targets:

- Develop further open, rule-based, predictable, non-discriminatory trading and financial system;
- Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.

Georgia having a substantial potential for the development and systemic use of Information and Communication Technologies (ICTs) in its development plans adjusted the international target on making available the benefits of new, especially ICT, technologies through the cooperation with the private sector. In this context the following target should be met:

- Ensure improved accessibility to communication systems countrywide, minimise digital inequality between urban and rural areas.

Trading system: While discussing Georgia's internal and external trade, emphasis should be drawn to its relationship with the World Trade Organisation (WTO). The WTO accession process was accelerated from 1996 and on June 14, 2000 Georgia became a member. WTO membership made Georgia eligible to Most Favoured Nation trading regime with 140 other member states. This reduced import tariffs for Georgian exports, eliminated quotas and other restrictions and expanded business opportunities for Georgian firms.

However, the WTO imposes a number of responsibilities on Georgia. Most important is further liberalisation of customs tariffs by 2005. To respect this obligation in December 2001, Parliament adopted a new law that harmonised tariffs with WTO negotiated "tied tariffs". All laws and regulations concerning trade policy as well as decisions related to taxes and levies should be harmonised with WTO rules. Systematic work is being carried out to harmonise local legislation with WTO requirements. Significant progress has been achieved in intellectual property issues (TRIPS²⁰ agreement).

WTO membership has had a positive impact on economic relations. Certain trade restrictions were abolished within the European Union. The United States granted Georgia Most Favoured Nation Regime on a permanent basis. Georgia was granted the General System of Preferences (GSP) beneficiary status by the United States and other countries.

Georgia enjoys a free trade regime with certain CIS countries, namely Russia, the Ukraine, Armenia, Azerbaijan and Kazakhstan.

Financial system: Georgia's financial system is still rather small according to international standards, but has achieved significant progress in recent years. The banking system has become one of the most important components of the economy. Total assets in banks amount to only 15.5% of GDP, which is low. Weak and insolvent banks have been closed down through refined supervision mechanisms. The number of banks has decreased from 229 in 1995 to 24 in 2003. Commercial banks have improved and a competitive environment established.

The National Bank of Georgia implements a prudent monetary policy that enables it to manage inflation processes, maintain exchange rate stability as well as achieve good progress in banking sector consolidation and expansion. The stable exchange rate and gradually increasing confidence in the banking sector have already translated into increases in deposits and savings. However, high interest rates (12%-36% as of end-2003) contribute to the lack of credit worthy clientele.

The insurance market has been developing in recent years but is still quite small. The securities market does not yet play an appropriate role in the economy. Work on legislation, market infrastructure, transparency mechanisms, state supervision and the establishment of appropriate institutions is completed. However, the size and liquidity of the market remain problematic.

²⁰ Trade-related aspects of intellectual property rights.

The development of the capital market is hampered by a low corporate culture, a lack of awareness of stock exchange principles, insufficient protection of shareholder rights (especially for small shareholders), an insecure investment climate, the underdevelopment of collective investment institutions, inefficiencies in the regulation of privatisation and securities sectors and limited practice of International Accounting Standards.

The financial market lacks leasing companies, investment, and mutual and private pension funds. There are a single, rather modest-sized private pension fund and about 200 small credit unions, basically in rural areas.

The mortgage system is not yet appropriately developed. Housing credits are small and practised only by commercial banks. Commercial bank credit resources are affordable for a limited segment of the population due to high interest rates and short repayment periods. The lack of mortgage opportunities decreases the efficiency of spending and saving practices. The underdevelopment of the system affects mostly middle and low-income groups. Furthermore, it is impossible to mobilise resources to secure socially vulnerable sections of the population. This was shown after the earthquake in Tbilisi in 2002.

External debt: External debt of Georgia amounted to US \$1,853 million or 53% of GDP by the end 2003. Of this US \$996.5 million are credits from International Financial Institutions (IFI) and US \$761 million are bilateral credits. The largest IFI creditors are the International Monetary Fund and the World Bank (\$288.7 million and \$585.4 million respectively). Just over half (53.9%) of bilateral credit is with Turkmenistan and Russia.

Georgia managed to restructure its external debts twice through bilateral negotiations with creditors in 1996-1998 and through the Paris Club in 2001-2002. Georgia still has significant debt service liabilities for 2003-2006. This will require a further appeal to the Paris Club to achieve more concessional terms.

Georgia is recognised as one of the seven low-income states in the Commonwealth of Independent States (CIS-7: Armenia, Azerbaijan, Georgia, Kirgizstan, Moldova, Tajikistan and Uzbekistan). The Asian Development Bank, the European Bank for Reconstruction and Development, the International Monetary Fund and the World Bank have agreed to a new initiative to accelerate poverty reduction and economic development and to assist fiscal and external debt stabilisation in these countries.

As declared in the Monterey Consensus reached at the International Conference on Financing Development, the international community views its activities through the prism of poverty reduction. The Consensus stipulates new approaches that will form the foundation for the relations of developed countries and international organisations among themselves and with developing economies. In attaining these goals they stand ready to support developing economies and countries in transition in their efforts to overcome financing problems. In this light their commitment to convert from assisting through credit mechanisms to grants becomes crucial for the countries with high indebtedness. Such countries are incapable to direct their own resources for rapid and sustainable socio-economic development.

Access to communications: Accessibility to communication systems in Georgia is unequal. While minimum demands in urban areas are met, in rural areas communications remain at a low level. There is no access to universal communication services in the regions. This constrains social-economic opportunities for people with low income and generally for the population in the regions. Currently, there are more than 150 operators in the telecommunications sphere. However, there are 12.6 fixed telephones per 100 inhabitants. In urban areas the figure is 21.3 while in rural areas 1.5.

Roughly 3.5% of the population uses the Internet. This is mainly concentrated in the main cities and in particular Tbilisi. Access to the Internet is difficult in small cities, regional centers and villages where there is little or no infrastructure. A priority must be the creation of the equal conditions in urban and rural areas.

Georgia is a country with a considerable potential in deployment and systematic use of Information and Communication Technologies (ICT or ICTs) in its development plans. The Georgian Government is committed to use opportunities provided by ICTs to the benefit of the country's economy and civil society. The elaboration of the ICT Development Framework and establishment of groundwork for the continuous development of institutions, infrastructure and laws to create a modern information society is a priority issue for Georgia. Moreover, harmonized ICT regulatory and policy framework is crucial for the country's long-term goal of accession to the European Union.

The EDPRP contains provisions for the development of new technologies and building of information society in Georgia, as one of the most efficient ways for building a developed democratic state.

Major challenges

The major challenges that Georgia faces in developing its trading and financial systems are related to the effective use of the WTO accession privileges, implementation of a prudent monetary policy aimed at maintaining price stability, reducing the "dollarisation" of the economy, respecting commitments with international financial institutions and organisations, successful implementation of civil service reforms and the successful implementation of the EDPRP.

External debt liabilities remain a heavy burden on the economy. The Paris Club can consider debt restructuring only if the programme supported by the IMF's Poverty Reduction and Growth Facility (PRGF) is restored or a decision is reached to start a new programme. Restoration of the PRGF programme depends on compliance with commitments specified by this programme. A positive contribution is the adoption of the EDPRP. Along with effective external debt servicing the government should refuse to take non-concessionary loans or provide state guarantees for such loans to improve the credit situation in the country.

The main impediments for accessibility to communication systems are the lack of fixed telephone lines in rural areas, rural poverty and the lack of experience and provision of ICT. One of the challenges is the elaboration of the "ICT Development Framework for Georgia", which will contribute to:

- Defining and elaborating of overall unified co-ordinating mechanisms for promoting ICT Development (ICTD) in the country, assisting all the government bodies in charge of the sector to be compliant with overall ICTD-plan;
- Defining priority strategic options and key activities to mainstream ICTs at legislative, technological, economic and social levels;
- Defining of the role of the state in preparing the legal and regulatory frameworks and policies to promote the use of ICTs.

The ICT Development Framework will serve as a blueprint for planned development of Information Society in Georgia. The realisation of the first-priority goals defined in the Framework will stimulate changes in the political, economic and social areas and establishment of openness and transparency in public administration. It will considerably contribute to modernisation of state management, strengthening of business and partner relations with the private sector and Civil Society Organisations (CSOs), human resources development, and anti-corruption and poverty reduction efforts.

Recent initiatives by developed countries and international institutions such as CIS-7, Monterey Consensus, and others impose specific liabilities on the developed world itself regarding improved cooperation and co-ordination among development agencies and consolidating efforts on the most crucial problems affecting developing countries. This includes poverty reduction. For example, the CIS-7 initiative requires the main trading partners of these states to eliminate existing export barriers. Free market access is considered a pre-requisite for stabilisation and overcoming poverty. The collaborative and co-ordinated efforts of developed countries to respect these liabilities will speed up current reforms and projects towards macro-economic stability in countries such as Georgia. In this context it is important to support the EDPRP and provide financial assistance through concessionary credits and grants for those priorities and measures that remain unaffordable with domestic resources.

CONCLUDING REMARKS

The aim of this MDG Report is to raise public awareness about MDGs and to renew political commitment. In doing so, it contributes to the public debate by focusing on the issues that really matter to ordinary Georgian citizens. This report should also serve as a benchmark for future assessment of the progress in implementing MDGs.

The report provides the summary of the progress towards attaining the MDGs (Table 14) assessed by the relevant Working Groups and confirmed by the Government Commission on MDGs. The status of the affairs clearly indicates the necessity of urgent interventions if Georgia aims to achieve the set targets by 2015.

The report has noted that some MDG indicators are less relevant to Georgia. Country specific indicators are suggested for poverty, education, gender and healthcare Goals. As illustrated in the Table 13 below it has been difficult to establish benchmarks for some indicators due to the weakness, and in some instances lack, of appropriate information. This calls for the systematic review and adjustment of the relevant indicators to ensure accurate accountability, and for establishment of effective monitoring systems at national as well as local levels. This should become an important tool for monitoring country progress, identification of efficient interventions and prioritizing financial resources.

Similarly important is the integration of MDGs into the formulation, implementation, monitoring and evaluation of national policies and programmes on sustainable development. Current and future development strategies should reflect the implications of MDGs and their consequences for the growth and development of the country. In this context it is important to define and implement MDG-specific follow-up and reporting requirements.

Greater public knowledge and commitment is vital for achieving the MDGs in Georgia. In this context a strategic approach to information, education and communication should be adopted in coordination with all relevant stakeholders. The objective of such a campaign should be the advocacy of the MDGs in simple messages developed for specific target groups and promotion of more active participation by the public in the implementation and monitoring of MDGs in Georgia.

The report was prepared by Working Groups composed under the MDG Commission. Support was provided by the United Nations Country Team (UNCT) in Georgia.

Table 13: Capacity for monitoring and reporting MDG-progress

Goal	Quantity & Regularity of Survey Information			Quality of Survey Information			Statistical Analysis			Statistics in Policy-Making			Reporting and Dissemination of Information		
	Strong	Fair	Weak	Strong	Fair	Weak	Strong	Fair	Weak	Strong	Fair	Weak	Strong	Fair	Weak
Eradicate extreme poverty	Strong		Weak	Strong			Strong			Strong			Strong		
Universal education			Weak			Weak			Weak			Weak			Weak
Promote gender equality and empower women		Fair			Fair			Fair			Fair			Fair	
Reduce child mortality			Weak			Weak			Weak			Weak			Weak
Improve maternal health			Weak			Weak			Weak			Weak			Weak
Combat HIV/AIDS, malaria and other diseases			Weak			Weak			Weak			Weak			Weak
Ensure environmental sustainability			Weak			Weak			Weak			Weak			Weak

Table 14: Status at a Glance
Summary of progress towards the Millennium Development Goals

GOALS	WILL THE GOAL BE MET?				STATE OF SUPPORTIVE ENVIRONMENT			
	Probably	Potentially	Unlikely	No data	Strong	Fair	Weak but Improving	Weak
POVERTY REDUCTION			X				X	
UNIVERSAL EDUCATION		X					X	
GENDER EQUALITY		X					X	
CHILD MORTALITY		X					X	
MATERNAL HEALTH		X					X	
HIV/AIDS AND OTHER DISEASES		X					X	
ENVIRONMENTAL SUSTAINABILITY			X					X