

SOCIAL EXCLUSION AND INCLUSION IN GEORGIA: A Country Social Analysis

Overview



April 2017

BACKGROUND

Georgia has an impressive record of reforms and is on a steady track of poverty reduction, but ensuring that of its all citizens can equally benefit from and contribute to its development remains a challenge. During the first decade of this century, Georgia's economy grew by an average of 5 percent or more per year, but the poorest 40 percent of the population experienced limited and even negative growth (Bussolo and Lopez-Calva, 2014). This trend has changed since then, and in the period 2010-2014, the poorest 40 percent registered higher rates of growth than the national average (World Bank 2015). Still, with approximately a third of the population living in poverty—32 percent of citizens live under USD 2.5/per day—Georgia registers one of the highest poverty rates in Europe. Moreover, sixteen percent of its population experiences persistent poverty.

There are multiple reasons why Georgia should make inclusive growth a priority. Global research shows that in order to sustain growth, policymakers should strive towards an inclusive process—both political and economic. Societies divided by inequality, ethnic fragmentation, or those whose institutions are otherwise unable to manage conflict are less able to preserve their level of growth and development in the long run (Rodrick, 1999; Acemoglu and Robinson, 2012).¹ Ensuring equal opportunities for all has both an intrinsic value – it is the right thing to do - and an instrumental one in sustaining long-term development goals. Exclusion is also costly. A growing body of evidence reveals that failure to address barriers for groups, who are systematically excluded or marginalized, can have

a tangible cost to the economy (De Laat, 2010; World Bank, 2013; Ferrant and Kolev, 2016).²

This study focuses on one particular aspect of Georgia's path to inclusive growth: social inclusion. It uses the concepts of *social inclusion* and *exclusion* to help understand why some members of society may be consistently left behind from the development process, and to provide insights into policies that can have a transformational impact on the situation of systematically disadvantaged groups and individuals. Social exclusion, as described in more detail below, implies that certain members of society, due to their social or cultural identity, may face complex barriers and, due to them, have persistently lower outcomes—e.g., access to quality education, health, employment, and income—relative to the rest of society, thus not achieving their full potential.

The challenge of socially inclusive growth is not unique to Georgia. Today, over 70 percent of the world's poor live in middle-income countries (World Bank 2015). As countries continue to develop, this poses a new challenge of finding better solutions to ensure that segments of the population are not consistently left behind. Marginalized populations in middle-income countries encompass diverse groups, such as ethnic or religious minorities, migrants, refugees, displaced persons, persons with disabilities, and residents of rural or remote locations, among others. In many high and middle-income countries, women continue to face barriers to fully achieve their potential as citizens and agents of growth.

1 Rodrick, Dani. (1999) Where Did All the Growth Go? External Shocks, Social Conflict and Growth Collapses. *Journal of Economic Growth* 4: 385-412; Acemoglu, D. and Robinson (2012) *Why Nations Fail? The Origins of Power, Prosperity and Poverty*. Crown Publishing House, New York, NY.

2 World Bank (2013) *Inclusion Matters: The Foundation for Shared Prosperity*. The World Bank, Washington DC. Note: Studies estimate that exclusion of Roma minority has cost 887 million euro in lost productivity in Romania and over 320 million euro in Serbia (de Laat, 2010) Lost incomes from excluding people with disabilities from the labor market has been estimated at over USD 1.1 billion in Morocco, over USD 3.6 billion in South Africa (Banks, Lena M. and Polack, Sarah. *The Economic Cost of Exclusion and Gains of Inclusion of People with Disabilities: Evidence from Low and Middle-Income Countries*. Ferrant, Gaelle and Alexander Kolev. 2016. *The Economic cost of Gender-based Discrimination of Gender Institutions*.

In Georgia, social inclusion is an imperative for economic development as well as for peace and stability. Ethnic and religious diversity, regional economic discrepancies, and mountainous geography make Georgia more susceptible to growing inequalities across social and spatial groups. Evidence of systematic discrepancies in incomes and sources of incomes across different social groups—men and women, minorities, rural and urban, internally displaced persons and the rest of the population—reveals that not all citizens may have the same opportunity to prosper.³ Demographic shifts and a steep population decline as registered in the latest Census⁴ are another reason why ensuring equal participation and opportunities is also a smart economic choice. Georgia is also vulnerable to external geo-political factors, including global security concerns such as religious extremism, which necessitate a renewed focus on strengthening social cohesion. Through its international commitments, including those to the SDGs and the EU Association Agreement, Georgia has already demonstrated a commitment to both social economic and social inclusion goals.

This research adds knowledge on the ways in which social exclusion and inclusion manifest themselves in Georgia. Looking through the lens of excluded groups and individuals, it sheds light on the ways in which social inclusion and exclusion are understood in Georgia, ways in which they affect socio-economic outcomes for selected groups, as well as some of the underlying causes of exclusion. As such, the report seeks to inform broader efforts by policy-makers, international development partners including the World Bank Group, Georgian citizens, scholars, and civil society towards advancing inclusion and equal opportunities for all.

Defining Concepts: Social Inclusion and Exclusion

The concept of social inclusion has been evolving over the past two centuries to capture states' aspirations for equitable development. Originally

used in twentieth-century Europe, the notion of social exclusion and inclusion reflected concerns for growing divisions in wealth and opportunities across population groups. The premise of social inclusion goes beyond economics to also include the social, political, and cultural processes that enable all members of society to participate and benefit on equal terms in society. This broader notion of social inclusion has been further reflected in the rise of measures such as multidimensional poverty and human development indices (Atkinson and Marlier 2010.)⁵

For the purposes of this research, social inclusion is defined as the process of improving the ability, opportunity, and dignity of people to take part in society.⁶

Individuals and groups can be disadvantaged based on their identity (ethnic, religious, gender, etc.) as well as other characteristics (their age, place of residence, having a disability, being affected by conflict or displacement, etc.). Social inclusion is a dynamic process. An individual may suffer social exclusion in a specific stage of his/her life due to their age, place of residence, or circumstances such as conflict, displacement, or employment status. Moreover, exclusion is shaped by people's multifaceted identities and disadvantages can be multiplied if various characteristics collide.

The concept of social inclusion, as introduced in the World Bank's flagship report, *Inclusion Matters*, and discussed in this study, captures a concern for ability, opportunity, and dignity. Ability is linked to the multiple endowments that individuals receive such as education, healthcare, skills, connectivity to services and infrastructure. Opportunity relates to the notion of providing all individuals with an equal access and quality of essential services, and thereby an equal chance to enhance their well-being. Dignity relates to notions of respect, recognition, and attitude, i.e., the way groups and individuals are treated by others in society. Lack of dignity perpetuates exclusion or self-exclusion of individuals or groups; it may perpetuate their invisibility in statistics and consequently in policies if they are not recognized as citizens in full capacity.⁷

3 For certain social groups, e.g. persons with disabilities and IDPs, social assistance and social transfers have played a particularly large role in sustaining their livelihoods. This implies not only costs to the economy but also to the dignity and independence /empowerment of these groups.

4 Between 2002 and 2014 Georgia "lost" about 15 percent of its population: from 4.4 million (Census, 2002) to 3.7 million (Census, 2014).

5 Atkinson, Anthony and Eric Marlier. 2010. *Analysing and Measuring Social Inclusion in a Global Context*, United Nations Publication, New York, NY.

6 This definition and the conceptual framework of this study, focusing on characteristics, domains, and roots of exclusion are based on the World Bank's 2013 flagship report *Inclusion Matters: The Foundations of Shared*

7 For example, children or adults with disability may be omitted as household members during household surveys or not registered at birth.

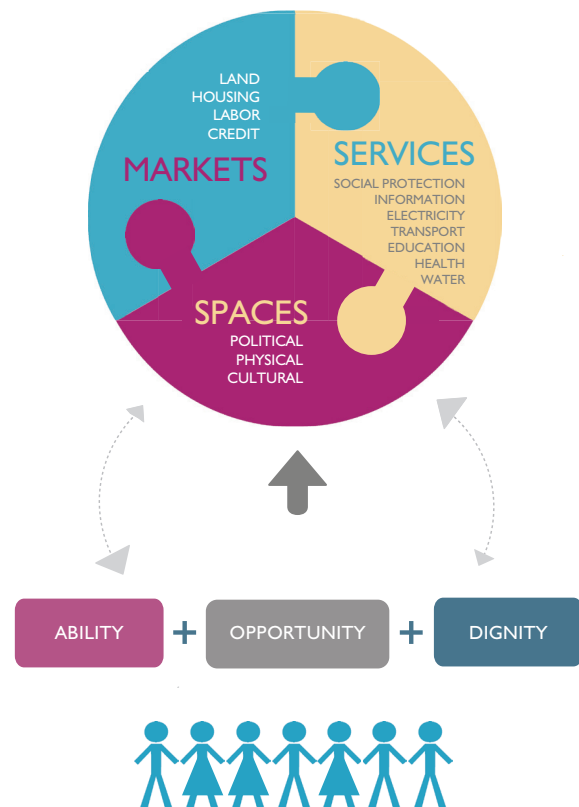
Social exclusion overlaps with, but is not synonymous with, poverty. Inclusion and exclusion encompass not only notions of poverty, but also the many economic, social, and political relations that bind members of a community together (Silver 2007). Understanding social exclusion deepens our knowledge of multidimensional poverty in a specific country context. The concept of multidimensional poverty affirms that poor people experience deprivation in multiple domains, such as education, employment, health, living conditions, incomes, and disempowerment from voice and participation. The concept of social exclusion examines the underlying historical, social, political, and cultural processes that also play a role in explaining why certain groups continue to face lower endowments. Those who are excluded generally suffer from multiple and interrelated disadvantages that result in both economic and social deprivation.

A few more features help define the concept of social exclusion as discussed in this report. Firstly, social exclusion is both a process and an outcome; it encompasses both the knowledge of particular individuals or groups with identities that are prone to exclusion as well as the processes by which they are excluded (stigma, discrimination, social norms or practices, inequitable distribution of resources, political barriers to voice and participation, etc.). Secondly, social exclusion is dynamic and may change over the course of a person's lifetime as a result of either changes in personal circumstances or external policies and practices. Thirdly, the consequences of social exclusion can accumulate and cause barriers that are particularly difficult for specific sub-groups to overcome. For example, an ethnic minority woman in a remote rural area may face barriers on account of her gender, ethnic identity, and location and thus have lower opportunities than a person without – or with only one of – these characteristics. Individuals and groups are affected by exclusion in more than one way through their multiple identities or characteristics: being a woman, being a member of an ethnic or linguistic minority, having a physical disability, living in a remote area, etc.).

Attitudes and perceptions play an important role in defining who is excluded in a particular social context. Attitudes and perceptions can shed light on the processes through which inclusion or exclusion takes place. For example, prejudices, stereotypes, or misperceptions linked to persons with certain characteristics can affect the quality of services or access to opportunities available to them. Perceptions (including self-perceptions of exclusion) have been linked to lower socio-economic outcomes. For example, negative attitudes towards women's education, access to jobs, or holding leadership positions have been associated with lower outcomes for women (World Bank, 2013).

Exclusion and inclusion manifest themselves both in tangible and intangible ways, differences in socio-economic outcomes as well as less tangible barriers. The World Bank (2013) report introduces a framework of exclusion and inclusion in three domains: markets, spaces, and services (see Figure 1). These three domains cut across all aspects of an individual's life. Experiences of exclusion, either direct or subtle, are likely to be revealed in one or more of these domains.

Figure 1: A framework for propelling social inclusion



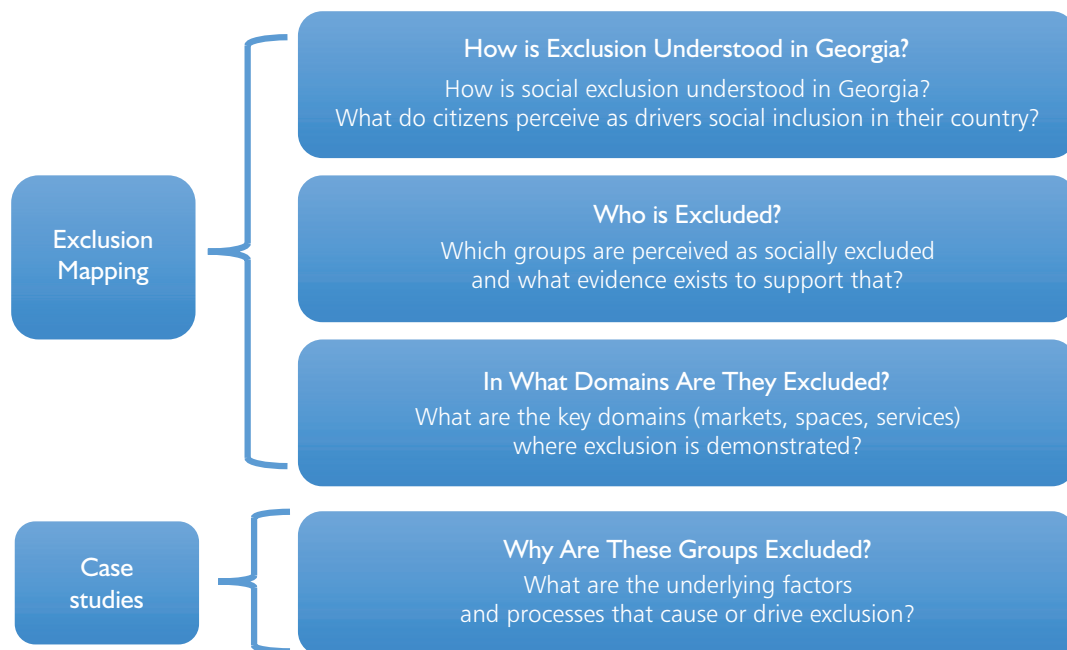
Source: World Bank, 2013. Inclusion Matters: The Foundation for Shared Prosperity

Methodology and Structure

The present study uses this framework to present the landscape of social exclusion in Georgian society and its implications for development. It seeks to understand how exclusion and inclusion play out in the Georgian context, what characteristics (social, cultural, physical, geographic, etc.) are most commonly associated with being included or excluded, and to what extent the characteristics of exclusion correlate with poverty and other socio-economic outcomes.

Specifically, this study sets out to understand how social exclusion is understood in the context of Georgia, who is perceived as socially excluded, and in what domains are they excluded, based on both perceptions and existing evidence. In addition, for two case study groups, the study uses qualitative research to look deeper into the root causes and processes that drive exclusion of selected groups.

Figure 2: Framework and structure of CSA report



A social inclusion and exclusion lens is also important to highlight the invisibility of groups that face such constraints and need additional attention. In this sense, a social inclusion analysis should not only lead to better targeted policies, but also improvements in data and coordination among existing institutions, programs, and services that serve socially and economically marginalized populations to better assess their needs.

The report draws on a desk review, quantitative and qualitative data, and two roundtable discussions in Tbilisi held at the beginning and at the end of the fieldwork phase.

- **Desk review:** A literature review of Georgian and English language sources pertaining to social exclusion and the situation of specific groups was carried out. This review includes an overview of legislation, policies, and programs designed to

reduce disparities for vulnerable groups. It draws on scholarly as well as media sources; government reports; research by international organizations; public opinion surveys; and legislation, policy, and program documents by the Government of Georgia.

- **Quantitative data:** Analysis of Integrated Household Survey data from 2014, collected by the Georgian National Statistics Agency (Geostat). For groups with relatively low representation (e.g., persons with disabilities, 3.8 percent of the IHS sample), aggregated data for a three-year period (2012-2014) was used.
- **Qualitative data:** Two rounds of qualitative research were conducted. One round informed the 'exclusion mapping': it consisted of twelve focus group discussions (FGDs) in the capital city, rural, and small town locations, and fourteen key

informant interviews (KIs) with Government, international organizations, NGOs, and academics. A second round of FGDs and KIs informed the case studies focusing on the Azerbaijani minority and persons with disabilities.

- **Roundtable discussions:** Two roundtable discussions were held in Tbilisi with Government, international organizations, and NGO representatives. One was conducted at the inception stage of the study (November 2015) to guide the scope and research question. A second discussion took place at the conclusion of the fieldwork (June 2016) to present emerging findings and collect feedback to guide policy recommendations.

The report is organized in four chapters: Chapter I (Introduction) includes the rationale for conducting a social inclusion analysis, a discussion of the conceptual framework for the study, definitions of social inclusion/exclusion, a statement of the objectives and a description of the study's methodology. Chapter II (Exclusion Mapping) presents a broad country-level 'exclusion mapping' to answer the questions: how is social exclusion understood in Georgia; what are the key perceived drivers of social inclusion; who is excluded and in what ways. Chapter III (Experiences of Exclusion) provides an in-depth qualitative examination of root causes, domains and outcomes of social exclusion for two case groups (the Azerbaijani minority and persons with disabilities). Chapter IV (Conclusions and Recommendations) makes recommendations for inclusive policy planning at the country level, as well as specifically for the two case study groups.

Key Findings

How are social exclusion and inclusion understood in Georgia?

Georgian legislation does not explicitly define what 'social exclusion' means in the Georgian context.

However, the GoG does identify several vulnerable groups that it targets for social assistance programs. These groups are IDPs, war veterans,⁸ persons with disabilities (PWDs), victims of political repression of the Soviet regime, the elderly, those living in the most extreme poverty, and minors from needy households. Residents of high mountain settlements are eligible for financial aid and tax exemptions. The eligibility of settlements and the set of benefits were updated through the recent Law on High Mountain Regions approved in December 2015. In addition, the Government offers special programs and non-financial support to facilitate the re-integration of certain groups, such as ex-convicts, into society.

A qualitative examination of how citizens and experts understand exclusion and inclusion points to a few consistent characteristics of how these processes play out in Georgian society.

Informal networks (family, social, and political connections as well as support by neighbors) are highlighted as the strongest determinants of being 'included in society' as well as gaining access to opportunities for social and economic advancement. Respondents note that relying on informal networks in order to be included or accepted in society can help one gain better access to education, a job, etc. But the important role of networks has negative implications too; it can perpetuate exclusion for those whose social networks are limited to people who are relatively poor and/or powerless. Respondents also consider education, employment, and Georgian language proficiency to be amongst the strongest determinants of inclusion and opportunity, followed by other factors such as place of residence, being an ethnic Georgian, one's religious affiliation, and the overall environment of tolerance in a community.

8 According to the Law on Veterans of War and Military Forces of Georgia (reg. no. 280.070.000.05.001.000.120), the following groups are considered as war veterans: participants of World War II; persons who took part in military actions abroad; participants of military actions for restoring Georgia's territorial integrity, freedom, and independence (this includes veterans of wars in Abkhazia and South Ossetia); and retired military personnel.

Figure 3. What drives inclusion: responses from FGDs (left) and KIs (right)

Family
Political networks
Education
Neighbors
Government assistance
Communications
Assistance from rich people

Social connections
Education
Employment
Knowing Georgian language
Place of residence
Positive attitudes towards the excluded
Religion

Source: FGD and IDIs conducted by CRRC-Georgia in Mar-Apr 2015; font size reflects number of references.

Prior public opinion studies in Georgia confirm the strong relationship between strength of informal social networks and perceptions of poverty. Caucasus Barometer data demonstrates that there is an inverse relationship between people's perception of their socio-economic status and their ability to rely on others during a crisis. The majority of respondents with a self-reported 'good' economic status have people they feel close to and can rely on in difficult times. By contrast, less than a third of respondents with perceived 'poor' socio-economic status report that they can rely on others for help (Mestvirishvili, 2012.)

persons with disabilities. Other highlighted groups are religious minorities, ex-convicts, homeless and street children, sexual minorities/LGBT population, elderly, people living in high mountain areas and rural populations more broadly, women, people who are poor and those who are unemployed, as well as youth NEETs (not in employment, education, or training). As mentioned above, the premise of this study that every individual may be excluded in multiple ways; individuals may belong to one or more of the groups listed below and as such be subject to multiple forms of exclusion, increasing their overall vulnerability.

Who is excluded?

Participants of qualitative research—key informants, and randomly selected focus group participants—generally concur in identifying certain groups as the most likely to be excluded in Georgia. These include, most prominently, ethnic minorities and

An overview of social groups that share the above characteristics gives an idea of the relative proportion of persons belonging to these categories in the country's population. For some of the identified categories—such as homeless persons and street children, ex-convicts, LGBTQI population, etc.—there are no reliable national statistics. The share of persons

Figure 4: Which groups are socially excluded: responses from FGDs (left) and KIs (right)



Source: FGD and IDIs conducted by CRRC-Georgia in Mar-Apr 2015; font size reflects number of references.

with disabilities is also believed to be significantly under-estimated. Data, based on registered recipients of disability allowance, up until 2016, indicated that persons with disabilities account for approximately 3.3 percent of the population. The latest Census data suggests a higher share of 8.7 percent. For other categories, such as internally displaced persons (IDPs), the data only reflects those displaced by conflict and their descendants holding official IDP status. An additional number of Georgians have been displaced by natural disasters: however, such households are not systematically registered or eligible for state assistance.

Table 1: Share of Selected Groups, Identified as Vulnerable to Social Exclusion, in the Population

| Categories of exclusion | Share in Total Population (%) |
|---|-------------------------------|
| Ethnic minorities, 2014 Census | 13 |
| Religious minorities, 2014 Census | 15 |
| Registered PWDs, 2015 | 3.3 ⁹ |
| IDPs, 2015 | 7 |
| People living in mountainous areas, 2014 | 9 |
| Unemployed, 2015 | 12.0 ¹⁰ |
| NEETs (not in employment, education, or training) | 9.4 ¹¹ |
| Poor, 2015 ¹² | 31.2 ¹³ |
| Beneficiaries of subsistence allowance, 2014 | 11.6 |

Source: Produced by the CRRC based on data from GEOSTAT, the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees (MRA) of Georgia (IDPs), and the Ministry of Labor, Health and Social Affairs (PWDs)

Further analysis of the situation of these groups based on the desk reviews and quantitative data reveals specific barriers that may obstruct opportunities for persons in these categories. Due to the broad scope of the social exclusion mapping a robust examination of quantitative data and links between exclusion and socio-economic outcomes has

9 Census 2014 reports a higher share of 8.7 percent

10 Of the active labor force.

11 Of the working age population, 15-64; otherwise, 7,6% of the total population

12 Absolute poverty based on USD 2.5 per day per person poverty line (2005 PPP).

13 Share of population under 60 percent of the median consumption (%).

not been possible for all groups in the framework of the current study. The relative invisibility or small size of some groups suggests data constraints, yet does not necessarily bear on the degree of their exclusion. The section below presents available evidence on specific domains in which social exclusion also correlates with systematically lower outcomes – poverty and incomes, education, employment and earnings, for a small number of the groups identified as socially excluded (ethnic minorities, persons with disabilities, women, internally displaced persons). A more detailed description of the situation of each of the groups identified in the exclusion mapping is presented in the full report¹⁴.

In what domains are they excluded?

As noted above social exclusion is not synonymous with poverty nor does it always lead to lower socio-economic outcomes. However, as in many countries around the world, for persons with specific social, cultural or physical identity, social exclusion for some groups often correlates to persistent barriers in achieving basic opportunities. For example, in many parts of the world equally skilled women earn less than men for the same kind of work; rural populations display higher rates of poverty and/or lower rates of education which is a function not only of lack of services or opportunities but also of social norms and attitudes towards them that perpetuate exclusion. The overlap of multiple characteristics associated with social exclusion leads to accumulation of vulnerabilities and creates significant barriers for those individuals. Thus, exploring the links between social exclusion and socio-economic outcomes is important, as it may give insights into ways of tackling persistent poverty and tailoring policies to better enhance opportunities for such groups.

One of the key challenges making it difficult to tackle the roots of exclusion is inadequate data and the invisibility of those who are excluded. Data constraints mean that individuals may not be willing to report their belonging to a certain social group or associating with

14 World Bank. 2017. Social Exclusion and Inclusion in Georgia: A Country Social Analysis. World Bank, Washington DC.

a certain identity, e.g., LGBT, disability, religious identity. It may also mean that no data is specifically collected on them because they are not targeted by specific policies, programs, or services that need to be monitored. Such is the situation of ‘eco-migrants,’¹⁵ homeless, and working-age persons who are not in education, employment, or training (NEETs). Even where data are available, it may be collected independently by various institutions, and not always effectively shared and coordinated in a way that would facilitate a holistic approach to addressing people’s needs.

The sections below illustrate selected domains where social exclusion and access to specific markets, spaces, or services intersect and reinforce each other. These are discussed for four groups, identified in the mapping above as prone to social exclusion. The full report contains more detailed information for the wider spectrum of groups identified during the exclusion mapping.

Persons with disabilities

Persons with disabilities face barriers in most domains: education, employment and opportunity for an independent livelihood, access to all physical spaces, and access to information, voice and representation. Persons with disabilities are a largely heterogeneous group with specific individual needs that depend on the type of physical or mental impairments they experience, as well as on the age at which they were first affected by it. Under-registration of disabilities is one of the main challenges to obtaining precise data on domains of exclusion for this group.¹⁶

At 42 percent, the poverty rate among persons with disabilities is higher than the national average. Moreover, having a person with a disability in the household may prevent other household members (most frequently women) from pursuing employment due to their duties as caregivers. A number of Government and non-state initiatives exist to address the needs of this group. Nevertheless, the relative fragmentation of data—as well as of policies, programs, and services for PWDs—present challenges to guaranteeing equal opportunities for this population.

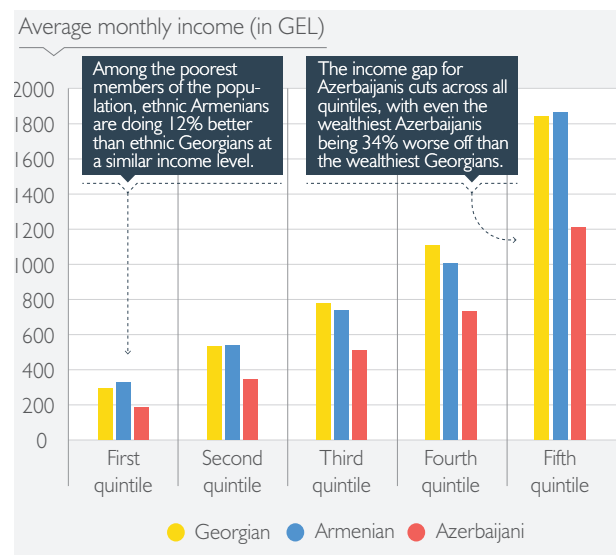
15 Persons displaced by natural disasters
 16 The definition of disability in Georgia is mostly medical, and does not yet include a wider spectrum of limited abilities or impairments. This fact, combined with social stigma and relatively low coverage of services, which cause disincentives to registration, contributes to underreporting of the full scope of the PWD population in the country.

Although illiteracy has been almost fully eliminated in Georgia, it currently affects only 6 percent of Georgian citizens with disabilities. Less than half (45 percent) of PWDs complete secondary education, about a fifth complete secondary professional programs, and 12 percent complete a Master’s or equivalent university degree (compared to 24 percent of the general population).

Ethnic minorities (Azerbaijani minority)

Evidence suggests that belonging to the Azerbaijani minority in Georgia is consistently correlated with lower outcomes in incomes, education, and earnings from employment. Data for ethnic Azerbaijanis in Georgia was compared with that for ethnic Georgians and Armenians. It is worth noting that other smaller minority groups may also face significant barriers that are ‘invisible’ in official statistics due to the smaller size of their population. As figure 5 shows, below, Azerbaijanis exhibit consistently lower incomes at every quintile.

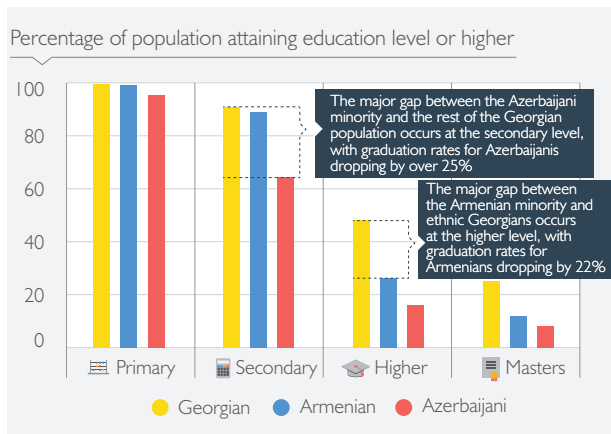
Figure 5: Average monthly income (in GEL) by wealth quintile and ethnicity



Source: GEOSTAT, IHS, 2014. Ethnicity based on self-declaration of the respondent. Income represents total household income (monthly average in GEL). Statistical significance relative to Georgian income levels for each quintile.

A quantitative analysis reveals that gaps in income for Azerbaijani minorities are determined primarily by the level of education, sector of employment and one's position or occupation.¹⁷ About 2 percent of Azerbaijani minority members are illiterate, and this share is believed to be higher among women. An ethnic Azerbaijani man is 25 percent less likely to complete secondary education than an ethnic Georgian man. An ethnic Azerbaijani woman has an additional 10 percent lower likelihood of gaining a secondary school diploma. Moreover, these differences persist even when controlling for similar characteristics such as urban/rural location, age, education household size, etc. The language barrier for minorities and the evolution of bilingual school curricula also impact the quality of education in Georgian and minority/bilingual schools. In the latest Census only 20 percent of the Azerbaijani and 40 percent of Armenian population in Georgia declares proficiency in the national language.

Figure 6: Educational Attainment Rates by Ethnicity



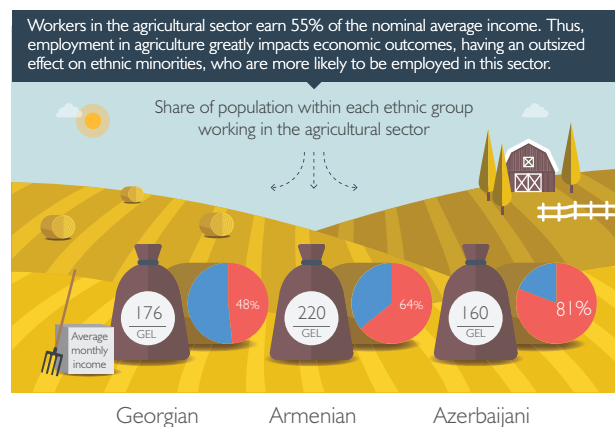
Source: GEOSTAT, IHS, 2014. Ethnicity based on self-declaration of the respondent.

With regard to employment and earnings, Azerbaijani minorities are just as likely to be employed as members of other ethnic groups, yet, they reap far lower revenues from their employment. A larger share of Azerbaijani population is rural and is employed in agriculture. However their earnings from agriculture are significantly lower (Figure 7). There are multiple factors that can potentially explain lower earnings: access to productive assets

17 Quantitative analysis, using the Oaxaca decomposition method, demonstrates, on the one hand, that there is a significant ethnic gap in wages across Georgian and Azerbaijani population - Georgians earning 71.8 percent higher wages than Azerbaijanis where wages are defined as income from hired employment, self-employment, and agricultural production. On the other hand, it shows that the greatest contributing factor to the ethnic wage gap are endowments such as education.

such as land¹⁸ and finance, access to information, markets, and networks, among others. In turn, these factors are underscored by historical legacies, linguistic and cultural differences that act to perpetuate exclusion in these domains. A deeper look into the roots of social exclusion for Azerbaijani minority and how they may affect outcomes in markets, spaces and services is discussed in the case studies section of this report.

Figure 7: Employment and earnings in agricultural sector by ethnicity



Source: GEOSTAT, IHS, 2014. Ethnicity based on self-declaration of the respondent.

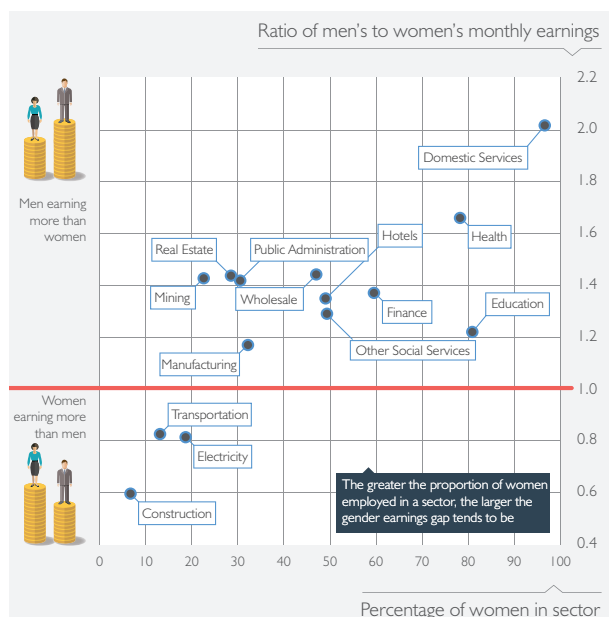
Women (rural and minority women)

Women in Georgia face significant obstacles with regard to good quality employment, political participation, and inclusion into social life. According to the World Economic Forum's Global Gender Gap index, Georgia ranked 82nd out of 145 nations. National gender statistics clearly indicate the lower level of women's economic activities in Georgia. In 2014, 32 percent of recently registered firms in 2014 were owned by women. The gender wage gap is especially pronounced. In 2015, the average monthly salary of male employees was GEL 1226.6 and GEL 759.7 for female employees.¹⁹ Figure 8 plots gender earnings gaps, and the share of employees by gender, in a variety of sectors. The gap in earnings tends to be even higher in sectors in which women prevail as employees.

18 Azerbaijanis have smaller average size of land plots (0.2 ha) compared to ethnic Armenians (1.2 ha) and Georgians (0.4 ha).

19 National average of 15 sectors including public administration. GEOSTAT - http://geostat.ge/index.php?action=page&p_id=149&lang=eng.

Figure 8: Gender Gap in Earnings

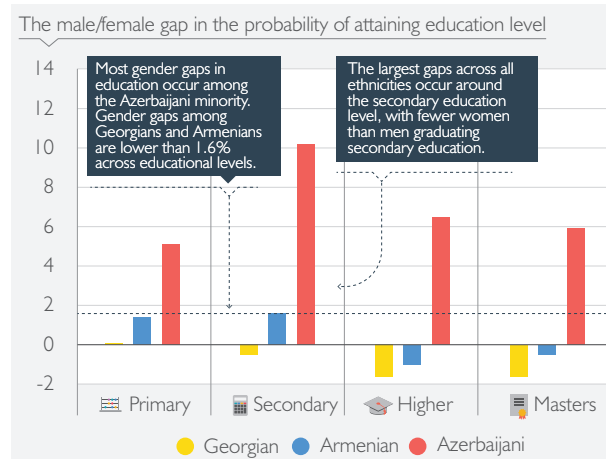


Social norms, attitudes, and practices play a strong role in perpetuating gender gaps in employment and earnings. On average, Georgian women have the same or even higher completion rates of basic education and are equally represented in tertiary education institutions. However, they are under-represented in positions of leadership as well as in political and decision-making roles. Women occupy only 17 out of 150 Parliament seats; out of 9 regional governor, 12 city mayor and 69 municipality head positions, only one is taken up by a woman (as a head of municipality).²⁰ Women are the primary caregivers of children or sick family members, and are additionally constrained by lack of widely available childcare services (UNFPA, 2015; UNDP, 2013a; Dudwick, 2015). The majority of young people who are not in employment, education, or training (NEETs) are women, and among them, the largest group is homemakers.

Ethnic minority women in Georgia are vulnerable both to barriers associated with belonging to an ethnic minority, and to strong and restrictive gender norms. Practices, such as early marriage, have been prohibited by law but persist in some rural areas and are said to be more widespread among minorities (UNFPA, 2014). Figure 9 shows the gap in educational attainment by gender across ethnic groups. While gender differences are barely evident for Georgian and Armenian populations, with girls, in fact, registering higher completion rates of secondary and tertiary education amongst ethnic Georgians, the gender gap is significant amongst the Azerbaijani minority.

20 At the time of research, April-June 2016

Figure 9: Gender Gap in Educational Attainment by Ethnicity



Internally Displaced Persons (IDPs)

IDPs are a heterogeneous group: many are well integrated socially but others continue to face barriers, specifically in housing and livelihoods. Prior qualitative studies (World Bank 2016), including of respondents in this report, highlight that IDPs are generally well accepted and integrated socially in their communities. However, this acceptance has not in all cases translated into strong social networks that support social or economic mobility such as finding a better job.

Ownership and quality of housing are two of the main challenges that distinguish IDPs from the rest of the population. While the majority of Georgians own their housing or live in family-owned housing, less than 40 percent of IDPs own their homes. About 22 percent live in new buildings and settlements,²¹ and 38 percent still inhabit collective centers (hotels or other public buildings where they were given shelter upon resettlement). Though some collective centers have been rehabilitated, living conditions in most of them are substandard and overcrowded. Living conditions are one of the main challenges for IDPs. Apart from preventing social integration by physically isolating IDPs from other residents, poor living conditions contribute to health and psychological problems.

IDPs face greater barriers to independent and sustainable livelihoods. Barriers to self-reliance mostly stem from lack of productive assets, collateral, and long-term security. At 43.4% poverty rates among IDPs are higher than the general population, as well

21 These settlements have been built by the Government to accommodate IDPs. These programs have given IDPs the opportunity to own housing, many of these settlements are

as somewhat higher than those of other vulnerable groups (persons with disability, 41% and elderly, 40%). But perhaps the largest challenge for IDPs, in addition to housing discussed above, is that of having an independent livelihood²². IDPs are more reliant on remittances and social transfers.²³ All IDPs with income less than GEL 1,250/month are entitled to a government benefit of GEL 45/month. Many IDPs have traditionally had rural livelihoods, but most of them do not own land or livestock after resettlement. Not owning a house prevents long-term planning and also means that they lack collateral and access to finance for entrepreneurial activities.

Why Does Exclusion Occur: Findings from case studies

Two case studies help to illustrate why addressing the root causes of social exclusion and designing more socially inclusive policies are necessary to influence more equitable outcomes for all. These case studies focus on two relatively small social groups in Georgian society: the Azerbaijani minority (5.6% of the population) and persons with disability (a registered 3.3% of the population). For the Azerbaijani minority, the language barrier, geographic concentration, and historical legacies all play a role in persistently low educational achievement, quality of basic services, incomes, and representation in decision-making. For persons with disabilities, persistent gaps in data and under-registration, social stigma from family and society, lack of adaptation of the physical and digital environment, low coverage of services and weak capacity to improve quality of services underlie their ‘invisibility’ and exclusion from most areas of life.

Azerbaijani minority

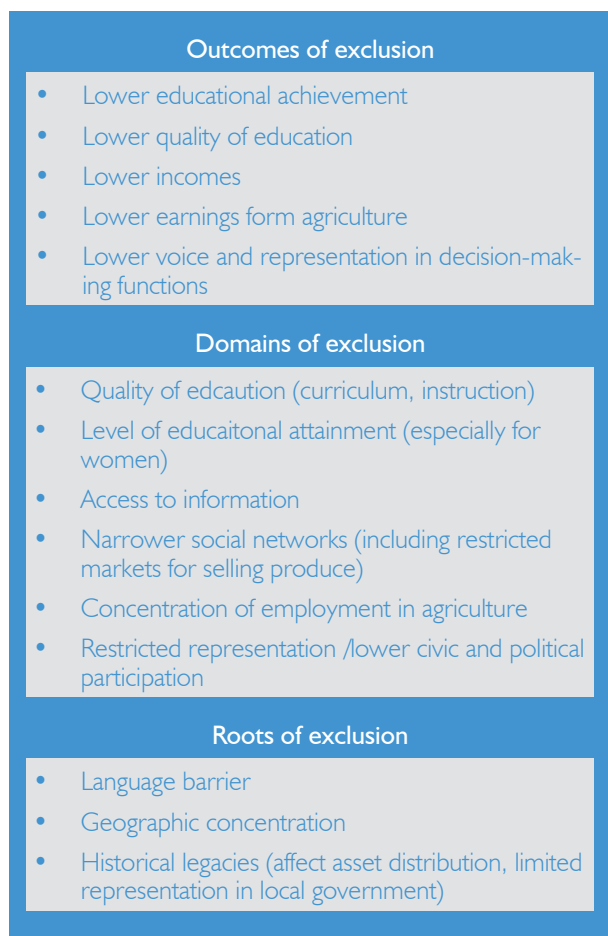
Social exclusion of the Azerbaijani minority population is group is driven by a combination of factors as listed above. These factors, in turn, contribute to their exclusion from quality basic education, quality health services, all public- and many private-sector employment opportunities (see Figure 10). They impede their access to information and potentially to market networks and support programs, and contribute to their very low representation in national and even local government bodies. Exclusion from these domains is ultimately expressed in persistently lower incomes, education, and employment outcomes.

Reducing barriers for the Azerbaijani population has to incorporate a tailored effort towards minimizing the language and educational divisions. With only about 20 percent of the Azerbaijani minority proficient in the national language, gaps in information, quality of education, and access to essential markets and services may broaden in the future. Azerbaijani respondents, who participated in qualitative research in the Kvemo Kartli region, share concerns that are common to those of many other Georgian citizens—job creation, quality and cost of education, better finance and market opportunities for farmers. Still, the narratives of respondents suggest that the accumulation of language barriers, limited access to information, and limited representation in local government poses additional barriers that could prevent the Azerbaijani population from benefitting from any future reforms in the abovementioned areas.

22 World Bank (2013), World Bank (2016), UNDP (2013), UNHCR (2016)

23 Social transfers (pensions, scholarships, assistantships) comprise 36% of IDPs' income, compared to approximately 26% for the general population.

Figure 10. Roots, domains, and outcomes of exclusion for Azerbaijani minority in Georgia



Source: Author's elaboration based on qualitative research

Persons with disabilities

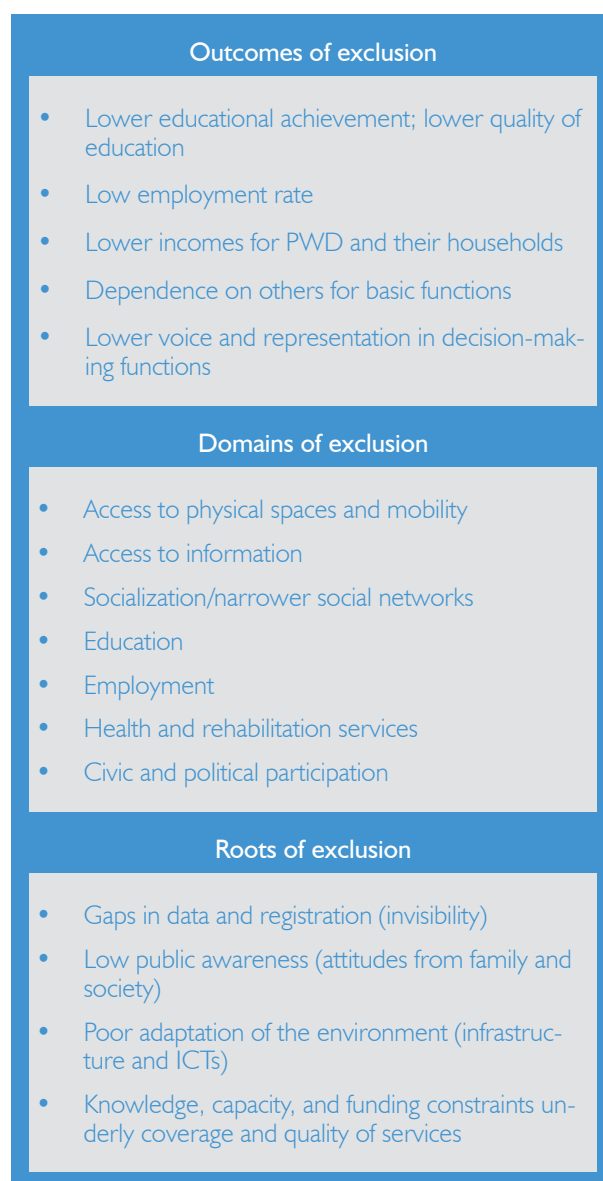
Persons with disabilities face multiple barriers that reinforce each other as individuals move through their life cycles. These range from physical barriers to negative attitudes by family and society that can also be internalized and lead to self-exclusion. For persons born with a disability, disadvantages begin to accumulate early in life and are incremental. Lack of socialization as a child impedes performance in school and work later in life; exclusion from mainstream education prevents development of skills needed to realize one's full potential; and lower educational achievement reduces the chance of finding satisfying and well-paid employment.

Root causes, outcomes, and domains of exclusion are interrelated and mutually reinforcing. Nevertheless, a social exclusion lens of analysis, as summarized in the figure above, demonstrates that merely concentrating on socio-economic indicators (summarized as 'outcomes' above) can cause one to

overlook underlying barriers or 'root causes,' resulting in misdirected policies. This case study analyzes some of the key roots to exclusion as identified by respondents.

Persons with disabilities—in contrast to service providers and caregivers—highlight the ability to be independent and to be recognized by others as independent individuals as their greatest priority. This perception is aligned with the definition of *inclusion* used in this study ("improving the ability, opportunity, and *dignity* of individuals to take part in society"). It is from this perspective that the discussion of pathways of inclusion and policy recommendations should be understood and advanced.

Figure 11. Roots, domains, and outcomes of exclusion for persons with disabilities (PWDs) in Georgia



Source: Author's elaboration based on qualitative research

Conclusions and Recommendations

Social inclusion is paramount to the notion of shared prosperity and inclusive growth. Inclusive growth and equitable outcomes are underscored by many factors – resource allocation, quality of legislation, strength of institutions, capacity to develop and implement policies and programs. They are also underscored by social, cultural, and political processes that facilitate people's access to markets, spaces, and services. Inclusive policies and institutions may still fail to reach all members of society if processes that enable social exclusion persist. Moreover, by failing to address social inclusion, states may be less effective in tackling complex challenges of persistent poverty. They may enable growing gaps in outcomes and opportunities that are detrimental both to the economy and to security and stability in the long term.

There are at least three compelling reasons why Georgia should prioritize socially inclusive growth and ensure that no segment of the population is left behind. Firstly, social inclusion has intrinsic value, i.e., it matters for itself. Secondly, it makes economic sense. It reduces dependence on the state and enables active citizens to contribute to society and the economy. Global studies have shown that persistent exclusion imposes a real financial cost on the state and all citizens (De Laat 2010; Molinas Vega et al. 2012; World Bank 2013). Thirdly, social inclusion is important for peace and stability. The country has grappled with internal conflicts, displacement, and conflict for over two decades. Growing disparities in education and access to basic services for larger minority groups, such as the Azeri minority in Georgia, could lead to further cultural and social fragmentation and even instability. Last but not least, inclusive social policy is rooted in important international commitments (towards EU, UN SDGs) that are also reflected as national priorities in Georgia's Social-Economic Development Strategy 'Georgia 2020'.

Moving from exclusion to inclusion is a long-term goal. It entails changing attitudes and stereotypes about excluded groups, and building institutions that can prevent and address exclusion in a comprehensive manner. Policies tailored towards social inclusion can set in motion processes to reduce specific barriers (e.g., an adapted environment for PWDs), and help to improve awareness and visibility to certain groups or issues. However, the full impact of such policies is more likely to be felt in the long-term. Findings of the Social Progress Index (2016) reveal that many Eastern

European states, including Georgia, have increased their ranking on providing basic necessities; however, scores on 'opportunities', and especially in the sub-category of 'tolerance and inclusion', have been the hardest to raise.

Socially inclusive policies do not imply doing more but doing things differently to enable more Georgians to benefit and contribute as active citizens. Making infrastructure and services accessible to persons with disabilities, and ensuring that citizens in remote or rural areas can benefit from higher quality education, skills, jobs and livelihood opportunities would require that policy-makers use a broader perspective to future reforms, one that incorporates a concern for the various barriers that more vulnerable members of society may face.

This report identifies three areas in which socially inclusive policies can be advanced in Georgia in the short and medium term: (i) improving data and evidence to better monitor outcomes for socially excluded groups; (ii) adopting a more comprehensive approach to social policy and institutional coordination; and (iii) embracing locally-driven and locally-appropriate development solutions.

Improve data and evidence to monitor outcomes for socially excluded groups

There is need for more consistent data on who is left behind. The situation of specific vulnerable groups (for example, IDPs displaced by conflict) is consistently documented. Yet other groups are further from policy-makers' attention, or the full scale of their needs is unknown. Some groups, such as Roma or homeless children, face severe marginalization, including a lack of identity documents, which places them outside the scope of state assistance. Effectively addressing the needs of this population is impossible without better documentation on their numbers, characteristics, and needs. Even the needs of groups such as children with disabilities, for which dedicated programs and services exist, also tend to be underestimated because a significant proportion of this group remains unregistered. This may also concern idle youth (NEETs), who are not officially tracked by state programs or institutions but experience unique barriers to becoming productive members of society and of their communities.

Monitoring and evaluation of socioeconomic progress for vulnerable groups is equally important. Policies and programs that aim to reduce disparities for selected groups need to be periodically evaluated for impact and then adapted as needed. Rather than evaluating success or failure, the purpose of continuous monitoring is to enable incremental improvements so that programs can, in the long run, tackle a wider set of barriers that may otherwise limit achievement of the program's hoped-for outcomes. For example, tracking literacy and school completion for girls in minority communities may lead to the realization that it is important to incorporate public awareness measures or incentives for families and schools to keep girls in school, or that parents should be offered instruction in Georgian so they can better support their children's education. Monitoring inclusive education for children with special needs may reveal the need to for state policies to expand physical and/or digital accessibility to spaces and information technologies, respectively, in order to improve the reach and impact of existing programs and services.

Improving the visibility of socially excluded groups through better data and evidence has the additional benefit of raising public awareness and tolerance. Global evidence has shown that enhancing visibility and interactions across groups can increase acceptance, and help to reduce stigma, stereotypes, or misperceptions, that often act as a driving force for exclusion and a barrier to accessing essential services, markets, or spaces.

Adopt a comprehensive approach to social policy and institutional coordination

Georgia has made important strides in putting together policies of financial and non-financial support for marginalized groups and promotion of social integration. Social protection and specialized services for persons with disabilities encompass financial support, inclusive education programs for children with special needs, and complementary, and health and rehabilitation services, among others. A university quota for ethnic minorities with additional support for language training has increased the number of minority students in tertiary education institutions.

Still, state and non-state programs and services remain fragmented when it comes to addressing the multiple barriers faced by disadvantaged groups. Government programs offer financial assistance for persons of certain status (IDPs displaced by conflict, war veterans, persons with medically diagnosed disabilities, and so on), as well as targeted means-tested assistance to households.²⁴ The GoG also offers additional services aimed to reduce disparities for selected groups, such as day centers for children with special needs, inclusive education services in schools, bilingual education options for students of minority ethnic groups, housing assistance for IDPs, a nationwide reintegration program with training and employment assistance for ex-convicts, and financial support and privileges for residents of high mountain regions, among others.²⁵ These policies and programs, along with services provided by non-state institutions—NGOs and other development organizations— provide only partial support to individuals and families who suffer from multiple and overlapping disadvantages. Moreover, existing services are concentrated on target groups for which better data exist (and vice versa, more data exist for groups that are recipients of assistance), whereas others seem to consistently fall out of policy attention.

A comprehensive approach to social policy—including better data, and stronger institutional coordination—can go a long way toward ensuring that existing services lead to better outcomes for excluded groups. Individuals and households that are excluded because of overlapping vulnerabilities face complex barriers to integration—physical, financial, social and cultural—that may not be resolved by a single program or service. Consequently, better outcomes for these groups depend on a wide set of improvements in their life (e.g., in education, employment, housing, health, financial assistance, and so on) yet services that are targeted at these groups are often partial or fall under the purview of fragmented programs and institutions. A holistic approach is necessary to ensure that support is available equally to citizens through their lifecycle, in the form of health care, education, infrastructure, career guidance, and non-discriminatory labor policies to support the transition from home to school and school to work.

24 TSA Program.

25 More details on existing programs and services are available in Annex I and Annex III.

The challenge of addressing the mounting needs of small pockets of the population that has been left behind is common to many developed and middle-income countries. To address this issue, many countries have developed specific coordination mechanisms or adopted a comprehensive set of social protection policies. Such policies are often tailored towards empowering disadvantaged groups to improve their own situation. In the context of ethnic minorities this could imply: improving quality of basic education for minority groups, ensuring that curricula and resources in basic education institutions in minority communities evolve on par with the rest of the country, raising the quality of instruction in the national language while also facilitating the availability of essential information and services in minority languages. In the context of disability, inclusive policies would entail a focus on ensuring adaptation of the environment, a broader definition of disability that is able to capture the needs of the wide and heterogeneous group of persons with disabilities and limited abilities, complementarity of services and programs for both children and adults with special needs, and better monitoring for outcomes.

Social and economic empowerment is one of the ultimate goals of socially inclusive policies. Respondents in this study, representing different disadvantaged groups, emphasize that their biggest aspiration is being a respected and independent citizen. Whether through improving education, raising skills, creating jobs, stimulating entrepreneurship or providing social assistance, social and economic policies should be geared towards enabling economic independence and livelihood. Interventions that improve “last mile” services²⁶, connectivity, and access to opportunities for excluded groups—including through wider networks and social capital—have the potential to expand livelihood options for remote and disadvantaged groups supporting both their social integration, and their contribution to the economy.

26 Referring, for example, to transport, education, health, and income generation in rural and remote areas and at the community level.

Promote locally appropriate solutions

In a country as geographically and ethnically diverse as Georgia, inclusive policies and programs would be most effective if implemented with the feedback and participation of beneficiary populations. In the framework of its decentralization reform, Georgia already envisages a stronger role for local government in targeting resources for local development. Some of the best international practices on inclusion have been centered on locally driven programs to integrate and expand opportunities for vulnerable populations.

A policy approach to inclusion would also entail better tailoring of policies to the local context, building capacity of, and stronger reliance on, local institutions. Global experiences have shown that some of the most effective programs to combat exclusion and increase opportunities for vulnerable citizens and households have come from implementing successful local strategies to development.²⁷ As Georgia advances in its efforts toward decentralization, it would be important to integrate concrete targets for inclusion so that local development and growth do not exacerbate but rather, help reduce inequities for citizens and households who face complex disadvantages.

Locally driven and locally implemented programs have multiple benefits. They can extend the reach of line agencies or local governments to deliver services the “last mile”, help connect poor, remote, or marginalized groups to markets and value chains, allow for better use of local knowledge, tailoring policies and programs to make them accessible and acceptable to citizens in different geographic, economic, linguistic, and cultural contexts. Identifying and mobilizing vulnerable groups to participate in various aspects of local development can enhance benefits for them, as well as their voice and participation, ownership and commitment to local development.

27 See Organisation for Economic Co-operation and Development (OECD) LEED Programme (<http://www.oecd.org/cfe/leed/>), http://ec.europa.eu/regional_policy/archive/innovation/innovating/pacts/pdf/leed_en.pdf); Hungary Social Inclusion Strategy 2020 (<http://romagov.kormany.hu/download/5/58/20000/Strategy%20-%20HU%20-%20EN.PDF>); and Indonesia Nationwide Community Program (PNPM), among others.

Today, Georgia is facing challenges that many high- and middle-income countries in the world have grappled with and continue to face. These include overcoming entrenched social and cultural barriers, societal divisions driven by historical legacies or new challenges of migration and globalization, tackling persistent poverty,

and ensuring that all citizens have equal opportunities to prosper. Looking through the lens of social exclusion and inclusion, as well as from the perspective of the socially excluded, can help policy-makers, international partners, and Georgian society advance on the complex and rewarding task of inclusive development.



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