

**Millennium Development Goals in Georgia:  
Progress Report for 2004-2005**

Tbilisi  
2005

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## **EXECUTIVE SUMMARY**

The “Millennium Development Goals in Georgia: progress report for 2004-2005” assesses progress in implementing Millennium Development Goals in Georgia. This report follows on a previous baseline report which was issued in June 2004. The current report represents a “stocktaking” exercise in preparation for the MDG+5 World Summit to be held in New York, September 2005. The report covers the period of 2004 and the first half of 2005. It was prepared in cooperation between the Georgian Government and non-governmental organizations and with the assistance of the United Nations Country Team (UNCT) in Georgia.

The Government of Georgia started a comprehensive reform program that aims to improve socio-economic conditions while reducing the current level of extreme poverty (Goal 1) through sustainable economic growth. For the first time in years, the share of the population living below the official poverty line has decreased, although there is no change in the extreme poverty level. Overall, rural poverty remains more pronounced than urban poverty.

The quality and institutional setup of the educational system have improved (Goal 2). Georgia is progressively integrating into the European Union Neighbourhood Policy by supporting an action plan, which emphasizes education, specifically in the area of science. The educational system is undergoing radical reform, orienting itself toward European standards, eliminating corruption and shifting to a new system of financing. Further reforms aim at introducing a comprehensive national curriculum focusing on the development of analytical and other relevant and necessary skills.

Gender equality issues were promoted to the state level (Goal 3) resulting in the creation of an Advisory Council on Gender Equality (in the Georgian Parliament) and a separate Governmental Commission on Gender Equality Issues. These institutions shall address the prevailing problems of under-representation of women in elective bodies and in executive positions, discrepancies in employment, remuneration opportunities and underdeveloped state response mechanisms to instances of gender discrimination.

To reduce the child mortality rate and improve maternal health under Goals 4 and 5, the Government is expanding child and reproductive health services, as well as improving access and quality. Special state primary and referral healthcare programs have contributed to a slight decrease in mortality rates. Additionally, international assistance programs have also put emphasis on child and maternal healthcare. Another contributing factor to the decreasing child mortality rate is the decline in home deliveries. Immunizations remain at a high level. Moreover, the Government has put itself in a better position to secure the financial sustainability of programs which address the reduction of the child mortality rate. Despite these positive financial projections and overall improvements, the unreliability of existing statistics makes optimal targeting of programs difficult.

Positive tendencies have developed in combating HIV/AIDS, TB and malaria (Goal 6). Georgia has a well-established HIV/AIDS control service and a well-developed infrastructure to support the effective reduction of these pandemics. The Country Coordination Mechanism (CCM) for HIV/AIDS, tuberculosis and malaria prevention and treatment activities is effective. The Government is demonstrating political commitment by strengthening coordination, increasing finance for national control programs and investing further into preventative pandemic infrastructure. However, some factors contributing to the spread of the pandemics remain, including wide-spread intravenous drug abuse, the alarming situation in neighbouring countries and a low public awareness of appropriate precaution.

To address the environmental sustainability requirement of Goal 7, the Government has, among other measures: created the Commission on Sustainable Development of Georgia; adopted a strategy and action plan on biodiversity preservation; initiated elaboration of forestry policy and strategy; continued the introduction of the Clean Development Mechanism; and facilitated the phase-out of ozone depleting substances. However, further efforts are required to improve access to safe water supply and housing.

Georgia remains committed to the global partnership for development (Goal 8) with a liberal trade regime, an improvement of its financial and banking systems and progress in addressing external debt issues within the Paris Club framework. The Government has also placed telecommunications among the priorities in its program for 2004-2009, elaborating the ICT development framework; it will, additionally, develop a National Strategy of ICT Development.

## Millennium Development Goals in Georgia

Goals	Targets	Indicators
<p><b>Goal 1: Eradicate extreme poverty and hunger</b></p>	<p><i>Target 1:</i> Halve between 2000 and 2015 the proportion of people living below the poverty line</p> <p><i>Target 2:</i> Halve between 2000 and 2015 the proportion of people that have unbalanced diets</p> <p><i>Target 3:</i> Ensure socio-economic rehabilitation and civil integration of population affected and displaced as a result of conflicts and natural calamities</p>	<ul style="list-style-type: none"> <li>• Proportion of population below the poverty line</li> <li>• Proportion of population in extreme poverty</li> <li>• Poverty gap ratio (official poverty)</li> <li>• Poverty gap ration (extreme poverty)</li> <li>• Share of poorest quintile in national consumption</li> <li>• Prevalence of underweight children (under five years of age)</li> <li>• Energy consumption specifically of the destitute</li> <li>• Proportion of macronutrients consumed against Recommended Daily Allowances (RDA)</li> <li>• Proportion of the household income allocated to food</li> <li>• Employment/unemployment indices</li> <li>• Poverty indicators</li> <li>• Income indicators (sources and amounts of income)</li> <li>• Expenditure indicators (structure and size of expenditures)</li> <li>• Habitat indicators (number of rooms, ownership, total area, availability of public utilities, etc.)</li> <li>• Demographic indicators (average size, gender/age structure of the family, etc.)</li> </ul>
<p><b>Goal 2: Ensure coherence of Georgian education systems with the educational systems of developed countries through improved quality and institutional set up</b></p>	<p><i>Target 4:</i> 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</p> <p><i>Target 5:</i> By 2015 ensure establishment of accreditation system for tertiary education institutions and achievement of institutional coherence with modern tertiary education systems</p>	<ul style="list-style-type: none"> <li>• Net enrolment ratio in primary education</li> <li>• Proportion of pupils starting grade 1 who reach grade 5</li> <li>• Inclusion into the International System of School Education Quality assessment and the results of such assessments</li> <li>• Increased harmonization and coherence with the study programs of European and American institutions</li> </ul>

<b>Millennium Development Goals in Georgia</b>		
<b>Goals</b>	<b>Targets</b>	<b>Indicators</b>
	<p><i>Target 6:</i> By 2015 ensure that the transformation of vocational education is focused on labour market needs; facilitate the establishment of institutional support to private sector development in vocational education</p> <p><i>Target 7:</i> By 2015 ensure the function of inclusive and integrated educational programs; incorporate the principles of inclusive education into national study programs</p> <p><i>Target 8:</i> Ensure gender equality in employment</p>	<ul style="list-style-type: none"> <li>• Training and re-training programs</li> <li>• Increase of the employment coefficient (proportion of students employed after graduation)</li> <li>• Role of inclusive education in study programs and the practice of their implementation</li> <li>• Labour market profile in the prism of gender parameters</li> <li>• Comparison between males' and females' average wages</li> <li>• Rehabilitation/development of social aid system</li> <li>• Number of pre-school institutions</li> <li>• Proportion of women in senior positions in the executive branch</li> <li>• Proportion of women in local governments</li> <li>• Government institutions that focus on gender equality issues</li> <li>• Proportion of seats held by women in national parliament</li> </ul>
<b>Goal 3: Promote gender equality and empower women</b>	<p><i>Target 9:</i> Ensure equal access to activity in the political domain and all levels of management</p> <p><i>Target 10:</i> Reduce by two-thirds, between 2000 and 2015, the under-five mortality rate</p>	<ul style="list-style-type: none"> <li>• Under-five mortality rate</li> <li>• Infant mortality rate</li> <li>• Neonatal mortality rate (early neonatal mortality, late neonatal mortality)</li> <li>• Proportion of children under 2 years immunized against measles</li> </ul>
<b>Goal 5: Improve maternal health</b>	<p><i>Target 11:</i> Reduce by three-quarters, between 2000 and 2015, the maternity mortality ratio</p>	<ul style="list-style-type: none"> <li>• Maternal mortality ratio</li> <li>• Proportion of births attended by skilled medical personnel</li> </ul>

## Millennium Development Goals in Georgia

Goals	Targets	Indicators
<p><b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b></p>	<p><i>Target 12:</i> : Effectively reduce the spread of AIDS, halting new cases of HIV by 2015</p> <p><i>Target 13:</i> Effectively reduce the incidences of malaria and other major diseases, halting their spread by 2015</p>	<ul style="list-style-type: none"> <li>• HIV incidence (new cases)</li> <li>• Percentage of injecting drug users (IDUs) among HIV positive persons</li> <li>• Condom prevalence rate</li> <li>• Number of children orphaned by HIV/AIDS</li> <li>• Malaria prevalence rate</li> <li>• Death rate associated with malaria</li> <li>• Proportion of population in malaria risk areas using effective malaria prevention and treatment measures</li> <li>• TB incidence rate</li> <li>• TB mortality rate</li> <li>• TB case detection rate</li> <li>• Proportion of TB cases treated under DOTS (Directly Observed Treatment Short Course)</li> </ul>
<p><b>Goal 7: Ensure environmental sustainability</b></p>	<p><i>Target 14:</i> Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</p> <p><i>Target 15:</i> Halve by 2015 the proportion of people without sustainable access to safe drinking water</p> <p><i>Target 16:</i> Harmonization of the housing sector with international standards, including the development of municipal (social) tenure component</p>	<ul style="list-style-type: none"> <li>• Proportion of land area covered by forest (%)</li> <li>• Land area protected to maintain biological diversity (ha)</li> <li>• GDP per unit of energy use (kg oil equivalent/1000\$) (GDP in nominal values)</li> <li>• Carbon dioxide emissions (per capita)</li> <li>• Use of ozone depleting substances (kg/per capita)</li> <li>• Proportion of population with sustainable access to an improved water source</li> <li>• Elaboration of legislative framework for housing sector, including the social housing component</li> <li>• Elaboration of country specific habitat indicators using international indicator system</li> </ul>

<b>Millennium Development Goals in Georgia</b>		
<b>Goals</b>	<b>Targets</b>	<b>Indicators</b>
<b>Goal 8: Develop a global partnership for development</b>	<p><i>Target 17:</i> Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</p> <p><i>Target 18:</i> Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p> <p><i>Target 19:</i> Ensure improved accessibility to communication systems countrywide, minimize digital inequality between urban and rural areas</p>	<ul style="list-style-type: none"> <li>• Telephone lines per 1000 people</li> <li>• Personal computers per 1000 people</li> </ul>



MDG Indicators	2000	2001	2002	2003	2004
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
<i>Target 1: Halve between 2000 and 2015 the proportion of people living below the poverty line</i>					
Proportion of population below the poverty line	51,8	51,1	52,1	54,5	52,7
Proportion of population in extreme poverty	14,3	13,8	15,1	16,6	16,9
Poverty gap ratio (official poverty)	20,2	19,3	19,8	21,1	20,4
Poverty gap ration (extreme poverty)	4.6	4.3	4.8	5.4	5.5
Share of poorest quintile in national consumption	7.6	8.2	7.9	7.8	7.8
<i>Target 2: Halve between 2000 and 2015 the proportion of people that have unbalanced diets</i>					
Prevalence of underweight children (under five years of age)	-	-	-	-	-
Energy consumption specifically of the destitute (in Kcal)	-	-	-	1,893	1,750
Proportion of macronutrients consumed against Recommended Daily Allowances (RDA)	-	-	-	2,384	2,250
Proportion of the household income allocated to food (%)	-	-	-	75	62
<i>Target 3: Ensure socio-economic rehabilitation and civil integration of population affected and displaced as a result of conflicts and natural calamities</i>					
Employment index of IDPs	-	-	-	-	-
Unemployment index of IDPs	-	-	-	-	-
Income indicators (sources and amounts of income) of IDPs	-	-	-	-	-
Expenditure indicators (structure and size of expenditures) of IDPs	-	-	-	-	-
Habitat indicators (number of rooms, ownership, total area, availability of public utilities, etc.) of IDPs	-	-	-	-	-
Demographic indicators (average size, gender/age structure of the family, etc.) of IDPs	-	-	-	-	-
<b>Goal 2: Ensure coherence of Georgian education systems with educational systems of developed countries through improved quality and institutional set up</b>					
<i>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</i>					
Net enrolment ratio in primary education	0,970	0,963	0,956	0,949	0,956
Proportion of pupils starting grade 1 who reach grade 5	-	-	-	-	-
Increase of the employment coefficient (proportion of students employed after graduation)	-	-	-	-	-
<b>Goal 3: Promote gender equality and empower women</b>					
<i>Target 8: Ensure gender equality in employment</i>					
Ratio of girls to boys in primary, secondary and tertiary education					
<i>secondary</i>	0,970	0,963	0,956	0,949	0,956
<i>secondary/vocational</i>	0,977	1,029	1,094	1,227	1,307
<i>tertiary</i>	0,958	0,989	0,947	1,015	1,010
Ratio of literate females to males of 15-24 years old			1,0 <sup>1</sup>		
Share of women in wage employment in the non-agricultural sector	53,7	55,1	49,0	-	-

<b>MDG Indicators</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
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	-	-	-	-	-
<i>Target 9: Ensure equal access to activity in the political domain and all levels of management</i>					
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	7,3	7,2	6,8	7,4	9,4
<b>Goal 4: Reduce child mortality</b>					
<i>Target 10: Reduce by two-thirds, between 2000 and 2015, the under-five mortality rate</i>					
Under-five mortality rate	24,9	25,5	22,1	20,3	20,0
Infant mortality rate	21,1	20,0	20,1	18,5	18,0
Early neonatal mortality	12,2	11,1	13,5	12,3	12,1
Late neonatal mortality	1,6	3,5	2,6	4,1	3,3
Proportion of children under 2 years immunized against measles	94,8	57,2	66,1	76,1	86,5
<b>Goal 5: Improve maternal health</b>					
<i>Target 11: Reduce by three-quarters, between 2000 and 2015, the maternal mortality ratio</i>					
Maternal mortality ratio	49,2	58,7	46,6	52,2	45,3
Proportion of births attended by skilled medical personnel	95,7	96,6	97,4	97,2	97,5
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>					
<i>Target 12: Have halted by 2015 and begun to reverse the spread of HIV/AIDS</i>					
HIV incidence (new cases)	3,4	5,3	7,2	8,9	11,6
Percentage of injecting drug users (IDUs) among HIV positive persons	70,1	72,8	70,4	68	67,5
Condom prevalence rate	6,3	-	-	-	-
Number of children orphaned by HIV/AIDS	-	15	37	47	83
<i>Target 13: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases</i>					
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	-
TB incidence rate	84	77	87	93	95
TB mortality rate	7,6	8,1	8,4		
TB case detection rate	34	48	50	52	
Proportion of TB cases treated under DOTS (Directly Observed Treatment Short Course)	61	63	67	100	100

<b>MDG Indicators</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Goal 7: Ensure environmental sustainability</b>					
<i>Target 14: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources</i>					
Proportion of land area covered by forest (%)	39.8	39.8	39.8	39.9	-
Land area protected to maintain biological diversity (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)	0,691	0,733		0,843	0,993
Use of ozone depleting substances (kg/per capita)	0,0125	0,0112	0,0109	0,0121	0,0117
<i>Target 15: Halve by 2015 the proportion of people without sustainable access to safe drinking water</i>					
Proportion of population with sustainable access to an improved water source (%)					
<i>urban</i>	80	81	82	83	84
<i>rural</i>	15	15,5	15,3	15,5	15,7
<b>Goal 8: Develop a global partnership for development</b>					
<i>Target 19: Ensure improved accessibility to communication systems countrywide, minimize digital inequality between urban and rural areas</i>					
Telephone lines per 1000 people	345	312	348	312	327
Personal computers per 1000 people	-	-	-	10	20

## INTRODUCTION

The United Nations General Assembly will meet in New York as scheduled, September 14-16, 2005, and will focus on progress attained in implementing the Millennium Development Goals (MDG). As a signatory of the Millennium Declaration, Georgia has started fulfilling its commitments by elaborating the Economic Development and Poverty Reduction Programme (EDPRP), which was adopted in August, 2003. In June of 2004, the country launched its baseline MDG Report that customised the globally set goals and targets to the Georgian context. On February 23, 2005 the Government adopted the EDPRP implementation report. Civil society and international organisations contributed to the report by participating in the customized construction of its goals and respective targets.

In order to establish effective monitoring at national and local levels, the relevant indicators are being incorporated into a uniform system. For this purpose, an integrated national database, GeoInfo, is being set up with UN assistance. The database builds on the DevInfo programme which is being used throughout the world and unites the indicators for MDG, EDPRP and the National Action Plan for Children.

Following the launch of the baseline report, the Government of Georgia has affirmed the necessity to assess progress in the implementation of MDG for the period of 2004-2005. For that purpose the Government reconstituted the Permanent Commission on MDG with its Resolution #119 of July 28, 2005. The resolution furthermore introduced appropriate changes to Government Resolution #7, adopted on March 31, 2004, designating the Prime Minister as Chair of the Permanent Commission and the Ministry of Economic Development as a coordinator of the process.

This report was drafted with the assistance of the United Nations Country Team (UNCT) in Georgia. It covers the period of 2004 and the first half of 2005. Public discussion of the report took place at the Ministry of Economic Development on August 19, 2005. The meeting was attended by representatives from Government agencies, civil society and international organisations. The final version of the document that incorporated the comments from the above meeting was discussed by the Government during a meeting on August 31, 2005.

Moreover, Georgia has joined the Global Call to Action Against Poverty (GCAP) through the campaign “Future without Poverty”, which was started by 8 NGOs and currently unites over 40 organisations and individuals. The coalition has already conducted several forums, generating active participation of public figures, government agencies and international organisations.

## **GOAL 1: Eradicate extreme poverty**

**Poverty:** According to the Statistics Department of the Ministry of Economic Development, in 2003 54.5% of the population were living below the official poverty line, with a total of 16.6% living in extreme poverty. In 2004, the proportion of the population living below this official poverty line slightly decreased to 52.7%, while the proportion below the extreme poverty line remained practically unchanged, at 16.9%.

The dynamics of poverty indicators differ in urban versus rural areas and in different regions (see Addendum 1 Figures 1 and 2). In rural areas, poverty is increasing considerably (see Addendum 2 Diagrams 1 and 3). Urban poverty, by contrast, is decreasing slightly. However, urban poverty is developing in different directions. While it is decreasing in Tbilisi, it is on the increase in other cities (see Addendum 2 Diagram 2 and 4).

Employment has the greatest impact on poverty. The labour market is dominated by agricultural subsistence self-employment, especially outside of Tbilisi (see Addendum 2 Diagram 5). Trade has the second biggest share in employment (see Addendum 2 Diagram 6). Two-thirds of the employed work in these two sectors, both of which only generate low income. Hence, if current trends continue, households that have their sole source of income in agricultural self-employment will remain at a high risk of falling into poverty. Poverty can become irrevocable in this sector if radical interventions for improving employment opportunities do not take place. The households with non-agricultural employment are in a better position. Their consumption level is increasing and incomes are rising above the poverty line. Therefore, the poverty in this sector is expected to decline (see Addendum 2 Diagram 7).

During the reporting period, the approach of the government towards economic and social reforms was to alleviate current poverty by a surged and sustainable economic growth. This growth is to be stimulated by the improvement of governmental mechanisms, thereby enhancing transparency and efficiency. The government has, furthermore, focused on improving the business climate and on attracting private capital through the implementation of a series of liberal economic reforms.

The strategic aim of the government is to establish an efficient, professional and transparent civil sector, which will safeguard the protection of democratic principles. Serious steps have been undertaken to reduce corruption and enhance the efficiency of law enforcing structures. Anti-corruption measures have led to the improvement of the fiscal administration. As a result, in 2004, the State Budget revenues increased by a staggering 75%, compared to that of the previous year. The generated revenues were used to reduce the budget arrears on salaries and pensions as well as downsizing the internal debt by GEL 250 million. Furthermore, since January 1, 2005, the size of minimal pensions has doubled to GEL 28.

The budget reform envisages a substantial improvement in the budget structure. The number of budget-units is projected to decrease while agencies and organizations are to

be given more budgetary autonomy. The method of budget financing has shifted to program and activity financing, which sharply improves the targeted use of public funds and increases the level of efficiency. Progress is underway to improve the budget classification, develop a realistic monthly projection of budget expenditures and to construct a sound medium term (4-year) plan of the budget.

The Civil Service Council and Civil Service Bureau were established by Presidential Decree to ensure the coordination and committed implementation of governance reforms. The number of ministries was downsized from 18 to 13 through mergers. 18 state departments were abolished and brought under the subordination of corresponding ministries as sub-agency institutions. A cabinet of ministers guided by uniformity and collegiality has been set up under the leadership of the Prime Minister. In each ministry reforms are underway, aimed at abolishing units with duplicate responsibilities, redistributing competencies and downsizing the personnel. The uniform system for compensating labour in public service is currently being elaborated with the aim to secure the competitiveness of the public sector vis-à-vis the private sector.

One of the government's major achievements during the reporting period is the adoption of a new Tax Code, which has been developed based on close consultations with NGOs, business circles and independent experts. The tax reform aims to improve the business climate, establish favourable conditions for both local and foreign investors, simplify tax procedures and legalize the shadow economy. On the whole, the reform serves to promote economic growth based on liberal principles. The new Tax Code lowers tax rates and simplifies the tax system across the board. It brings down the number of taxes levied from 21 to 7.

To improve the business climate and create a healthy investment environment in the country, the Government of Georgia intends to deregulate the economy, which focuses on the simplification of fee and license systems, optimisation of controlling agencies and the introduction of transparent mechanisms of licensing. Concurrently, the Parliament of Georgia adopted the Law on Licenses and Permits on June 24, 2005, which reduces the number of licenses and permits by 85 percent. It has introduced the "one-stop shop" principle (the license/permit issuing agency is responsible for obtaining all the documentation required from other institutions for granting a license/permit) and the "silence-means-consent" concept (the license/permit is considered granted if the deadline for issuing is exceeded). The law shortens the timeframes required for granting the license. Furthermore, it also simplifies the enterprise registration procedure.

The reform of technical regulation also aims at improving the business environment of the country. The reform should establish an efficient system of standardisation, metrology and accreditation that will ensure the transparency of the technical regulation, reduce corruption, improve the investment climate, safeguard market mechanisms and protect consumer rights, expand opportunities for Georgian products to access foreign markets and facilitate export diversification.

The ongoing privatisation of state-owned property further contributes to the development of an attractive business and investment climate. The country is successfully implementing a comprehensive privatisation process that, apart from improving the efficiency of the enterprises, strengthens the real-estate sector, thus contributing to sustainable economic development and to the creation of new employment opportunities. Results are illustrated by a 47% increase of foreign direct investment in 2004, as compared to the previous year. Land and forestry resources will also be privatised in stages. The Parliament has already adopted the law on privatisation of state-owned agricultural land. The objective of the law is to establish market principles in agriculture through privatisation of public property, thus improving the efficiency of land use. This objective is of substantial importance since agricultural self-employment comprises the majority of the employment structure of the country.

The development of a solid infrastructure is also among the Government's priorities. The rehabilitation of the electricity network and the establishment of a secure 24-hour electricity supply of the country are projected to be finalized by autumn 2006. The country-wide restructuring of the road system is also underway.

The Government understands that economic reforms alone are not sufficient to overcome poverty—the reforms should be accompanied by measures aimed at the improvement of social conditions of the population. Hence the Government has embarked on reforming the social assistance system. The centrepiece of the reform is to improve the social-economic status of the population through extreme poverty alleviation.

Monetization of social assistance and improved targeting are the key principles of reform in the social assistance system. Social assistance will no longer be oriented to pre-established categories of the population<sup>1</sup>. Instead, social assistance will give relief to all households living below the extreme poverty line. Recipients will be able to use these cash benefits at their discretion. Cash benefits for households below the poverty line shall be determined in accordance to the current income level and size of the family. The specific identification method for assisting extremely poor households has already been developed and the system will be fully functional in the second quarter of 2006.

***Food security conditions and tendencies:*** According to the Statistics Department of the Ministry of Economic Development, per capita daily dietary energy consumption in 2004 constituted 2,460 Kcal, exceeding the Food and Agricultural Organization's (FAO) standard of risk threshold at 2,100 Kcal. According to the Department's estimates, the population's diet composition remains qualitatively unbalanced. About half of the intake consists of bread products. The share of meat and fish is very low, while the share of dairy products remains rather high. The population's (especially urban) diet composition is closely linked to the overall socio-economic situation; the poor socio-economic situation is reflected in the high share of bread products in the overall consumption (see Addendum 2 Diagram 8).

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<sup>1</sup> Currently there are 5 main categories of social (family) assistance beneficiaries: the one or more-member family of unemployed solitary pensioners; orphans; unemployed sightless persons with limited capacities; handicapped children under 18 years of age; families with 7 or more children under 18 years of age.



Consolidated data was gathered in two Household Food Economy Assessments (HFEAs), conducted by the World Food Program in the rural areas of nine regions (excluding Adjara, South Ossetia and Abkhazia due to security and political reasons) during the pre-harvest period (January – June 2004) and the post-harvest period (July – December 2004). This data indicates that the overall food security situation remains unimproved compared with that of 2003 in two important respects. The average daily energy supply (DES) of the destitute has not increased. Moreover, all wealth groups are still not consuming a sufficient proportion of micronutrients as compared to Recommended Daily Allowances (RDA).

The average DES decreased from 2,384 Kcal in 2003 to 2,250 Kcal in 2004. Particularly, the DES of the destitute was reduced from 1,893 Kcal (which was already below the RDA in 2003) to 1,750 Kcal in 2004. The diet remains qualitatively unbalanced with high carbohydrate consumption in the total DES (72% vis-à-vis 55-60% recommended) and a low protein content (10% vis-à-vis 12-15% recommended) reported in all groups, particularly among the extremely poor and poor households. Consumption of meat accounted for only 2% of total calorie intake. This is a definitive indicator of a deficit of essential micronutrients (vitamin A, iron and iodine) in the diet of young children, pregnant/nursing women and other vulnerable groups.

There was a decrease in the proportion of household expenditures devoted to food from 75% in 2003 to 62% in 2004. However, this decrease was most likely attributed to increased prices of other non-food expenses (mainly energy products).

***Internally displaced:*** According to the Ministry of Refugees and Accommodation (MRA) as of May 2005, a total of 214,018 IDPs have been verified, of whom 201,634 are from Abkhazia and 12,384 from South Ossetia. The figures are based on the result of the verification exercise carried out by the MRA with the financial assistance and technical support of UNHCR. Approximately 42% of IDPs are still residing in collective centers, while the majority of the remaining 58% continue to live in crowded conditions with host families or in rented apartments.

There are no major changes in regards to ecological migrants. The Ministry estimates there to be approximately 100,000-120,000 ecological migrants. It is difficult to establish the exact amount since there is no database on such persons. The ecological migrants are still presumed to have resettled in Bolnisi, Tetrtskaro, Khoni, Akhalkalaki, Gardabani, Marneuli, Kvareli, Sighnaghi, Sagarejo, Kaspi, Tsalka as no reliable statistics exist concerning their further resettlement/return.

The majority of IDPs are still engaged in petty trade and unskilled manual labour and lack regular employment opportunities. Vocational training and re-training would increase their competitiveness in the labour market.

Quality healthcare services are largely inaccessible to IDPs, mainly because they are too expensive. IDPs cannot even benefit from the state-funded first aid program, because



they cannot contribute their share of 30%. Consequently, there is a definitive need for a system of health insurance. IDP polyclinics and ambulances are in need of various medical equipment (echosopes, cardiographs, lab equipment) countrywide. Apart from isolated interventions, no comprehensive initiatives have been undertaken in the field of psychosocial rehabilitation of IDPs.

**GOAL 2: Ensure coherence of Georgian educational systems with educational systems of developed countries through improved quality and institutional set up**

In 2004, Georgia began radical reforms in the educational system. The first phase of restructuring pursues three main directions: harmonization of the Georgian educational system with European standards; eliminating corruption on all levels of education (primary, basic, secondary, vocational, tertiary and others) and shifting to new system of financing education.

In 2005, Georgia initiated official negotiations to include the country in the European Union Neighbourhood Policy. Under this initiative, an action plan prioritizing education and science was elaborated. This five-year plan provides, amongst other measures: improving the qualification of teachers; optimising the network of schools; limiting the number of pupils in the class to 25; introducing inclusive education; developing vocational training in Southern Caucasus comparable to European standards; developing vocational training and lifelong learning in cooperation with European structures which are based on social partnerships; introducing the European Credit Transfer System (ECTS); transferring to the three-step system in universities; integration of studies and research in tertiary education institutions; establishing a National Students' Union and setting up an independent quality assessment service.

Major challenges remain in raising the population's awareness and participation as well as in securing adequate material and social conditions. This will require coordinated cooperation between the public and private sectors, along with international support.

***School education:*** On April 8, 2005 the Parliament of Georgia adopted the Law on General Education that stipulates state objectives in general education. General education establishes the following: the teaching of languages; duration of studies; rights and freedoms of students, their parents and teachers; financing mechanisms of general education; management principles for educational institutions and accreditation and property disposal mechanisms. The law also establishes a 12-year cycle of school education (which will be finalised during 2006-2007 academic year), introduces the Boards of Trustees, elections of the principal, and students' self-governance. Additionally, state financing per student has increased substantially (in urban areas GEL 250, in rural areas GEL 375, and in mountainous areas GEL 450).

According to the new law, the citizens of Georgia with a native language other than Georgian enjoy the right of receiving a full-course general education in their native language in compliance with the national curriculum. The teachers' retraining projects "Civil Integration Programme" and "Future Starts Today" were elaborated with the aim

of including and fully integrating the non-Georgian population into the educational system of Georgia. The joint project, “Milky Way”, is implemented with Estonian partnership and envisages full computerisation and the establishment of Internet access in all schools. This will facilitate unregimented dissemination of information in all regions of Georgia and will contribute to the development of students’ technical skills while also introducing On-line and distance learning methods in Georgian schools.

The Ministry of Education and Science elaborated a concept of Teachers’ Professional Training and Development that defines the status of a teacher, introduces relevant mechanisms for professional skills development (such as credits and certification tests), and establishes transparent remuneration and a merit-based system.

Work is underway to develop a national curriculum, which will include a number of mandatory and elective disciplines to foster the development of analytical skills. The prospective mandatory and elective disciplines are in line with the main directions of civil and state development and correspond to modern and international educational requirements.

***Tertiary education:*** As a result of the legislative changes during the reporting period, Georgia was officially recognized as a full member of the Bologna Process by the Ministers of 40 member-countries and international organisations on May 19, 2005. Hence, the country became an official part of European High Education Area (EHEA) and European Research Area (ERA). The new legislation has completely changed the existing higher education system of Georgia and corresponds with international standards. The new legislation regulates the structure, management, financing, licensing, accreditation, and student admission rules of the tertiary education institutions. It gives them autonomy and grants special rights to the students as partners and interested agents. The tertiary education institutions now provide a three-step education (Bachelor, minimum 3 years; Master, minimum 2 years and PhD, minimum 3 years). The European Credit Transfer System (ECTS) is projected to become an integral part of the education system in Georgia by 2009-2010.

In the first months of 2005, all tertiary education institutions were accredited. Out of 237 applying institutions, 48% passed accreditation. The state no longer recognises diplomas of the institutions that are not accredited.

The Government also introduced a nation-wide university admissions examination. For the 2005-2006 academic year, 30,400 applicants participated in the examination and 17,341 were admitted as students. Out of these, 4,300 students received state scholarships (from GEL 1,000 to GEL 1,500 or US \$550-830 equivalent). Students have the right to use these scholarships at any accredited institution of their choice within and outside of the country. This “money follows the student” model has changed the tertiary education financing formula. To improve the quality of education, the total number of admissions were restricted. If in 2004 more than 35,000 students were enrolled, in 2005 this number was halved. An additional 250 state scholarships are allocated for ethnic minorities and students from marginalized regions as well as for socially vulnerable students. The

scholarships are available to students enrolled into accredited tertiary institutions through the national admission examinations.

A quality control system is now also being introduced. According to the law of tertiary education, this quality control system entails evaluation (internal and external, with students' participation and through the publication of results) of the respective tertiary educational institutions. Several universities have already created quality control units within their institutional structure.

***Vocational education:*** As of 2005, there are 75 state and 184 private primary vocational schools and 87 state and 223 private secondary vocational schools in Georgia. The reform of vocational education in Georgia is in progress. The new concept of vocational education development included a comprehensive analysis of the current situation in the sector and also reviewed prospects of European integration. This analysis was the basis for developing detailed reform objectives, which were then put up for public discussion. The vocational education policy is based on lifelong learning principles. The policy is oriented towards the European Union principles of free movement, the mobility of work force and of training highly professional human resources capable of contributing to the economic growth of the country.

The processes taking place in economic, education and employment sectors require the modernization of vocational education through increased interaction with the labour market structures, establishing a social dialogue and cooperative relations with employers. To accommodate this requirement, the Ministry of Education and Science promoted the establishment of the Government Commission on Social Partnership in Vocational Education that was adopted by the Government Resolution #90 on May 27, 2005. The Commission is currently elaborating its concept and action schedule.

The Minister of Education and Science with the Decree #350 of July 11, 2005 created a special commission with the task of drafting a law on vocational education by November 1, 2005.

***Inclusive education:*** The Parliament of Georgia adopted a document “Main directions of social policy with respect to protecting rights of children with limited abilities” on February 13, 2004. The Government elaborated specific strategies for its implementation. Additionally, the authorities have drafted a concept of special education for mentally retarded children to provide them with appropriate education, preserving high standards for educational services and securing access to education for children with limited abilities and their families.

The Ministry of Education and Science is developing and introducing new methodologies and approaches that conform with the requirements of a democratic society. These methodologies and approaches include: an inventory of children with limited capacities in Tbilisi schools; ten pilot schools that have been provided with incentive assistance (computers, copy-machines, sports equipment) are currently and successfully providing inclusive education services; the salaries of corrective and assistant teachers were

augmented; training is being conducted for corrective teachers to enhance their practical skills of working with handicapped children; a multidisciplinary council has been established and will organize further training for parents, teachers and children to facilitate their integration into the teaching process. It is crucial to adapt school premises and raise public awareness for inclusive education.

### **GOAL 3: Promote gender equality and empower women**

The recent developments in Georgia have facilitated the promotion of gender issues to the state level. Two state institutions have been created in 2004-2005. The legislative branch has established an advisory Council on Gender Equality at the Parliament of Georgia. The executive branch created the Governmental Commission on Gender Equality Issues (GCGE). Both of them include representatives from different government agencies as well as NGOs. The Council acts as a lobbying unit for gender issues and focuses its activities on the elaboration of a specific gender policy, ensuring gender mainstreamed legislation and coherence of Georgian Legislation with the European Union law on gender equality. The Council, furthermore, observes the implementation of international agreements and conventions involving the rights of women and gender equality issues. It also cooperates with international and local organizations working on gender issues. The GCGE elaborates gender equality policies and programs in partnership with the Council. Moreover, it facilitates the development and adoption of relevant monitoring mechanisms in order to plan and review implementation of government obligations with respect to gender equality.

Though Georgia has set a target of securing equal access for women in the political domain and all levels of management, not much was done to respect this commitment. There are no positive changes with respect to the number of females holding top positions in executive power (1 State Minister and 2 Ministers are women). Parliamentary elections of March 2004 resulted in women obtaining 22 seats out of 235, a mere 2% growth. The majority of female MPs (19) were elected by party lists. Due to prevailing gender stereotypes and corresponding difficulties in obtaining financial and other necessary support for campaigning, women's participation in plural majority elections remains rather limited. The elections, once again, illustrated the inefficiency of the acting electoral legislation in respect to attaining gender equality. The law does not clearly stimulate the emergence of new female politicians, but rather introduces artificial barriers for them. No changes are observed in this respect in local administrations or regional electoral bodies. Females remain highly underrepresented.

According to the Statistics Department of the Ministry of Economic Development the share of women in total employment in 2004 comprised 47.7%, which is a slight increase compared to the previous year. Recently this parameter displayed a declining tendency (see Addendum 2 Diagram 9). Among hired workers, females comprise 48.8%, a slight increase over the previous year (see Addendum 2 Diagram 10). The target of ensuring gender equality in employment and facilitating an environment conducive to equality was not achieved. The proportion of women is higher in the public sector, while in the private sector men prevail (see Addendum 2 Diagram 11 and 12). Similarly, males prevail in

non-agricultural employment—this tendency of polarisation is irreversible (see Addendum 2 Diagram 13). When it comes to remuneration, women are paid less than men. This distribution is equal in the low-income budget sector as well as other better-paid sectors (see Addendum 2 Diagrams 14-19). The share of women is higher in low-income education and healthcare sectors, while in past years, men's share in monetary income generating employment is generally 10-15% above the female share (see Addendum 2 Diagram 20).

It should be noted that the age structure of the labour market has substantially deteriorated. The economic activity of young females is declining. Only 42% of women of 20-29 years of age are working. This contributes to the high level of poverty in the country.

The discrimination of women at the working place is still a common phenomenon. In recruitment, employers disfavour women who are married or have small or many children. The number of redundancies for discriminative reasons is still high. Very often the maternity benefits provided by law are not respected. Poverty has increased the labour migration of women without adequate security mechanisms. Every second migrant is a woman, although the fight against trafficking has improved; the National Action Plan has been elaborated and the National Security Council has been put in charge of its implementation. Numerous preventive measures have already been introduced thus raising public awareness in these regards.

Women still have impediments in acquiring new technologies and improving their professional skills, as there are no targeted programs for women. A social security strategy that would stimulate female employment has yet to be formulated.

#### **GOAL 4: Reduce child mortality**

The Government of Georgia prioritizes improved access to and quality of maternal and child health services, which is reflected in the National Policy and Strategy of Healthcare<sup>2</sup> and program financing.

Despite scarce financial resources in the healthcare system, the country has succeeded in maintaining the infrastructure of maternal and child health care and universal coverage of ante- and perinatal services. However, the quality of the available services varies at different levels and calls for further improvement.

Since September 2004, the Ministry of Labor, Healthcare and Social Affairs has been issuing every pregnant woman with 4 free-of-charge antenatal visits (with appropriate clinical and diagnostic components) and a voucher of GEL 200 value for free delivery service.

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<sup>2</sup> National Policy and Strategy of Healthcare for 1999-2010; Economic Development and Poverty Reduction Programme of 2003; Strategic Vision of the Government for 2004-2006.

The state referral program, envisaging obstetric, neonatal and urgent referral components, is covered by the state insurance system. So far, however, the referral system for high-risk newborn healthcare was mainly concentrated at the Tbilisi Perinatal Centre. This limitation will be overcome within the scope of the World Bank Health Reform Project II. To serve the population of West Georgian regions, another Perinatal Centre is planned in Kutaisi.

The state program's full package additionally covers ambulatory (out-patient) services for 0-3 and 3-15 year-old children, free-of-charge in-patient and urgent referral for 0-3 year-old children. Inpatient services for 3-15 year-old children in case of urgent referral is subject to 20% co-payment, while inpatient service for children deprived of parental care or children on continuous replacement therapy is fully covered by the state medical insurance fund.

Maternal and Child Health has been prioritized within the international partnership programs as well. The second referral centre in west Georgia will become operational within the World Bank's project. Child survival and women's health programs in pilot regions are implemented through the support of US Government and USAID partner agencies (John Snow, ACTS Georgia, AIHA). UNFPA and UNICEF have ensured and plan to continue provisions of medical equipment to perinatal services, while UNICEF continues to support capacity building of maternal and child health staff in ante-, peri- and post-natal management issues.

Preliminary data from the National Center for Disease Control and Medical Statistics reports 46,734 live births in Georgia in 2004, including 1,180 children delivered at home. Official statistics during the 2000-2004 periods cite infant mortality rate (IMR) as decreasing from 21.1 to 17.98, while the under-five mortality rate (U5MR) decreased from 24.9 to 19.9. The early neonatal mortality (from 12.2 to 12.1) and still-birth (from 17.6 to 15.3) rates are also reduced from 2000 levels. Conditions originating during the perinatal period account for 65% of infant mortality in the twelve months after birth, followed by congenital anomalies in 11.6%, respiratory distress in 8% and infections and parasitic diseases in 7% of cases.

The available data, however, may not be reliable, as discrepancies of state and medical statistics departments records indicate. Furthermore, the 1999 Reproductive Health Survey has revealed a substantial difference in IMR (41/1,000 LBs) and U5MR (45/1,000), emphasizing the critical need for improved registration and reporting systems.

The results of the UNFPA-supported Reproductive Health Survey and the UNICEF-supported Multiple Indicator Cluster Survey will be available by the end of 2005. The expected data will provide a reference for assessing the situation and existing trends in maternal and child health.

According to official statistics as well as available surveys, mortality data for the 0-1 age category, continue to remain the leading cause in under-five-mortality in 2004, while high infant mortality is substantiated by the neonatal, especially early neonatal, mortality.



The child immunization program has sustained high coverage rates. Reduced incidences of vaccine-preventable diseases and the official certification of Georgia as a polio-free zone are evidence of the program's success. The Government of Georgia has ensured the implementation of effective policy and programs within the immunization field. The essential factors for the program are the ongoing partnership with UNICEF and US Government since 1994. Starting from 2002, the partnership is expanding to include the Global Alliance for Vaccine and Immunization (GAVI) for implementation of the Hepatitis B vaccination. In 2004, the Measles-Mumps-Rubella (MMR) vaccination was introduced through the support of the Vishnevskaya-Rostropovich Foundation, thereby replacing the mono-valent Measles vaccines. Measles vaccination coverage among under-2 children comprised 86.5%. US Government and UNICEF also support the implementation of the information management system for immunization and epid-surveillance countrywide.

The Government shows remarkable commitment to ensure financial sustainability of the immunization program. In 2005, the Government of Georgia supplied immunization for the 5 and 14-year age cohort, while the governmental share in providing EPI supplies to children under 2 years increased to 50%. The Government of Georgia is committed to allocate sufficient state resources to run the immunization program without humanitarian support by 2007.

Notable achievements are reported in infant and young child feeding programs, both at institutional and legislative levels. Despite these achievements, breastfeeding programs need to be continuously enhanced and mainstreamed at each levels of maternal and child health services. 97% of newborns at maternity hospitals are breastfed, while by 4 months exclusive breastfeeding rate is reduced to 18%.

This reduction in breast-feeding infants beyond 4 months is suspected to stem from inadequate lactation management and support of breastfeeding mothers in families, health facilities and workplace environments. However, there has been substantial improvement in complying with the law on Protection and Promotion of Breastfeeding & Regulated Use of Artificial Food.

Intensive efforts are underway to implement the European Strategy on non-communicable diseases. The National Action Plan for Food Safety & Health Nutrition is elaborated through World Health Organization (WHO) support. The plan emphasizes issues regarding malnutrition prevention. State and interagency partnership for prevention of micronutrient malnutrition has been strengthened. In February of 2005, the Parliament of Georgia, through UNICEF, supported the adoption of the law, Prevention of Iodine, other Microelements and Vitamins Deficiency Disorders. The latter bans import and sale of non-iodized salt and envisages the promotion of vitamin and mineral fortification of other food products. Another priority of the Government of Georgia is the iron and foliate fortification of wheat flour to prevent iron deficiency and anemia.

Present analyses reveal positive trends in the maternal and child health care system. It is imperative to sustain and further advance those positive developments, which largely

depend on the sustainability of existing political commitments and financial resources for the maternal and child health care programs.

Improvement of the accessibility to and quality of maternal and child health services calls for mainstreaming the following strategic interventions:

- Overall integration of maternal and child health care into a unified system. Ensuring continuation of ante-, peri- and post-natal services and system-wide integration of each strategic component (parents education, nutrition, immunization, HIV/AIDS prevention, etc);
- Adaptation and sector-wide integration of existing international standards for maternal and child health. Development of unified state policy and standards with revision of relevant guidelines and protocols;
- Further increase of public awareness on the volume and state-ensured guarantees within services provided (ambulatory, hospital, referral);
- Improvement of program information management systems – advancement of the statistical databases;
- Establishment of monitoring and quality assurance systems for child health care (audit/re-auditing);
- Improved governmental & interagency coordination.

## **GOAL 5: Improve maternal health**

Since September 2004, the Ministry of Labour, Healthcare and Social Affairs provides each pregnant woman with 4 free-of-charge antenatal visits (with appropriate clinical-diagnostic components) and a GEL 200 maternity voucher. The voucher, however, does not limit the future mother's choice of the perinatal service provider institution. It should be mentioned that since 2005 the pregnant women patronage package is enriched with ultrasonographic testing and mother-to-child HIV transmission prevention which includes HIV testing and consultation.

The new system of financing deliveries introduced in 2004 boosted the confidence of pregnant women in state financing. For the first time in 15 years the birth rate increased and reached 46,734 in absolute numbers, which is 2,338 more than in 2003.

Other positive tendencies include a decline in the maternal mortality rate in 2004 to 45.29 per 100 000 live births as compared to 49.2 in 2000 and 52.2 in 2003 and the decline in perinatal mortality and infant mortality rates (due to some impediments in registration, statistics do not accurately reflect the situation). Despite positive shifts, the maternal and child morbidity and mortality statistics are still high compared to that of developed and other post-Soviet countries.

According to the Disease Control and Medical Statistics National Centres data there were 46,269 live-births in 2004, of which 1,180 (2.5%) were home-deliveries. Although the number of home-deliveries has decreased, the reliability of these statistics is questionable. According to the "Women's Reproductive Health" study, conducted in



1999-2000, the actual number of home-deliveries probably is at least 4-times higher than the official statistics suggest.

The decline in number of legal abortions during the past decade (from 45,858 in 1994 to 17,210 in 2004) was due to the population's increased access to contraception, although the change may also reflect an increase in illegal abortions. According to the study "Women's Reproductive Health", the use of contraceptives increased by 20%. The growing number of abortions and sexually transmitted diseases among the youth is extremely alarming. Such growth is a clear manifestation of a lack of awareness and limited access of the younger population to appropriate services. The actual number of abortions is probably much higher than official figures suggest. The Women's Reproductive Health Survey confirms that there were 7-times more abortions in 1000 women in the 15-49 age group than officially registered, i.e. only 16% of the abortions were registered. It should be mentioned that UNFPA is assisting the country in conducting a second reproductive health survey that will be pivotal in terms of revealing the existing discrepancies and establishing realistic tendencies.

UNFPA is assisting the Georgian government in implementing national priorities in the area of reproductive health, which are based on ICPD Programme of Action and the results of Cairo +10. These national priorities are intended to reduce women's mortality in Georgia. The assistance is aimed at improving access to high-quality reproductive health information and services by strengthening the capacity of the Government to manage and deliver reproductive health services. This includes the establishment of the following: reproductive health centres and mobile teams, covering the entire territory of Georgia; a national reproductive health and reproductive rights legal framework; training, contraceptives and equipment in order to enhance the quality of reproductive health services; increased awareness of reproductive health issues among the general population and youth, and stronger reproductive health information systems.

In the course of the Co-reform project supported by the US Government, the multisector working group at the Ministry of Labour, Healthcare and Social Affairs, revised the existing reproductive health and family planning policy and issued recommendations in 2005. Refining the reproductive health legislation was recognised as being among the priorities for the 2005-2006 periods.

In 2004-2005 new priorities were set in the reproductive health sphere, which focuses on male and youth health. Namely, the first ever Male Reproductive Health survey is planned to be conducted in 2005. Through the support of UNFPA and in cooperation with the NGO sector and the Ministry of Defence, the soldiers serving in the Georgian Armed Forces are receiving training in reproductive health issues and HIV/AIDS prevention.

The targets and priorities set under the MDG Goal 5 are translated into the Child Survival Programme as an integral approach to the overall improvement of maternal and child healthcare.

## **GOAL 6: Combat HIV/AIDS, malaria and other diseases**

**HIV/AIDS:** In Georgia, the first case the infection was identified in 1989 but the HIV/AIDS epidemiological situation remains under control. Despite the fact that since 1996 the number of the HIV positive cases increased 27 times, Georgia still belongs to the countries with low HIV/AIDS prevalence (0.13%). However, Georgia is situated on the border of HIV/AIDS pandemics in Russia and Ukraine, and according to experts' estimates, unless urgent preventive measures are undertaken immediately, the rapid spreading of HIV/AIDS is expected in close future.

As of July 1, 2005 the number of reported cases of HIV infection in Georgia is 744, including 312 cases of AIDS and 156 lethal outcomes. The estimated number of HIV+ persons, according international criteria, is 3,000. The distribution of HIV cases by routes of transmission is as follows: injecting drug use, 66.5%; heterosexual contacts, 27.7%; homosexual contacts, 3.1%; vertical transmission, 1%; blood transfusion, 0.8% and undetermined, 0.9%.

Major risk factors for the spread of HIV/AIDS in Georgia are: widely spread injecting drug use and sexually transmitted infections (STI); an alarming situation of HIV/AIDS in neighbouring countries; increased migration; lack of disposable medical instruments, diagnostic test-systems and means of sterilization; low awareness of population about HIV/AIDS and a traditionally low demand for condoms.

At present, there is a well-established HIV/AIDS control service in Georgia with a well-developed infrastructure. The Country Coordination Mechanism (CCM) that coordinates the activities of Government, NGOs and international partners involved in HIV/AIDS, Tuberculosis and Malaria prevention and treatment in Georgia, is functioning through the financial support provided by Global Fund (GFATM) grants. The National Strategic Plan of Action (2003-2007) for HIV/AIDS is being implemented. Some activities of the Plan are supported by UN Agencies (UNAIDS, WHO, UNICEF, UNDP, UNFPA and others), USAID and other various donors.

GFATM's five-year project, with the total cost of US \$12,1 million, started in 2004. The project envisages: antiretroviral medicine (ARV) treatment and care of people living with HIV/AIDS; advocacy for the development of an adequate legislative basis; HIV/AIDS prevention among injecting drug users (IDU); HIV/AIDS and STI prevention among female sex workers (FSW) and men who have sex with men (MSM); HIV/AIDS prevention among youth; safety of blood and blood products and prevention of mother-to-child-transmission (PMTCT). From 2009, the state program will replace the GFATM supported activities. From January 2005, Georgia ensured 100% access to ARV treatment for all AIDS patients. In addition, all pregnant women have access to HIV voluntary counselling and testing (VCT) and all identified HIV positive pregnant women are ensured with ARV prophylactic treatment to prevent mother-to-child-transmission (MTCT).

Georgia is strongly committed to meeting the goals recommended by UNAIDS and WHO within the “3 by 5” strategy and “Three Ones” approach: 100% access to ARV treatment is ensured; one authority – Effective Country Coordination Mechanism (CCM) exists; one agreed National Strategic Plan of Action on HIV/AIDS is developed; the monitoring and evaluation system is currently under construction.

**Malaria:** In 2004 the number of registered cases of malaria in Georgia amounted to 257 (62 recurrence and 195 new cases), representing 58 cases less than in the previous year. In 19 cases, the disease was imported from other countries. As in previous years, the source of local cases is still localized along the border of Azerbaijan. In 2004, local cases of malaria were registered in 7 out of the 8 regions of Kakheti. The disease rate also increased in the Gardabani and Marneuli regions of Kvemo Kartli. Malaria in Georgia is mainly a disease among adults and males, since its sources are mainly at the work-place (see Addendum 2 Diagram 21 and 22).

To increase the population’s awareness the specialists of local healthcare centres dealing in malaria problems were trained in advocacy techniques. The Public Healthcare Centre produced brochures on malaria that were disseminated among the local population. According to demand, the Regional Public Healthcare Centres are supplied with malaria treatment and preventive medicine, laboratory equipment and insecticides.

On April 28, 2004 a three-year program “Improving National Response to Increase the Efficiency of Malaria Prevention and Control in Georgia in 2004-2006” was signed with GFATM. The program covers the following 6 areas: strengthening the National Program on Malaria Control and Prevention; timely diagnosis and treatment of malaria cases; control the population of principal malaria vector (*Anopheles pulcherrimus* mosquitoes); increase the population’s awareness and participation in malaria control and eradication and strengthen the inter-regional coordination and the creation of a unified information network.

**Tuberculosis:** The Government of Georgia is proving its political commitment to TB control by strengthening the coordination of national and external partners (e.g. through the Country Coordination Mechanism for HIV/AIDS, TB and Malaria) through increased financing of the national TB control program and investments in infrastructure (construction of a new building for the National Centre of Tuberculosis and Lung Diseases will begin this year).

To a substantial extent, the changes in the indicators are explained by the improvement of the recording and reporting system on tuberculosis achieved in Georgia during the last three years.

In July 2004, the WHO Regional Office of Europe established an office for the TB Control Programme in the South Caucasus with a duty station in Tbilisi. The main objectives of the programme are to raise governments’ awareness about effective TB control, provide technical assistance to the National TB Control Programmes (NTP) on priority issues of DOTS implementation and to facilitate coordination and collaboration

among external partner agencies involved in TB control in the region. Georgia's main partners are: the German Government, USAID, the International Committee of Red Cross (ICRC), and Merlin. A special mandate of the WHO office is the technical support in the implementation of the project supported by the grant from the GFATM that started on April 1, 2005. The key components of the project are: establishment of the framework for integration of TB control in Primary Health Care (PHC) and training of PHC providers; an information, education and communication (IEC) campaign; incentives and enablers' project to improve patients' adherence to treatment and collaborative TB/HIV control activities. Special emphasis will be placed on expanding the DOTS framework and starting the DOTS-Plus programme for the management of drug-resistant tuberculosis. The Regional Office will continue to support international training for NTP, and provide technical assistance to strengthen a TB recording and reporting system, as well as programme monitoring and evaluation.

### **GOAL 7: Ensure environmental sustainability**

**Environment:** The political and structural changes in the country have led to the creation of a new Government Commission on Sustainable Development of Georgia<sup>3</sup> headed by the Prime Minister of Georgia. The main objectives of this commission are the elaboration of a strategy for sustainable development of the country, as well as the improvement of socio-economic forecasting.

The Government of Georgia adopted the strategy and action plan on biodiversity preservation with Resolution #27 of February 19, 2004. The strategy covers the preservation of biodiversity for the period of 10 years, while the action plan is designed for a five-year term. The document serves as a framework for coordinated activities in biodiversity conservation.

The elaboration of forestry policy and strategy started in 2005. Several important documents were prepared under the World Bank project "Forestry Development", including: an action plan for forestry sector rationalisation and institutional development; a methodology of assessing forestry resources of Georgia; national standards for seeds of different types of forests and forestry safety measures complying with international standards.

In 2004, the land area covered by forests increased by 155,000 ha and amounted to a total of 439,178 ha, thus comprising 6% of the total land area of Georgia. Within the scope of the "Protected Territories Development Project", funded by the Global Environmental Facility (GEF), management plans for the protected territories of the Central Caucasus are being formulated.

In recent years Georgia has experienced increasingly frequent, intensive and adverse effects of climate change. The second national notification to the Climate Change Convention, due to be drafted in September 2005, will place emphasis on planning preventive measures to offset the negative impact of extreme temperatures and heat

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<sup>3</sup> Government Resolution #77 of April 22, 2005.

waves in urban areas, as well as the adaptation of sea-shore infrastructure and agricultural sector (especially the grain industry) to climate change hazards. The national notification will study the impact of climate change on water resources, specifically the drinking water deposits and hydro-energy resources.

Additionally, the European Union through its TACIS programme renders technical assistance to the Government of Georgia for introducing the Clean Development Mechanism, which will foster the implementation of the framework for the Climate Change Convention.

To facilitate the phase-out of ozone depleting substances, amendments to the Law on Atmospheric Air Protection were drafted. Upon their adoption the legislation will regulate the import of ozone depleting substances, CFC containing mixtures and re-usable CFCs. Since Georgia is not a producer of such substances, their export will be prohibited, while import, following international commitments, will be strictly limited by pre-defined quotas. The effective monitoring system on import of ozone depleting substances is already in place. Through the implementation of a number of institutional and investment measures, Georgia is close to complying with the requirements of the Montreal Protocol.

The United Nations Development Programme (UNDP) is currently assisting the country in developing strategies and action plans for increasing the national potential to effectively implement the requirements of global conventions on climate change including: biodiversity conservation, the fight against desertification, the elaboration of a national plan on implementation of the Stockholm Convention of Persistent Organic Pollutants (POPs), and Kura-Aras basin preservation and integrated management plan.

The Government of Netherlands, Caucasus and European Regional Environmental Centres, UNDP and the World Bank are cooperatively supporting Georgia in incorporating environmental aspects into the Government's socio-economic and sectoral development plans and in improving the decision-making capacities through the introduction of the Strategic Environmental Assessment (SEA) mechanism.

In 2004, the Government of Georgia has started a comprehensive and substantial project in the energy sector that develops utilization of local renewable energy resources. The project is supported by UNDP, GEF and KfW and envisages the establishment of an appropriate legislative-regulatory, political, institutional and financial framework for using renewable resources. Utilization of such renewable resources will be supported by lifting existing barriers, establishing a Revolving Fund of Renewable Energy Resources and implementation of pilot projects. The initial emphasis is on developing small hydro and geothermal resources with subsequent expansion to larger-scale projects.

***Access to safe water supply:*** Despite its rich water deposits, Georgia is still experiencing difficulties in supplying the population with safe drinking water in rural areas. The underground water deposits remain the main source of drinking water, providing 90% of the water supply system. Currently 84% of urban and 15.7% of the rural population is



centrally supplied with drinking water. In 2000-2004, the central supply system served 77 urban settlements. The rural population is still satisfying their water needs from individual wells and natural springs and streams as well as “rural-type” local systems that feed on ground and surface waters.

No serious repairs, rehabilitation or reconstruction works of the water supply system were conducted during the reporting period. The infrastructure, including the cleaning facilities and distribution networks, are in terrible condition and this creates frequent problems of safe water supply. Due to the unfavourable condition of the pipes, leakage of water in the system is very high and contributes to the aggravation of the water deficit. Frequent electricity blackouts and the unstable voltage further deteriorate the technical condition of the network. Providing water to the high floors of multi-storey residential buildings is also problematic. Due to a lack of modern equipped laboratories, the quality of water supplied is not monitored. Cases of pollution with the sewage waters are rather frequent. The water tariff policy remains inefficient. Water resource management capacities and the population’s awareness of water consumption issues are low.

A joint Government of Georgia/WB project “The Study on the Opportunities of Georgia’s Water Supply Sector Strategy, Regulation and Private Sector Participation”, was finalized in October 2004. The project conducted in-depth research of the water supply and sewage systems encompassing legislative, institutional, financial, managerial, human resource and sociological surveys, stocktaking as well as provisional analysis and recommendations on how to address the challenges.

In 2004-2005 the Government implemented the project, “Assistance to the Government of Georgia in Realisation of National Financing Strategy in the Urban Water Supply”, supported by the Organisation for Economic Cooperation and Development (OECD). The scope of the project included: conducting an analysis of the current situation; assessing the technical conditions of the water supply and sewage systems; conducting opinion surveys; evaluating financial conditions; studying tariff issues; surveying water supply companies; elaborating different scenarios, as well as analysis and recommendations.

Other important initiatives include: a joint project with German KfW to assess the Batumi water supply and sewage systems and negotiations with the Japanese International Cooperation Agency (JICA) on several projects to facilitate the development of water supply and sewage systems.

**Housing:** The housing sector remains a crucial problem of the country. The housing stock continues to deteriorate. New commercial construction, naturally, will not satisfy the population’s demand for adequate housing and the Government cannot afford to comprehensively solve this problem due to financial, human resource, legislative and institutional constraints. Continuous depletion of the housing stock, difficult socio-economic conditions of the population, mortgage products’ focus on high-income customers, and the inexistence of municipal housing opportunities further aggravate the

situation. The world-accepted practice of social/municipal housing has not yet been introduced. This issue has yet to be discussed at the legislative level.

Although the Ministry of Economic Development elaborated several state programmes in 2004, which included tender documentation on housing policy principles and social housing programs, none of them have been implemented so far.

To address the water supply and housing problems numerous steps need to be undertaken:

- Revision of the existing and introduction of new legislation;
- Development of an adequate institutional model;
- Elaboration of state housing and water supply policy;
- Introduction of adequate financial mechanisms to ensure efficiency;
- Development of a system of urban indicators that will be a part of the international indicators and will facilitate further analysis;
- Development of state policy and programmes for ecological migrants and introduction of preventive measures that will minimize damage.

With the purpose of coordinating public utilities and housing issues on the state level, the Minister of Economic Development<sup>4</sup> has introduced a new unit into the structure of the Ministry, the Housing/Utilities Division within the Department of Construction and Urbanisation. This unit is in charge of: supervising the functioning of housing and utilities sectors; defining sectoral policies; elaborating development strategies; initiating legislative changes and cooperating with local and international donor organisations.

Despite the slow pace and complexity of the process, slight improvements have been achieved in respect to legislative-regulatory frameworks. Experienced NGOs are participating in the drafting of a new Construction Code. The city planning of Tbilisi is currently underway and will lead to the elaboration of a city map divided into zones. The new law on construction permits will be enacted in autumn 2005. Georgian construction norms, ensuring gradual harmonisation of construction processes and products to European standards, have been developed.

The above legislation is aimed at eliminating existing barriers for the private sector, promoting transparency of the construction regulatory processes and attracting new investments.

However, irrespective of the changes above, the private sector struggles to provide housing affordable to a larger proportion of the population, due to the scarcity of cheap construction materials, and outdated equipment and technologies. Construction materials are mainly imported, despite the availability of resources for their local production, thus boosting the housing costs and contributing to its concentration in the prestigious districts of the capital.

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<sup>4</sup> Resolution #01/03-01/130.

## **GOAL 8: Global partnership for development**

**Trading system:** Georgia has a rather liberal trade regime. The country's legislation does not apply any quantitative restrictions, restrictions of licensing requirements or other non-tariff barriers.

The majority of Georgia's trading partners are members of the World Trade Organization (WTO). Accordingly, the country applies the "Most Favoured Nation" (MFN) regime with them.

After joining the WTO in June 14, 2000 Georgia started to harmonize its customs regimes with the commitments negotiated with the WTO and by 2003, introduced a new tariff list that includes 22 tariff rates and specific import tariffs on alcohol and spirit replacing the previous import tariffs system of three ad-valorem rates of 0, 5 and 12 percent. Upon the expiration of the transition period (January 1, 2005), the number of tariff rates was further decreased to 16.

Georgia's joining the WTO resulted in the abolishment of the Jackson-Vanik Amendment by the United States of America and, furthermore, granted the country Most Favoured Nation status. Later, the country was granted the General System of Preferences (GSP) beneficiary status. In 2002, Georgia was granted the GSP regime by Poland and Turkey and in 2003, by Estonia.

The European Union lifted the status of non-market economy country for Georgia thus cancelling certain trade restrictions previously hindering the country. Furthermore, the EU expanded the GSP beneficiary status of Georgia, granted in 1995 to GSP+ that entitles 7,200 types of products with Georgian origin to enter the European Union market with zero customs tariff.

Georgia is a member of the multilateral agreement on the Formation of a Free Trading Zone in CIS that allows its members to free trade among themselves. In addition, Georgia has bilateral agreements with eight CIS countries (six of them are in force) on trading in goods and services, free of customs tariffs. Those countries are: Azerbaijan, Armenia, Russian Federation, Turkmenistan, Kazakhstan and Ukraine.

Georgia is also participating in the multilateral agreement on creating a free trading zone within GUAM.

**Financial system:** A monetary and exchange rate policy oriented to price stability remained the main priority of the National Bank of Georgia (NBG). This policy kept inflation within moderate limits. In 2004 the Georgian Lari (GEL) appreciated by 15 percent, keeping the average exchange rate of 1.92 GEL/USD. The volume of international reserves increased approximately two-fold during the reporting period and hit a level of US \$382.8 million (from 1.3 to 2.3 during the months when import of goods and services were active). As a result of the NBG's targeted policy and the legalization of the economy, the level of deposit dollarization fell from 86.1 percent to 74.3 percent on



account of the rising number of current accounts in national currency. This tendency is likely to be maintained in the coming years.

The reserve requirements for commercial banks were reduced several times in 2004. Currently, the banks are free from compulsory reserve requirements on funds attracted in national currency. The National Bank set into action a series of monetary instruments to promote the reduction of interest rates and attract deposits in national currency. The number of commercial banks decreased to 22. The Bank's policy was focused on banking sector consolidation and transparency, increasing the capitalisation of banking institutions and intensifying intermediary functions. It also concentrated on the establishment of specific financial markets and the promotion of trust towards the banking system.

The priorities of the monetary and foreign exchange policy will remain oriented towards the following goals: achieving and sustaining price stability; increasing reserve money by 18-20% through the inflow of foreign reserves in financial assistance received from the international organizations and donor countries as well as purchase of foreign exchange by the NBG at the foreign exchange market; crediting banks based on open market operations; maintaining a floating exchange rate regime through two-side monetary interventions; creating a dynamic and effective exchange rate that will facilitate the formation of healthy trade relationships with the partner countries; maintaining by the end 2005 a reserve-to-imports<sup>5</sup> ratio of at least 2.5 months and keeping the monetary and exchange rate policy to a minimum diversion from key targets in case of significant domestic or external (a sharp change in the BOP) impacts on the economy of Georgia.

**External debt:** External debt of Georgia amounted to US \$1,858 million or 34.6% of GDP by the end of 2004. US \$1,068.4 million, constitutes the credits from the International Financial Institutions (IFI) while US \$693.2 million constitutes credits from bilateral creditors. The largest creditors among IFIs are the International Monetary Fund (IMF) and the World Bank (WB) (respectively US \$265.3 million and US \$677.6 million). 44.8% of bilateral debt comes from Turkmenistan and Russia.

The first bilateral restructuring of Georgia's debt, through direct negotiations with each creditor, were conducted during 1996-1998. However, the terms of restructuring were rather heavy, and in 2001 Georgia addressed the Paris Club with the aim of alleviating some of the debt burden. The resulting agreement consolidated and restructured the outstanding principal payments for 2001-2002. There was, however, still a need for modification and on July 21, 2004, Georgia agreed another restructuring of its debt through the Paris Club. This concerns the outstanding principal and interest payments for 2003-2006. The current Paris Club agreement also provides the possibility of restructuring the part of the debt not subject to the 2001-2006 restructuring, as long as the prospective restructuring is kept within the Evian Approach framework upon expiration of the consolidation period at the end 2006.

**Access to communications:** The ICT development framework programme of Georgia is being elaborated under the initiative of the Government of Georgia and the National

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<sup>5</sup> Excluding imports related with the construction of oil and gas pipeline.

Commission of Communications of Georgia, with the support of the UNDP and the World Bank. The Government of Georgia recognizes that the creation and development of an information society and integration into the global information space is a basis and first priority of the country's strategic development. The first significant steps in this direction have already been made: the ICT business sector has been activated; a number of governmental structures have been equipped with local information networks (LAN); intra-governmental MAN covering Tbilisi and Kutaisi were installed; the first intra-governmental WAN was installed in the Imereti region; 11 e-clubs started operation in the Imereti region; the creation of components for Samtskhe-Javakheti region computerization is planned; ICT components were used in the frames of various international projects; the society on all levels is becoming more computer literate; the National Federation of Computer Sports was established; and in the frame of the TRACECA project, a fiber-optic telecommunication network along the Baku-Tbilisi railway was established and is functioning.

In light of reaching the MDG targets it is crucial to establish universal communication services in Georgia that will guarantee every citizen's right to equal access to communication services. With the aim of ensuring this right to the citizens, the National Commission of Communications of Georgia created a universal service division that will supervise the implementation of the projects in this field. Communication system operators and service providers in Georgia mainly focus on big cities and settlements, thus contributing to asymmetrical accessibility in urban and rural areas.

Due to the economic and social conditions in the country, the telecommunications sector has not been technically upgraded and developed, resulting in a rather low telephone density. As of January 1, 2005 the average density of fixed telephone lines per 100 persons is 13.4. The disproportionate supply of telephone services in urban and rural populations are significant; the fixed telephone line density in urban areas equals 23.7%, while it is at 1.9% in rural areas. Differences are also large between the various regions of the country. 58 cities and regional centres are equipped with automatic intercity telephone links. Major impediments for increasing accessibility of the population to communication service includes: a low level of telecommunication network development; a big number of systems with analogous function in local telephone networks; a low level of population's purchasing power; scarce experience with communication and information technologies and lack of adequate knowledge.

The Internet density of Georgia stands at a mere 3.8% and even this mostly restricted to Tbilisi and other major cities. There is almost no Internet connection in smaller cities, regional centres and villages. Hence, the main challenge is to establish common conditions for urban and rural populations. International experts and consultants have conducted a regional assessment of the country and have elaborated the main priorities for the development of the telecommunication sector in Georgia. Developing the implementation strategy and action plan should be the next phase.

Nationwide TV and Radio broadcasting are also components of telecommunication services. According to the recent data mentioned above, the main TV and radio channel

(public television) covers 90% of the population with Television and 80% of the population with radio broadcastings. It should, however, be mentioned that technically, the channel is in need of upgrading. Its quality parameters do not comply with established standards and thus, the reliability of the signal is very low.

The Government of Georgia declared the telecommunications sector among its priorities in the program for 2004-2009. Based on the above, it is imperative to develop a National Strategy of ICT development that will facilitate implementation of state programs in the sector. The priorities are upgrading, greatly improving access to information, and ensuring global connectivity of the telecommunication networks. This should entail:

- The creation of a single information and communication network with integrated services;
- Expansion of the telephone network and transferring to digital systems, which furthermore includes maintaining a sharp increase in telephone densities (target 30-40), eradicating urban/rural differences and securing uniform development of electronic communication systems in all regions of Georgia;
- Ensuring 100% coverage of the population with at least 1 TV and 1 radio channel
- Transferring to digital TV-radio broadcasting;
- Increasing the computerization of the population and Internet usage density;
- Developing mobile radiotelephone networks based on recent technological achievements;
- Further development of external telecommunication systems (developing national transit information-telecommunication networks and facilitating creation of new ones through cooperation with the neighbouring countries).

The creation of a modern information society constitutes another important priority for the country's future development. This envisages the introduction of E-governance and ensuring publicity and transparency of Government decisions and legislative framework.

Diagram 1: Official poverty level, 1997-2005, urban-rural

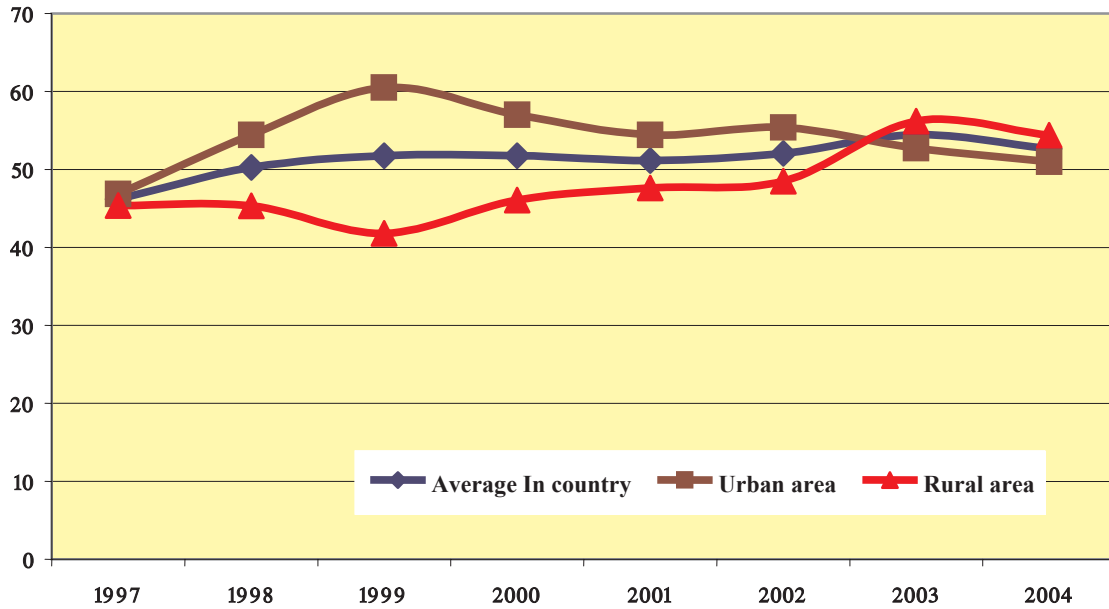
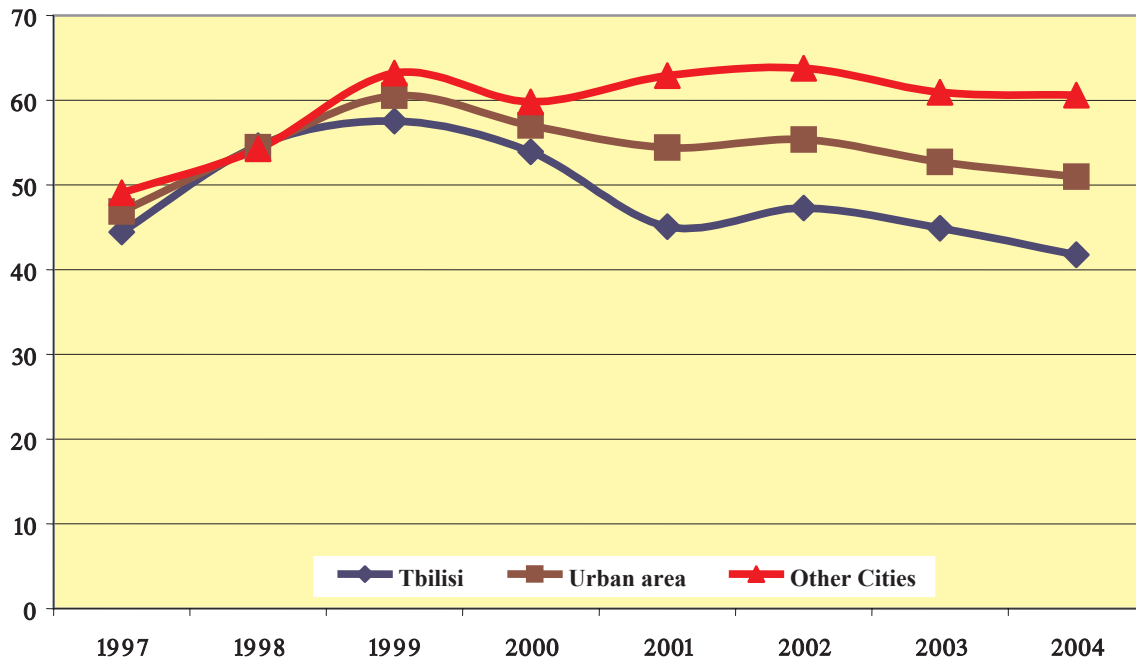


Diagram 2: Official urban poverty level, 1997-2004, Tbilisi and other cities



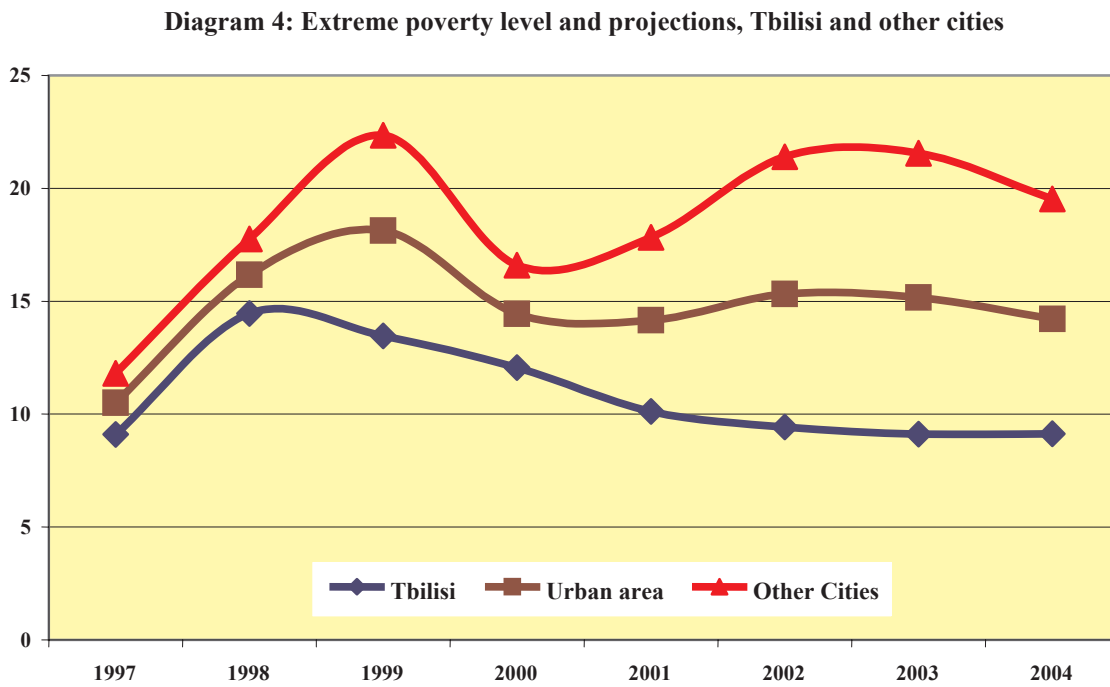
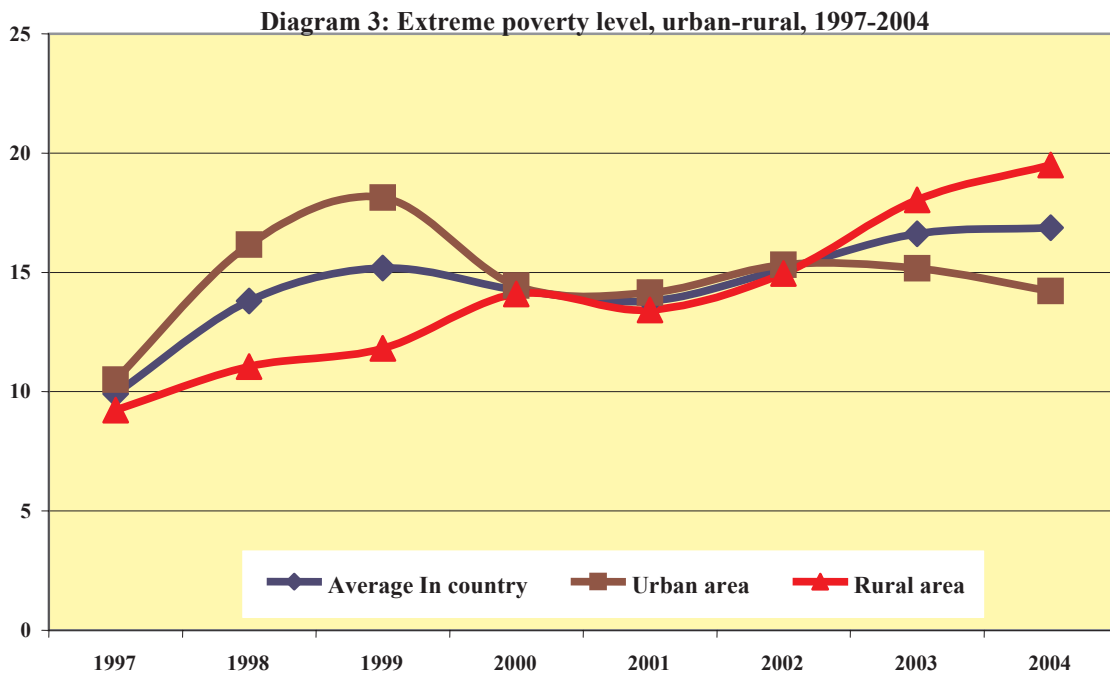


Diagram 5: Share of agricultural employment in total employment (%)

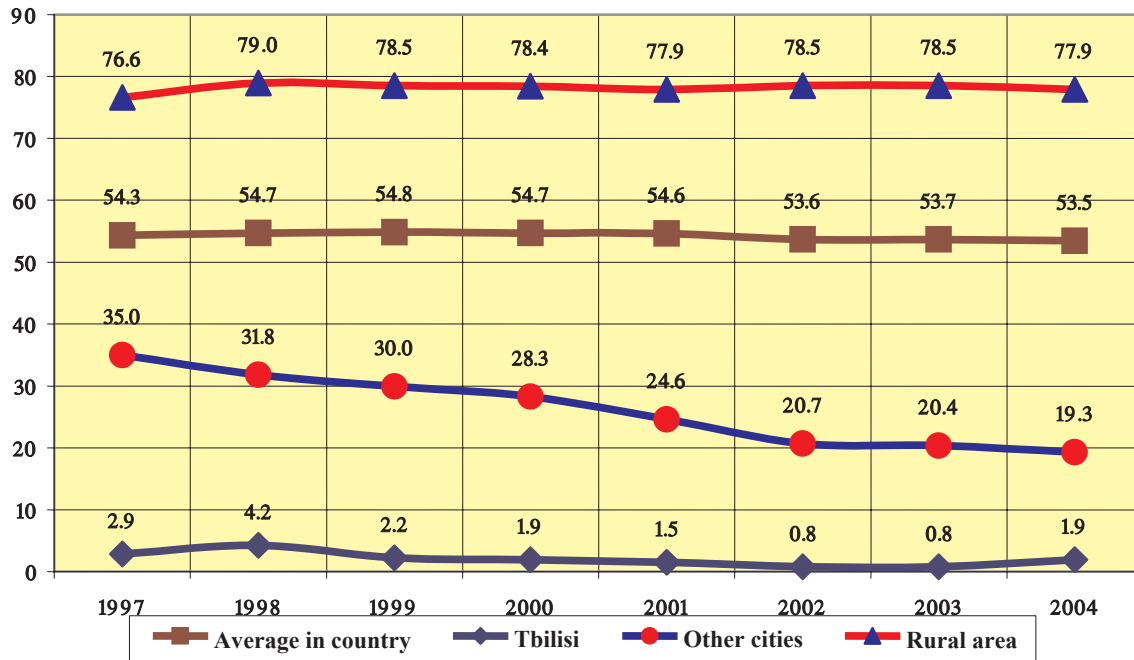
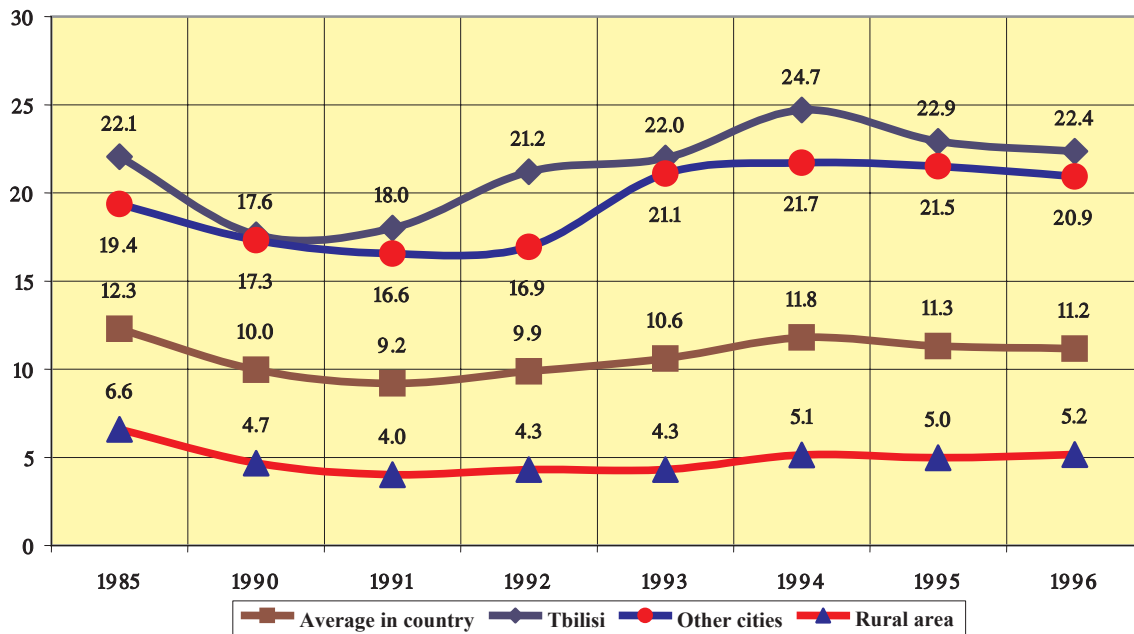
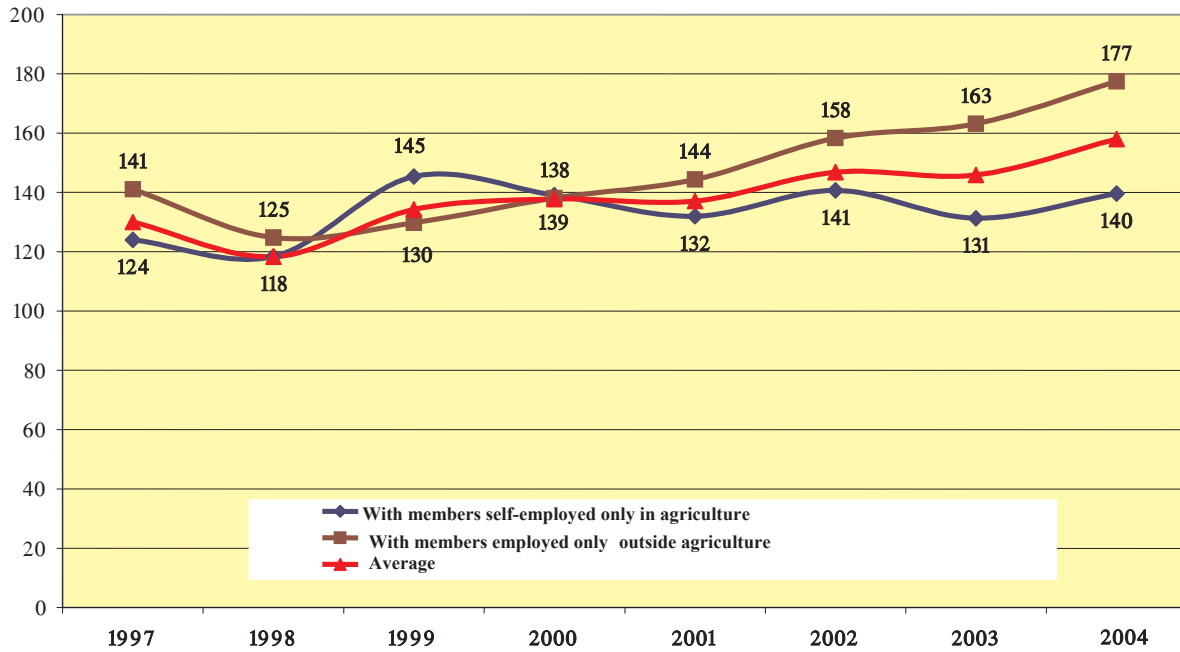


Diagram 6: Share of trade in total employment (%)



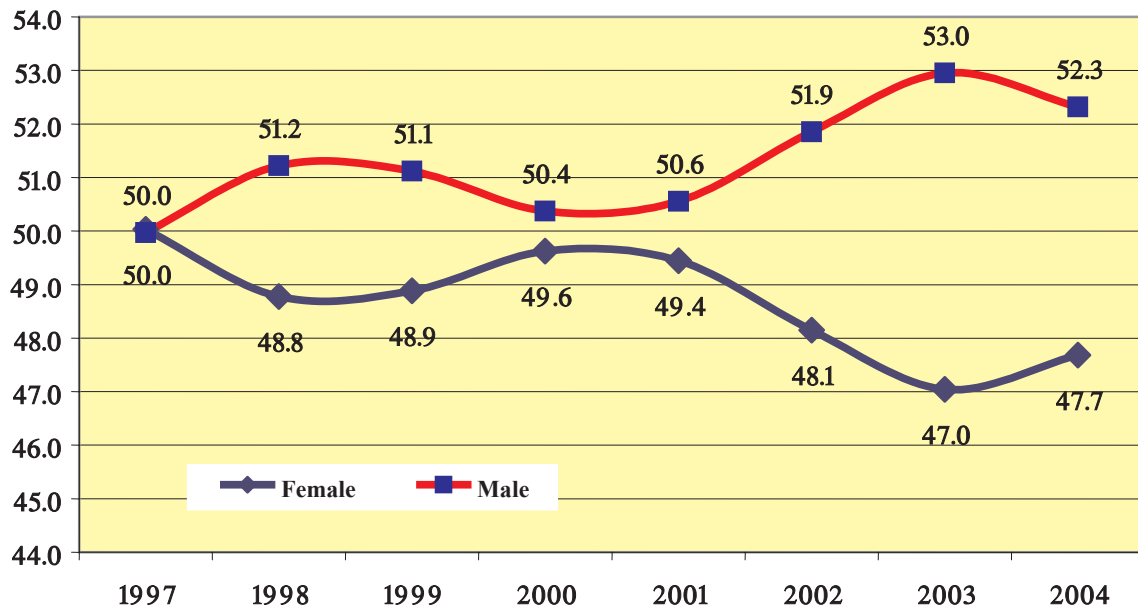
**Diagram 7: Estimation of total consumption per adult equivalent with scale effect by branch of employment of household member, 1997-2004**



**Diagram 8: Diet composition (%)**



**Diagram 9: Gender distribution in employment (including agricultural self-employment)**



**Diagram 10: Gender distribution in hired employment**

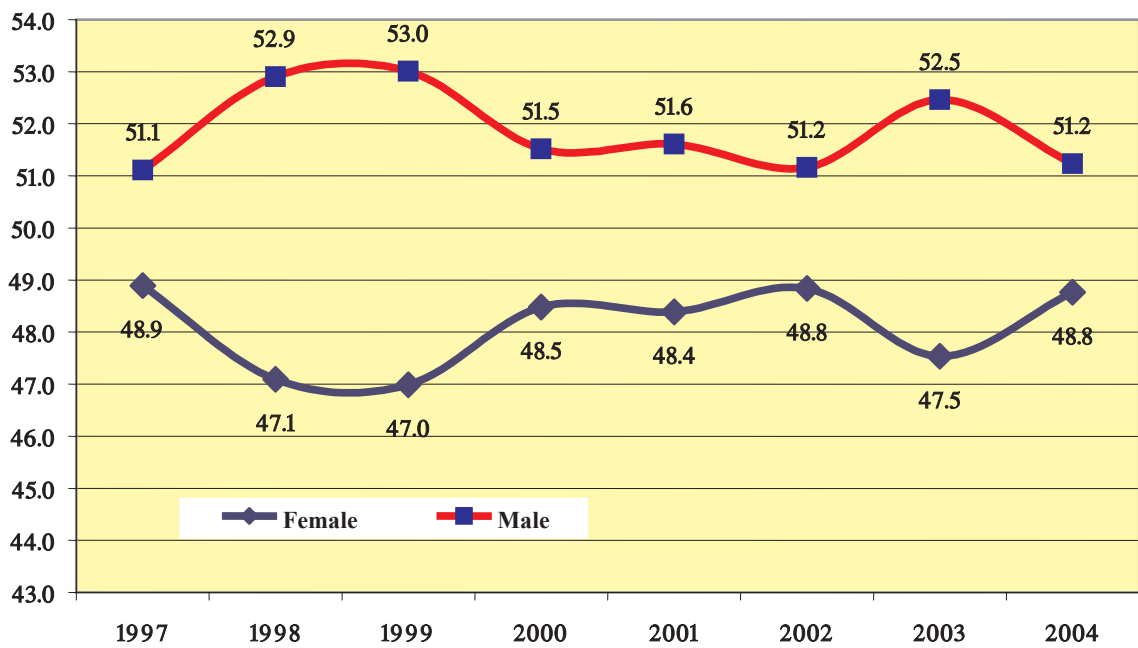




Diagram 11: Gender distribution of employment in public sector

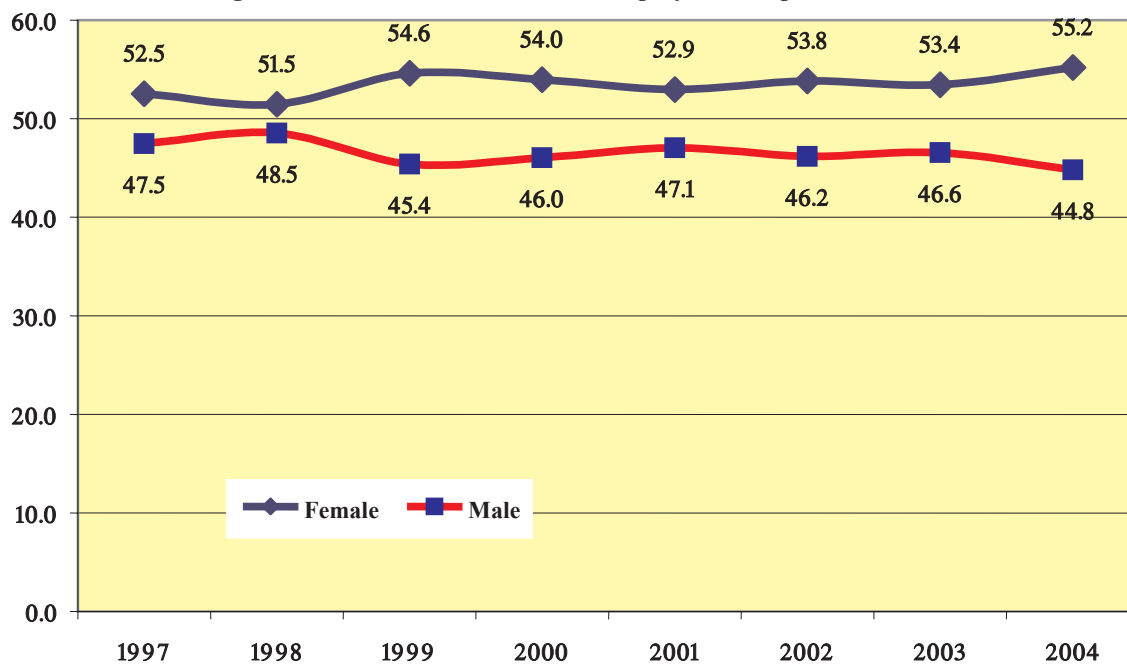


Diagram 12: Gender distribution of hired employment out of public sector

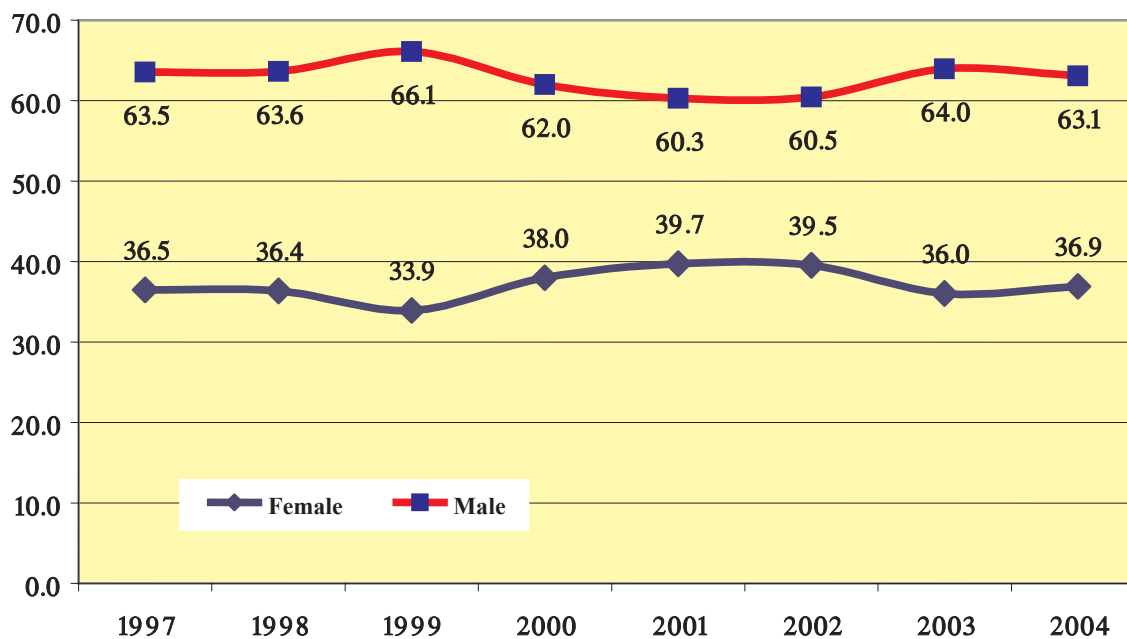


Diagram 13: Gender distribution of non-agricultural self-employees

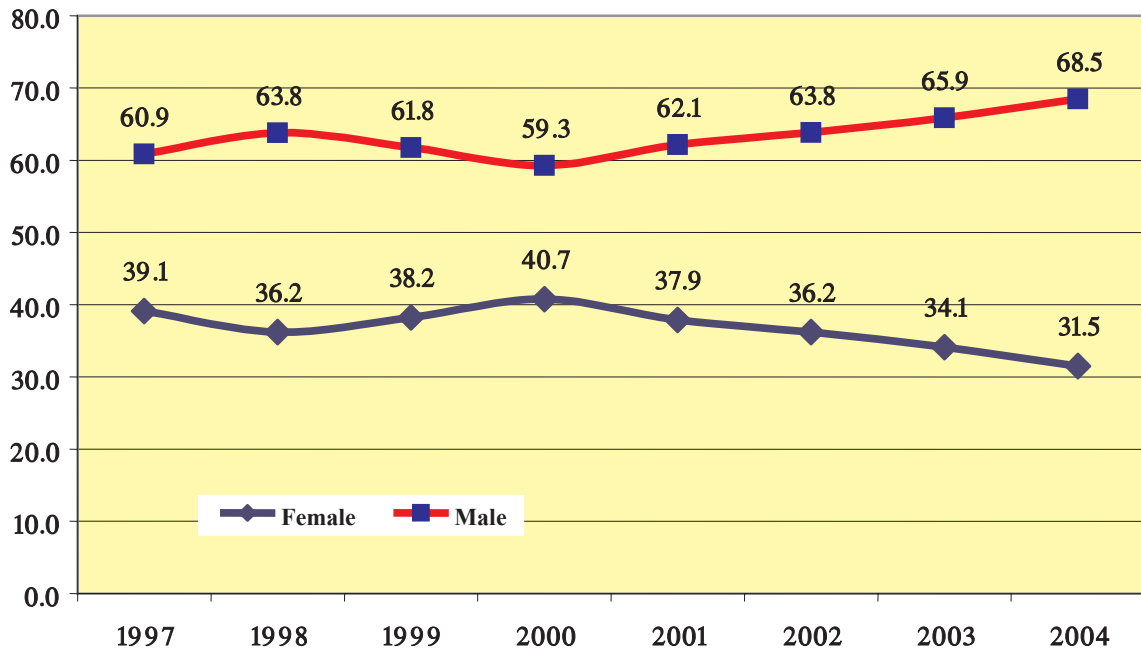


Diagram 14: Income from employment by gender (Excludes agricultural self-employment)

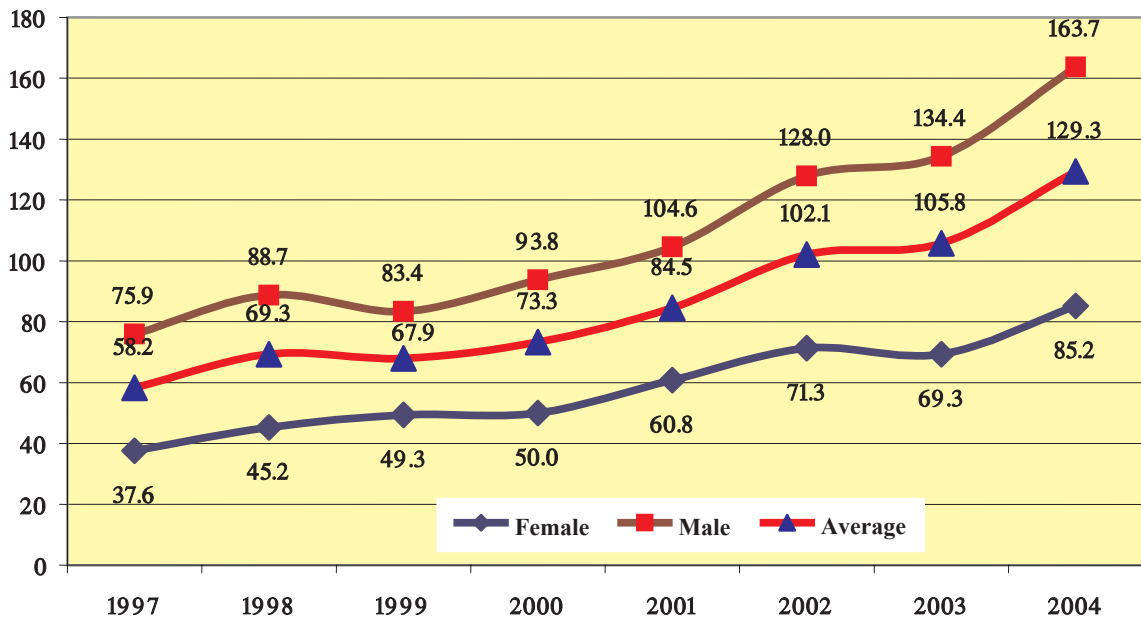


Diagram 15: Net salary from budgetary sector by gender

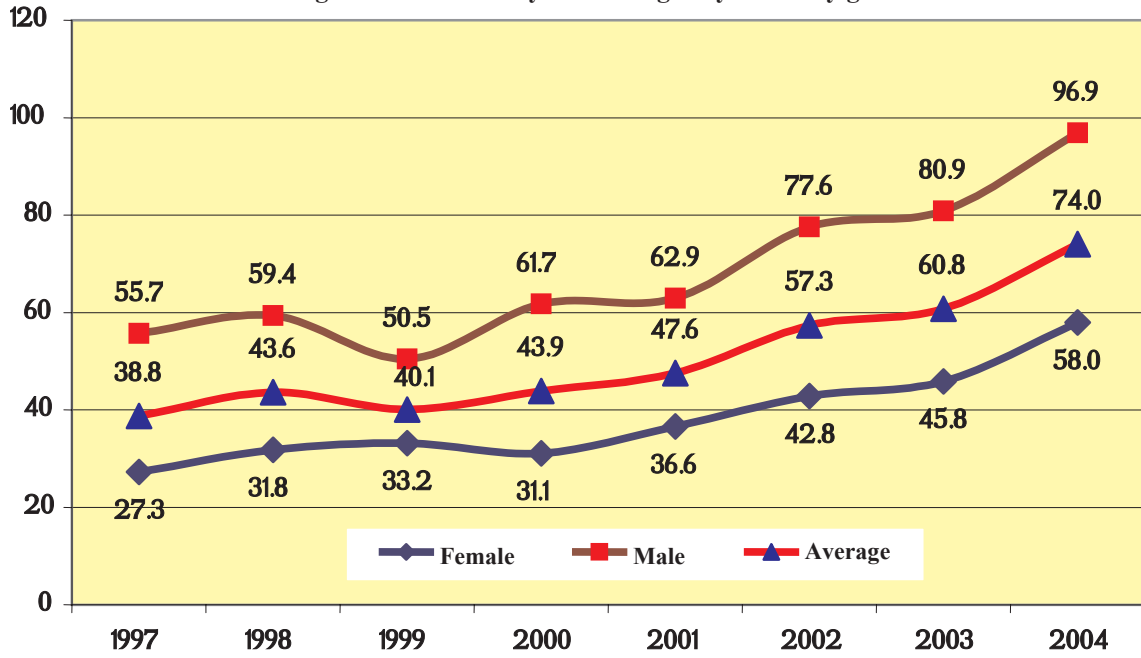
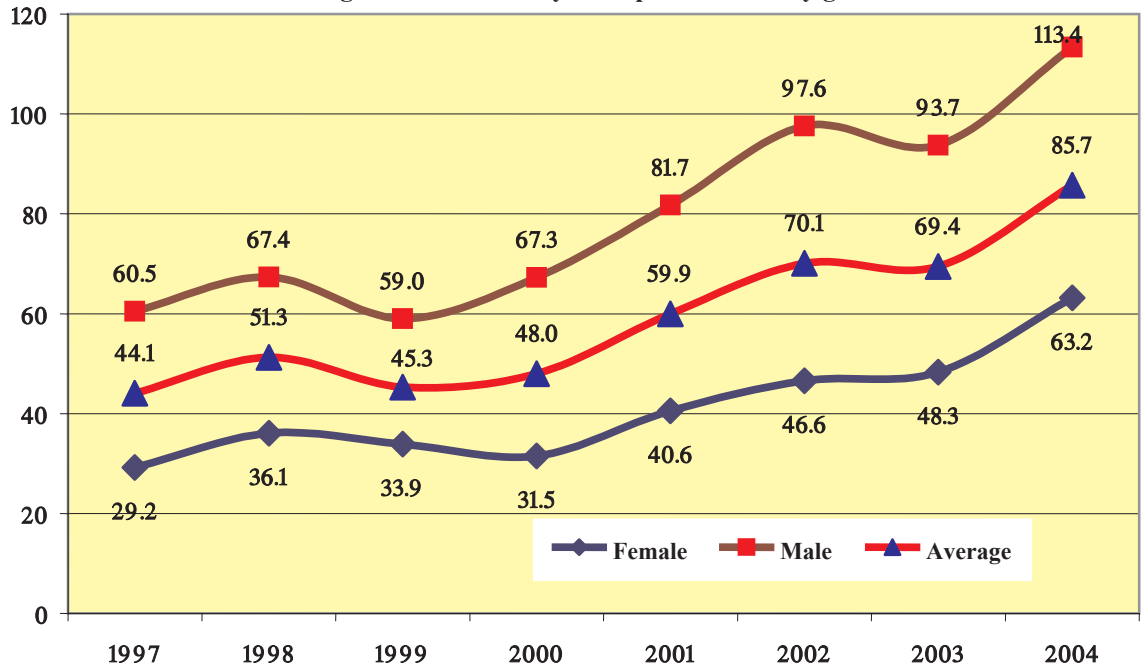
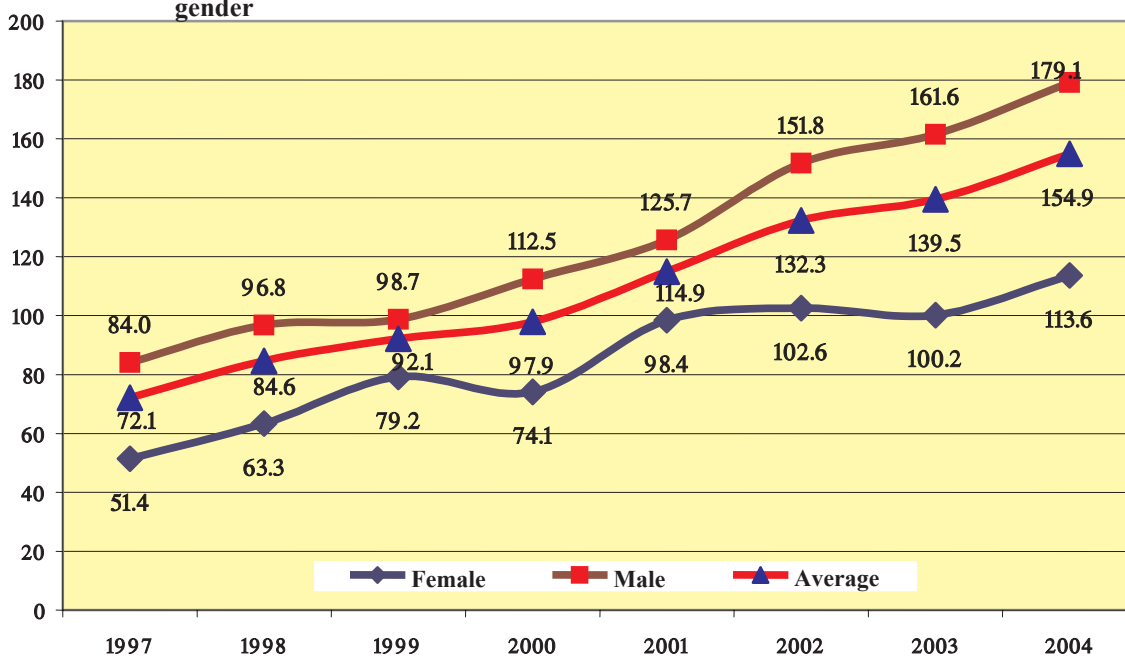


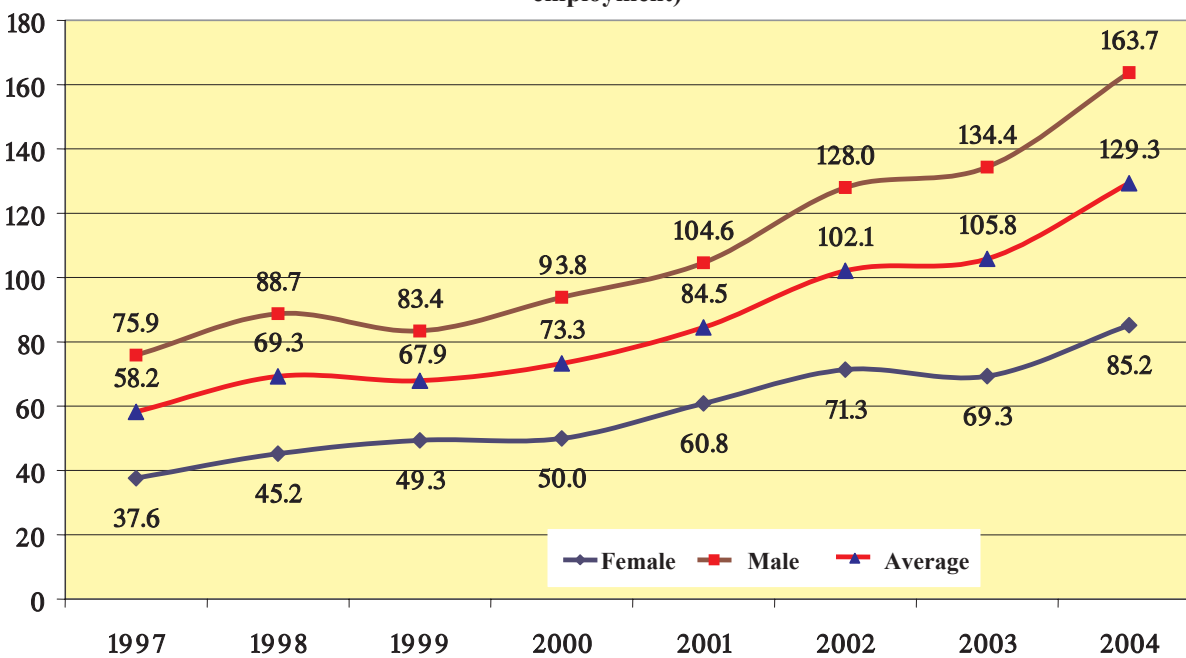
Diagram 16: Net salary from public sector by gender



**Diagram 17: Net salary from hired employment out of public sector by gender**



**Diagram 18: Income from employment by gender (Excludes agricultural self-employment)**



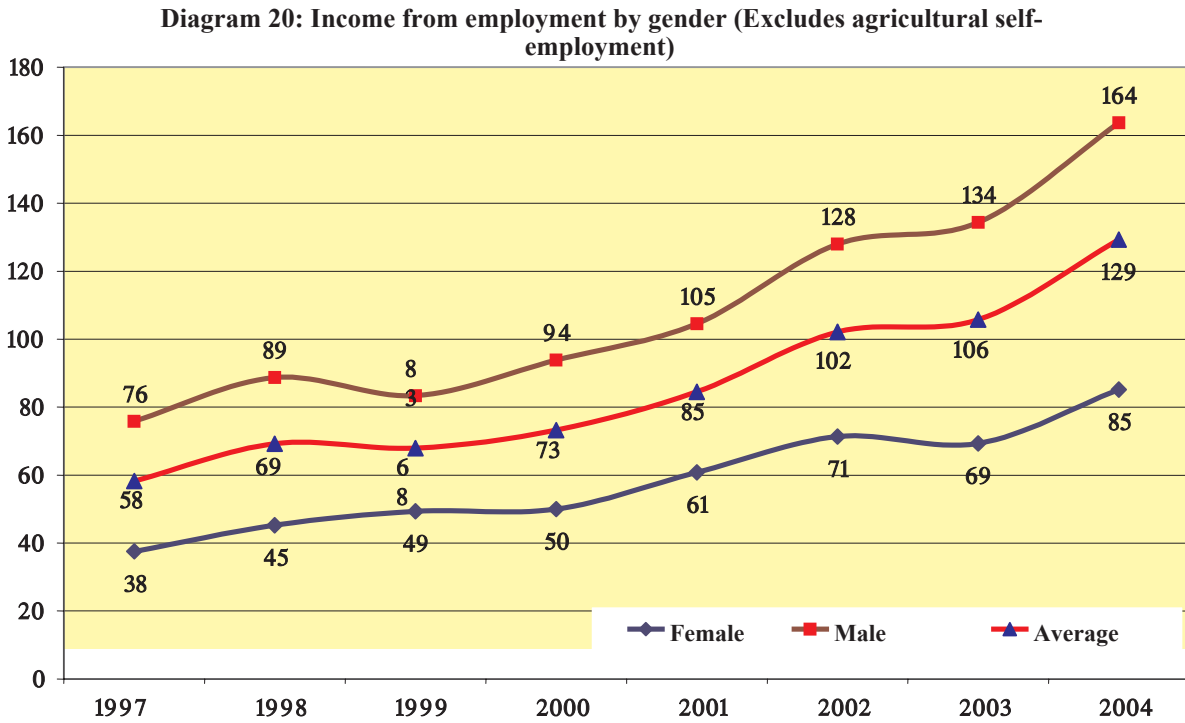
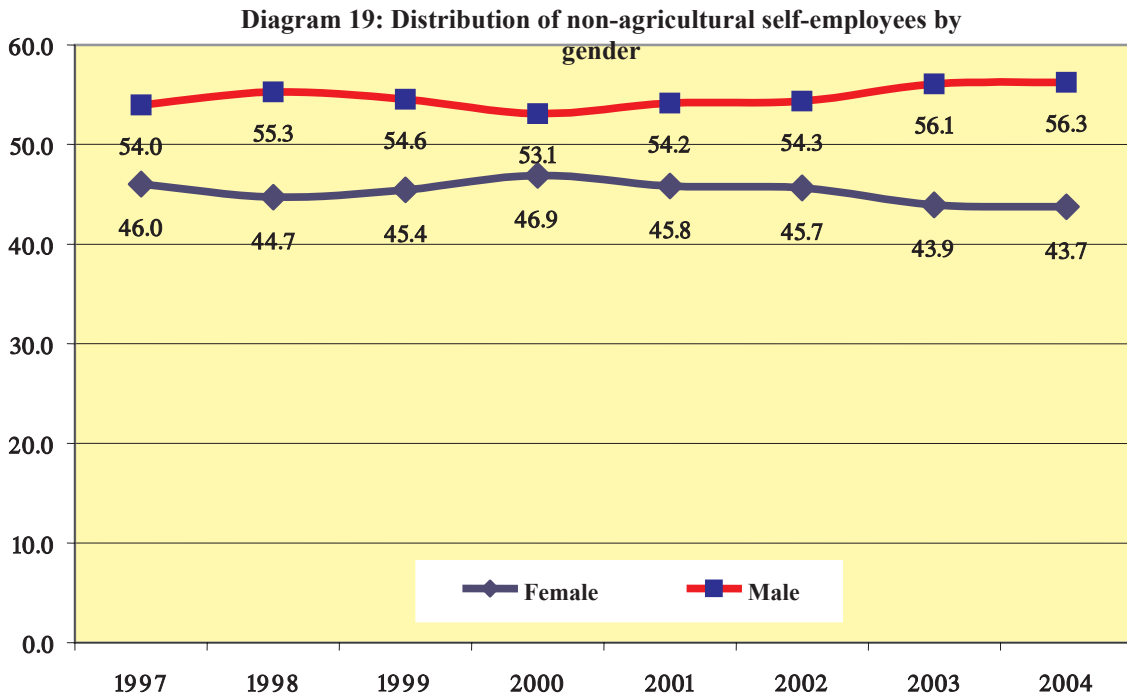


Diagram 21: Malaria cases, breakdown by gender, 2000-2004

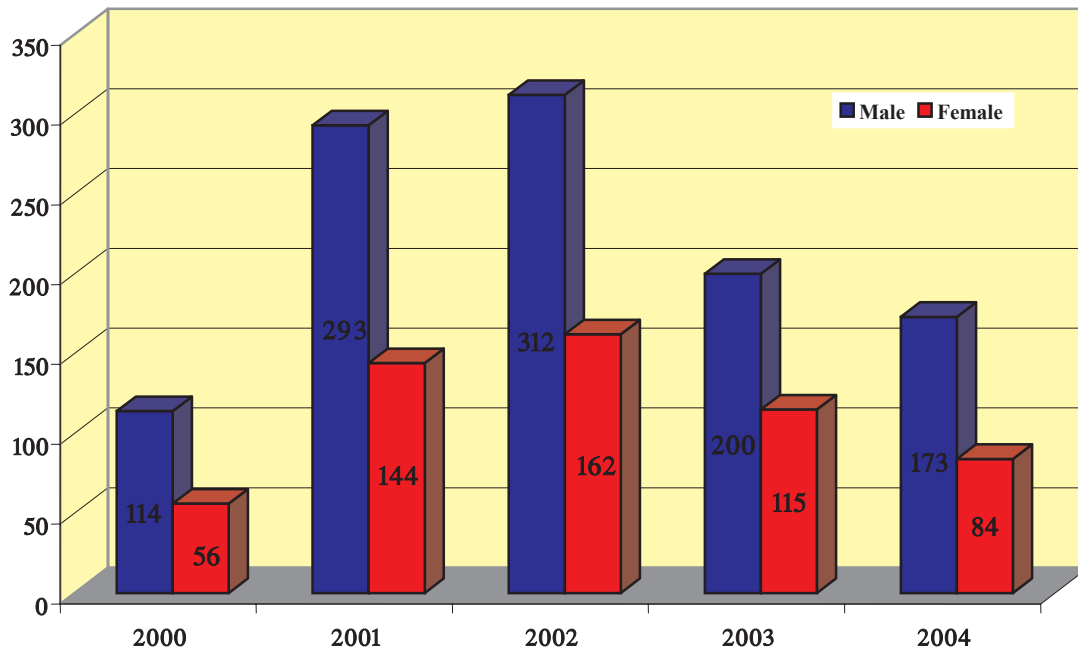


Diagram 22: Malaria cases, breakdown by age, 2001-2004

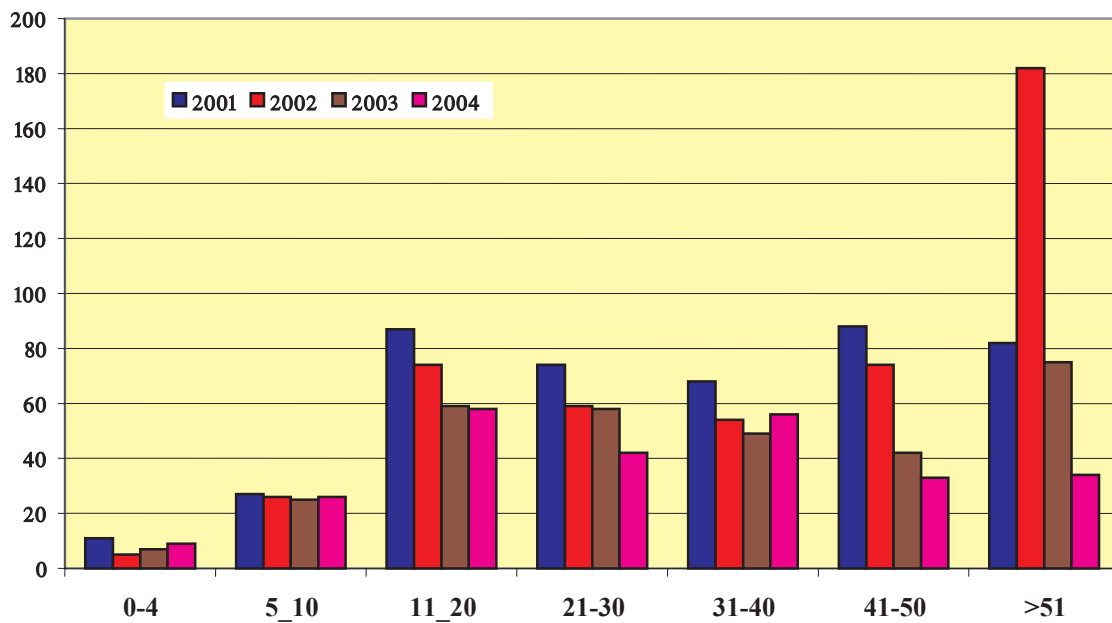


Figure 1

**Poverty level in Georgia in 2004 by regions with respect to the official subsistence minimum**



Figure 2

**Extreme poverty level in Georgia in 2004 by regions**



