

**Common Country Assessment**  
**United Nations Development Assistance Framework**

**GEORGIA**

**August 2001**

## FOREWORD

The document presented to the attention of readers is a result of collective efforts of the UN Country Team in Georgia. It aims at presenting the analysis of some of the most pressing challenges the country faces after a decade of independence and at providing a strategic framework for future planning. Its purpose is to define the priorities for Georgia's development and show ways in which the UN Country Team plans to collaborate in response to these priorities. The document is also a first attempt to bring together all UN conventions to which Georgia is signatory and to show the progress of their implementation in the country.

All UN organisations represented in Georgia took active part in preparation of the document, and it reflects the collective thinking and analysis of these dedicated professionals. We hope that the usefulness of the document will not be limited to those who are interested only in the UN's co-ordinated work in Georgia and its readership will include a wide scope of individuals from government and private institutions as well as civil society and academia.

Tbilisi, 3 August 2001

UN Country Team in Georgia

## Acknowledgments

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## EXECUTIVE SUMMARY

The 1990s were volatile for Georgia. Beginning with statehood building in the context of regained independence in 1991, the population subsequently suffered political turmoil, civil war, collapse of economy and ethnic conflicts in South Ossetia and Abkhazia. By mid-1990s peace was largely restored; however, the ethnic conflicts remained unresolved, and the situation in Abkhazia still continues to be tense. There are 250,000 internally displaced persons from the conflict zones residing in Georgia proper today.

Georgia's economic decline was one of the sharpest in the former Soviet Union, the GDP declining by 70-75 % between 1991 and 1994. This led to extreme hardship of the transition period characterised by marked deterioration in the economic and social standards. The conflicts and mass displacement left a wake of poverty, unemployment and destroyed capacity. The economic reform programme in mid-1990s protected the economy from further decline, but failed to create conditions for sustainable growth. Poverty incidence kept rising throughout late 1990s – a total of 51.8 % of the population lived below the poverty line in 2000.

Georgia has made remarkable progress in the transition from the previous regime to a new political and legislative setting by launching far-reaching reforms based on the universally acclaimed ideas of human rights, democratic governance and a market economy. The new legal framework of independent Georgia, the effectiveness of the judicial system in law enforcement, the performance of the system of governance, and the social and economic policies define the context within which Georgians struggle against poverty. The country today faces multiple challenges confronting its development:

- Institutional weakness of state agencies, particularly the lack of accountability and absence of law enforcement mechanisms to ensure efficiency in the public management of resources.
- Depressed levels of investment and productive growth. The economic reform programme has largely failed to stimulate industrial and agricultural production, essential in supporting people in their efforts to earn a livelihood and expanding the country's revenue base.
- Decay of social services throughout the 1990s, mainly due to insufficient public funding. In education, enrolment rates have dropped and the quality has deteriorated. In health, maternal and child health indicators have worsened and the health service performance is generally poor. Inequity of access is an issue that needs to be addressed in both educational and health services
- The absence of a viable solution to the internal conflicts. Although there are virtually no remaining concentrations of displaced persons requiring life-sustaining assistance, extended humanitarian needs remain, particularly for vulnerable populations. The scenario of renewed violence cannot be ruled out.

The UN Country Team's past experience and assessment of the current development situation suggest that the Georgian context calls for an integrated model of assistance supporting relief, confidence-building, rehabilitation and capacity-building efforts. The UN response outlined in this paper bridges the relief-development gap, addressing the remaining (and new) humanitarian needs within an overall development context, while presenting analysis and strategies for long-term development.

The UN activities in Georgia today include the following areas: conflict resolution, monitoring of peace accords, relief assistance, support to health and education sectors, economic development, environment, capacity building in management and administration, and the respect for the rule of law. As advances in these areas are mutually reinforcing, an interdisciplinary approach utilising the UN agencies' complementary expertise will be further strengthened through collaborative programming.

The UN goal is to support Georgia's population in the consolidation of countrywide peace, advancement of democracy and human rights, and reduction of poverty, especially through: i) improving the system of accountability in the management of public resources; ii) improving the system of social targeting; iii) reviving productive and income-generating activities; iv) developing selected social services and infrastructure; v) meeting emergency needs, establishing early warning systems and increasing the capacity for response to new emergencies; and vi) harnessing information and communications technologies.

# 1 DECADE OF REGAINED INDEPENDENCE

## 1.1 Early 1990s: Civil war, political turmoil, ethnic conflicts, collapse of economy

### Independence in April 1991 was followed by civil war

After regaining independence in April 1991 Georgia had an extremely turbulent history throughout the early 1990s. The renewal of statehood was soon followed by the rebel national guards and other paramilitary forces battling in the centre of Tbilisi in December 1991 to overthrow the then president Zviad Gamsakhurdia. A military council took power, later conceding its authority to a state council, a provisional civil body. The former Soviet foreign minister Eduard Shevardnadze was invited to lead the council in early 1992. The post-Gamsakhurdia changes were effectively legitimised in October 1992 when Eduard Shevardnadze was elected chairman of the Parliament and Head of State.

Under Shevardnadze's leadership Georgia started establishing state institutions and integrating the country into the international community. In 1992 Georgia joined the Conference on Security and Co-operation in Europe and became a member of the United Nations, the International Monetary Fund and the World Bank; in 1993 the country joined the Commonwealth of Independent States. The political instability and widespread unrest throughout the country in early 1990s essentially prevented the government and the international organisations from engaging into any long-term development activities. The armed bands roamed the countryside and the rival mafias showed their firepower in Tbilisi. At the same time the integrity of Georgia was threatened by ethnic conflicts in Ossetia and Abkhazia. Furthermore, ex-president Gamsakhurdia's attempt to recapture power in 1993 added to the turmoil.

### Georgian-Ossetian conflict

The Georgian-Ossetian conflict ensued already in 1990 after the Georgian authorities had annulled the decision of the supreme soviet of the South Ossetian autonomous *region* to raise its status to that of an autonomous *republic*. As a direct consequence the region, together with some adjoining regions of Georgia proper, was seriously damaged, and over 60,000 individuals were displaced from their homes. Most of them crossed into North Ossetia and became refugees, some 10,000 continue to reside in Georgia proper as internally displaced persons (IDPs). A cease-fire agreement was signed in 1992. Since then there have been no major unrest or hostilities in the area although the conflict remains unresolved. The return of the refugees from North Ossetia remains a major open issue to be solved.

### Georgian-Abkhaz conflict

The conflict in Abkhazia erupted in 1992 after the Abkhaz members of the region's supreme soviet had voted for independence. Georgian troops entered Abkhazia but suffered a comprehensive defeat in the following year. The war led to displacement of over 300,000 persons, most of them Georgians, and the devastation of the once thriving agricultural and tourist destination. In 1994 the Georgian and Abkhaz sides, under the auspices of the United Nations and with facilitation of the Russian Federation, signed the Moscow Agreement on the separation of forces, bringing two years of fighting to a halt. However, the relations have continued to be tense, having led to resumption of hostilities, most drastically in May 1998. The Commonwealth of Independent States Peace Keeping Force and the United Nations Observer Mission in Georgia (UNOMIG) monitor the Moscow Agreement.

### Economic collapse led to severe hardship

The disintegration of the Soviet Union drove Georgia into a major socio-economic crisis associated with the transition from the framework inherited from the previous regime to a new political and legislative system. Trade links with other former Soviet republics were largely broken up, and the heavily subsidised energy supply ceased. As a result, the capacity utilisation in Georgia's industrial sector dropped to about 20 % of previous levels, heavy disruptions in agriculture occurred and tourism revenues collapsed. All in all, Georgia's GDP declined by 70-75 % between 1991 and 1994. Significant external debt and payment arrears were accumulated, while lax fiscal and monetary policies led to large budget deficits.

Georgia suffered one of the sharpest economic declines in the former Soviet Union. This led to extreme hardship of the transition period characterised by marked deterioration in the economic and social standards. The population had to adopt basic survival strategies in order to overcome the effects of the economic collapse and the consequences of the civil war as well as the conflicts in Abkhazia and South Ossetia.

## **1.2 Mid-1990s to 2000: Launch of far-reaching reforms, economic recovery and stagnation**

After gradual improvement in the security situation and cease-fire agreements with South Ossetia and Abkhazia, the government of Georgia embarked in 1994 on a comprehensive reform programme to rebuild the economy with support from the World Bank and the International Monetary Fund. The government's structural reform programme and accompanying fiscal and monetary policies were successful in restoring economic growth and improving internal and external imbalances. Real GDP growth resumed and peaked around 11 % in 1996-97.

Towards the end of 1990s it became evident that the management of public resources did not function efficiently in distributing the benefits of the growth in an equitable way. Poverty incidence kept rising, and so did the income inequality. Also the growth itself turned out not to be sustainable: the economy was severely hit by two recent external shocks, the 1998 financial crisis in Russia and the drought in eastern Georgia in 2000. The GDP growth rate declined to a level of 3 % in 1998-99, and further decreased to 1.2 % in 2000. The recovery had clearly not reached the productive sectors of the economy. The GDP per capita was estimated at USD 678 in 2000 (World Bank estimate, June 2001).

Besides the economic reform programme, mid-1990s saw many far-reaching sectoral reforms that are discussed in the sector-specific sections of this document. Also, a new constitution was adopted in 1995, based on the universally acclaimed ideas of human rights, democratic governance and market economy, laying a sound foundation for the development of Georgia's political system. Presidential and parliamentary elections were held in 1995, re-electing president Eduard Shevardnadze and giving his party a majority in the Parliament. This result was repeated in parliamentary election in 1999 and in presidential election in 2000.

## **1.3 Overview of current development situation**

The three most serious challenges currently confronting Georgia's development include: a) depressed levels of investment and productive growth; b) lack of accountability and the absence of law enforcement mechanisms to ensure efficiency in the public management of resources; and c) the absence of a viable solution to the internal conflicts. Despite the visible political stabilisation and governmental commitment towards restoring the macro-economic infrastructure, the overall situation still remains fragile. The primary source of fragility is considered to be the increased gap between social demands and supply capacity in terms of legislative, administrative and managerial issues.

The revenue base and the government's fiscal performance are critical to sustained implementation of the reform programmes and large-scale poverty reduction. To this end, the government's and IMF's latest projections of public revenue collection for 2002 seem moderate: while the GDP growth for 2002 is projected at 3.8 %, the tax revenue is projected to increase from 14.8 % of GDP in 2001 to 15.3 % of GDP in 2002, an increase of 0.5 percentage points. Considering the fact that the non-avoidable expenditures, such as salaries and social transfers, constitute upwards of 40 % of the total public expenditures, and the government's commitment to clear arrears of previous years, there will not be resources for far-reaching progress in the reform agenda. In effect, Georgia continues to need substantial external concessional assistance and capital inflows to finance its transition to a market economy and its poverty alleviation efforts.

In its Poverty Reduction and Economic Growth Programme the government recognises the institutional weakness of state agencies, the large-scale shadow economy and corruption as reasons for poor performance in mobilising budgetary resources. The government further acknowledges that it is necessary to



raise the efficiency of the budgetary process, to ensure transparency and the fair distribution of state resources. Lack of accountability and transparency in the management of public resources is currently seen as the single most important factor undermining government efforts to reform and to improve the resource base and to raise the tax revenue. In tandem with the fiscal reform is the need for streamlining the national legislative framework and thereby create an environment conducive to investment and local production.

## 1.4 Fact sheet

### Economy

	1996	1997	1998	1999	2000
GDP growth (%)	10.5	10.8	2.9	3.0	1.2
CPI average	39.4	7.1	3.6	19.1	4.3
Exchange rate (GEL to USD)	1.263	1.3	1.391	2.021	2.0
Tax revenues as % of GDP	10.6	12.7	12.8	13.8	14.3

Source: IMF 2001

### Structure of economy

	Share of GDP (%)
Agriculture	21.5
Industry and construction	21.5
Industry	13.3
Domestic processing of agricultural products	4.7
Construction	3.5
Services	51.0
Trade	11.8
Hotels and restaurants	2.2
Transport	11.5
Telecommunications	2.5
Financial intermediation	1.6
Operation with real estate, commercial activities	7.0
State management, defence	3.0
Education	3.2
Health care	4.9
Communal, social and personal services	2.9
Services hired by households	0.4
Net taxes	5.9
GDP	100.0

Source: Georgian Economic Trends, 2000, No. 3-4

### Population: 5.3 million (1996 estimate, source: NHDR 1997)

	% of population
Georgian	78.9
Armenian	5.2
Azeri	3.1
Russian	1.9
Greek	0.9
Ossetian	0.8
Other	9.2

Source: SDS household survey 1997

## 1.5 Country map



### From relief...

The first UN inter-agency assessment mission to Georgia was fielded in February 1993. The mission resulted in the first series of UN consolidated appeals for the most vulnerable groups of the conflict affected population. The UN Interim Office was established and emergency supplies were airfreighted to Tbilisi in April 1993 and distributed to vulnerable groups in the conflict areas of Abkhazia and South Ossetia. Later that year, the delivery of emergency supplies continued in response to priority needs throughout the country. As the crisis deepened, a second UN consolidated appeal was launched in March 1994, and a third one in March 1995.

The initial UN support in 1993-95 was, by necessity, largely humanitarian aid and emergency operations to prevent further deterioration in basic social services. Nonetheless, over the two years, due to the gradual stabilisation of the security and economic situation, the UN was able to support a variety of longer-term development and protection activities in Georgia, including reform programmes of the ministries of health and education.

### ...to development

As Georgia largely moved from an emergency relief situation to one of longer-term sustainable development in 1995-97, so did the UN system assistance, shifting from mostly humanitarian assistance to development programmes addressing key infrastructure bottlenecks and social sector performance. Close collaboration of UN humanitarian agencies with the development agencies ensured that humanitarian programmes were framed within an overall development context and certain key projects were handed over to the development agencies in order to guarantee continuity.

The need for an integrated model of assistance supporting relief, rehabilitation and confidence and capacity building efforts was reaffirmed in 1998 when Georgia was undergoing three different phases of aid simultaneously: a) resumption of hostilities in Abkhazia necessitating an emergency humanitarian response; b) in South Ossetia where the situation was peaceful but the political settlement to the conflict remained elusive, assistance focusing on rehabilitation of war-affected areas and the provision of shelter and other assistance to the returnees; and c) in the majority of the country where the political situation was relatively stable, international assistance was development-oriented.

## 2.1 Resident agencies

The UN agencies resident in Georgia today comprise a comprehensive portfolio of activities in the areas of conflict resolution, monitoring of peace accords, relief assistance, support to health and education sectors, economic development, environment, capacity building in management and administration and respect for the rule of law. In view of the prevailing need for an integrated model of assistance as outlined above, the current portfolio shows a significant degree of complementarity and synergy.

**UNDP** activities focus on three priority areas: a) improved economic, political and social governance; b) poverty reduction through advocacy and support to economic growth; and c) improved management and conservation of natural resources. Furthermore, UNDP will continue to promote gender equality as a cross-cutting theme in all its programmes.

**UNICEF** provides the government of Georgia with assistance in the health and education sectors. In the health sector, assistance is provided in maternal and child health, promotion of breast-feeding, immunisation and disease control. In the education sector, UNICEF supports the education reform, introduction of *active learning* methodology and teaching of the Convention on the Rights of the Child. UNICEF promotes foster care and adoption practices and provides support to street children and young delinquents. UNICEF also assists the government in legislation development and promotion of the Convention on the Rights of the Child and Convention on Elimination of All Forms of Discrimination Against Women.

**UNFPA** provides assistance to strengthen reproductive health services through supply of contraceptives and medical equipment, training and advocacy activities. UNFPA also supports the immunisation programme and the national census in Georgia.

**WHO** supports the government in the following thematic areas: maternal, child and young people's health; communicable diseases (malaria, tuberculosis and HIV/AIDS); mental health (drug abuse and suicide); and non-communicable diseases with an accent on cancer and primary prevention. WHO support is provided through policy advocacy; infrastructure and systems development; and technical interventions.

**WFP** contributes to post-conflict asset building through the *food for work* strategy. Furthermore, WFP relief assistance is delivered to certain particularly vulnerable groups. WFP is pursuing a vulnerability analysis and mapping exercise (VAM), with the purpose to identify the poorest areas of Georgia and target the most vulnerable population in need of food assistance.

**UNHCR** continues to monitor the situation in conflict zones of Abkhazia and South Ossetia and to support IDP population through projects implemented by local NGOs. UNHCR also assists the government to cope with the influx of over 7,000 Chechens.

**OCHA** co-ordinates humanitarian assistance to Georgia, mobilising the collective efforts of the government, civil society and the international community to undertake targeted humanitarian action. In particular, OCHA promotes transitional assistance and community development activities in the conflict zones of Abkhazia and South Ossetia.

**UNV** supports civic dialogue for peace-building efforts in South Ossetia and Abkhazia and facilitates community initiatives in Javakheti and Zugdidi regions. UNV supports the publication of a highly successful children magazine "White Crane" and its distribution to the conflict-affected children.

**FAO** is present in Georgia through a national correspondent. The projects in fruit and viticulture sector rehabilitation are implemented by the Ministry of Agriculture. FAO complements the UN system capacity to respond to disasters calling for food aid, of which the drought in 2000 provided an example.

## 2.2 CCA / UNDAF process description

The UN Country Team initiated the Common Country Assessment (CCA) process in May 2000 when thematic working groups were formed in poverty, governance, gender, health, education, environment and food security to assess the development situation as well as national capacity and priorities in their respective areas. The working groups comprised members of the resident UN agencies, other donors, government of Georgia, Tbilisi State University and NGOs as specified below in Table 1.

Table 1. Compositions of the CCA thematic working groups.

Theme	Participants
Poverty	OCHA, UNDP, World Bank
Governance	UNDP, State Chancellery, Tbilisi State University, NGO Caucasus Institute
Gender	UNDP, UNICEF, WFP, NGO Gender Development Association
Health	WHO, UNICEF, UNFPA, World Bank
Education	UNICEF, UNESCO, Ministry of Education, NGOs GAIA and Child and Environment
Environment	UNDP, World Bank, USAID, Ministry of Environment, Regional Environmental Centre, NGOs Friends of the Earth, WWF, GRID and NACRES
Food security	WFP

It should be noted that the CCA process coincided with the preparation of the Poverty Reduction and Economic Growth Programme (PREGP) pursued by the government of Georgia through the State Chancellery and supported by the World Bank. UNICEF's Situation Analysis of Women and Children in Georgia was also in preparation in parallel with the CCA process. As the CCA process could largely draw on the findings of these two initiatives, the working group compositions were streamlined so as to avoid duplication.

After regular meetings in summer 2000, the working groups submitted their assessments to the UN Resident Co-ordinator in August 2000. Thereafter UNDP compiled the assessments into a draft CCA document which was circulated among the working group members.

The next phase entailed an extension of the CCA to cover relevant items of the Development Assistance Framework (UNDAF). To this end, UNDP and UNICEF, the two main agencies in development assistance in Georgia, had already finalised their framework papers outlining the overall objectives and programme goals of the following programming cycle. UNDP's Country Co-operation Framework 2001-2003 and UNICEF's Master Plan of Operations 2001-2005 and Country Programme Recommendation 2001-2005 thus laid the foundation for extending the CCA document to cover the UNDAF dimension.

In May 2001 the UN Country Team made a decision to hire a consultant to finalise the development of the CCA/UNDAF document. The consultant arrived for the first mission in Tbilisi in June 2001 to conduct a round of consultations with the resident UN agencies: firstly, to verify the validity of the initial draft CCA; secondly, to identify the relevant elements of UNDAF to be incorporated; and thirdly, to collect material for the subsequent drafting of the combined CCA/UNDAF document.

At the end of July 2001 the draft CCA/UNDAF document was circulated among the UN Country Team, and shortly thereafter a UN Country Team meeting was held to discuss the paper and follow-up to the CCA/UNDAF process. To gather the reflections of the UN Country Team for finalisation of the CCA/UNDAF document, the consultant arrived for a second mission to attend this meeting.

### **3 POVERTY**

#### **3.1 Political and economic crises as origin of poverty**

##### **Internal turmoil and steep economic decline in early 1990s**

Having regained independence in 1991, Georgia plunged into political crisis and civil war, and the government could not focus on economic reforms until 1994. By that time Georgia's GDP had declined by 70-75 % from the 1990 level. The dramatic three-year decline of the GDP in 1991-94 alone suffices to sum up the series of events that followed separation from the Soviet Union: disruption of trade, a sharp fall in industrial and agricultural production, high rates of inflation, unemployment, a drastic fall in real incomes and a severe fiscal crisis.

##### **Economic reforms in 1994 boosted recovery**

The economic reform programme launched in 1994 by the government, with IMF and World Bank support, included strict monetary control, sharp reduction of subsidies, liberalisation of prices, reform of foreign exchange and trade regimes, reform of the banking sector and the maintenance of a social safety net. Other measures provided for the privatisation of land and state property. As a result of these reforms, Georgia's annual GDP growth rate was around 11 % during 1996-97, albeit from a rather low base.

Much of the seemingly rapid growth after the turn-around-point in 1995 was accounted for by the increasing share of trade in GDP, a progress that reflected the new political realities but did little to boost the productive sectors of the national economy. Neither industry nor agriculture achieved substantial recovery, unfortunate in the conditions of Georgia where material production was quite insufficient. It seemed that the economic reform programme protected the economy from further decline, but largely failed to stimulate development in the productive sectors.

##### **Stagnation of economy in late 1990s**

After the levelling off of the recovery, the GDP growth rate declined to a level of 3 % in 1998-99, and further decreased to 1.2 % in 2000. Although the impact of the 1998 financial crisis in Russia accounts for a large part of the Georgian recession, other factors such as large deficit in balance of payments and the low level of revenue collection added to the problem. Capital investment in the country remained low, reflecting the inability of the government to attract foreign direct investment as well as the lack of domestic resources to invest in productive sectors of the economy.

##### **Majority of Georgians below poverty line**

The political and economic crises, which accompanied the transition, caused impoverishment of the majority of the Georgian population. In 2000, 51.8 % lived below the official poverty line and 10.2 % consumed less than 40 % of the median national consumption. Statistics for the last four years show that the share of people falling below the poverty line has increased even with the growth of the national economy (see Chart 1). There is also a slight increase in the number of people in extreme poverty, defined as persons whose monthly consumption is below the cost of a survival food basket.

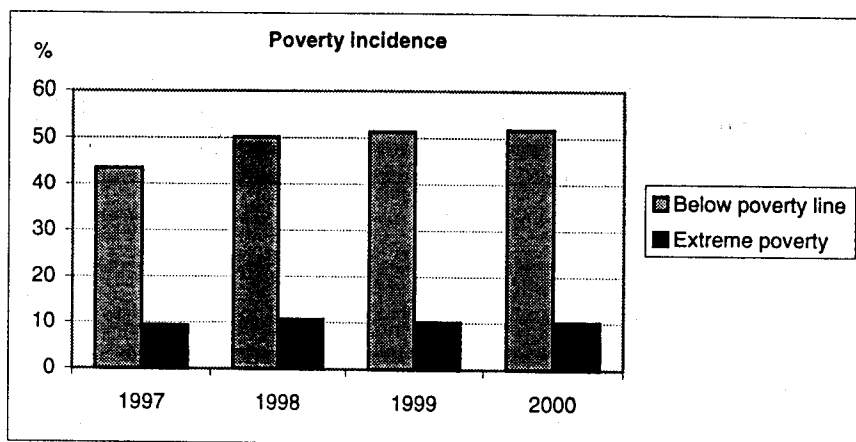


Chart 1. Poverty incidence 1997-2000. (Source: State Department of Statistics)

Projections of poverty rates under different growth scenarios reveal that economic growth can have a big impact on poverty. For example, annual GDP growth of 5-6 % would lower poverty by half its current level in just five years. However, two important conditions have to accompany this growth. Firstly, the GDP growth should translate into growth in per-capita consumption as poverty is very sensitive to a slowdown in per-capita consumption growth; secondly, growth should take place in an environment of stable income equality.

### 3.2 National poverty reduction programme under preparation

Halving poverty levels by 2005, while raising general living standards, was one of the current president's priorities during his election campaign in 2000. The government is currently preparing the Poverty Reduction and Economic Growth Programme of Georgia, whose main goals are the elimination of poverty, support to economic growth, improvement of social conditions, raising living standards of the population and ensuring participation of poor citizens in the country's development process.

While preparing the programme, the government has recognised that institutional weaknesses of the national agencies, the large-scale shadow economy and corruption are the main reasons for the current decline in economic growth and the reduction in mobilised budgetary resources. The government has further recognised that raising the efficiency of the budgetary process and ensuring transparency and fair distribution of state resources are necessary preconditions for reversing this trend.

### 3.3 Dimensions of poverty

#### Unemployment is particularly widespread in cities

Unemployment and lack of assets are the two major forces driving households into poverty. The aggregate countrywide unemployment rate was 16.8 % in 1999 and 15.2 % in 2000, while there is a huge difference between urban (27.8 %) and rural unemployment (5.1 %). This is largely due to the wide definition of rural employment which officially includes all those owning one or more hectares of land, irrespective of whether the plot is actually farmed and the size of the income derived from it. The statistics thus show a much higher unemployment level and deeper and more widespread poverty in cities than in rural areas. Chart 2 illustrates the urban/rural disparities.

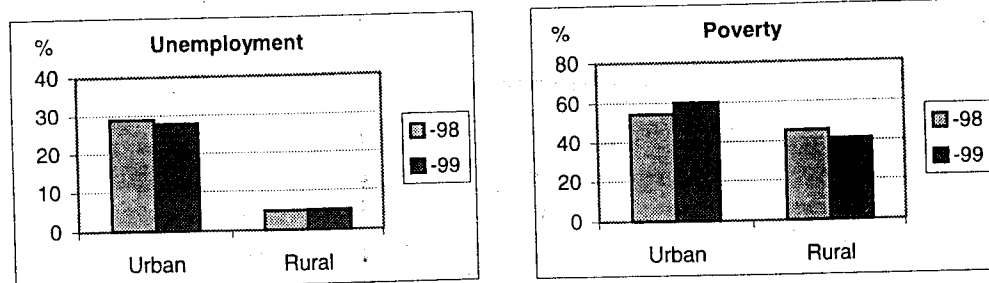


Chart 2. Urban and rural unemployment and poverty in 1998 and 1999. (Source: SDS)

### Rural poverty

The almost universal access of the rural population to land allowed labour market adjustment during the transition period by reallocation of labour towards small-scale agriculture. Agriculture is the main economic activity of the population of Georgia, accounting for roughly half of employment. Most of the people employed in agriculture are subsistence farmers working on their own land. However, the real rural incomes have remained low. The poor performance of the rural economy can be attributed to unequal access to complementary inputs to labour (fertilisers, tractors, capital equipment), barriers to land transactions, scarcity of rural credit and limited off-farm earning opportunities.

Seasonal factors make considerable impact on rural poverty. Economic activity of the rural population is low in the first quarter of the calendar year. The number of temporarily unemployed persons and the level of poverty also increase. Later in the year, economic activity gradually rises, reducing unemployment and thus the poverty level of the whole country. Lack of support infrastructure makes the subsistence farmers vulnerable to unfavourable climatic conditions and natural disasters, such as the severe drought that affected eastern Georgia in 2000 (more about the drought in Section 8, Food security)

### Regional disparities

Besides urban/rural differences, there are large disparities in poverty rates between the regions of Georgia, the incidence of poverty in the poorest region being almost double that in the richest region (see Chart 3). The regions with high incidences of poverty include mountainous areas which have less arable land and are often isolated from markets in winter due to poor road conditions. The better-off regions have more diversified economies and better access to markets.

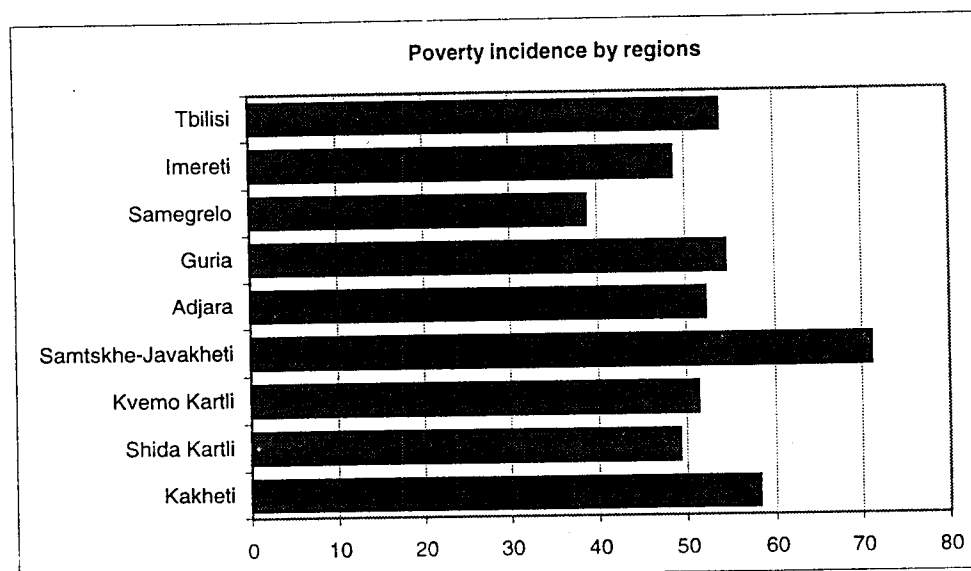


Chart 3. Poverty incidence by regions in 2000. (Source: SDS)



### Household composition as poverty determinant

The composition and size of a household is also an important determinant of poverty and vulnerability in Georgia. A total of 89.1 % of urban households with three or more children lived below the poverty line in 1999 as opposed to 56.9 % with only one child (see Chart 4). Similarly, 76.7 % of urban households without working-age members lived below the poverty line in 1999 opposed to 58.3 % of other households. In rural areas, the situation is less severe, although families with many children and those without working-age members are worse-off.

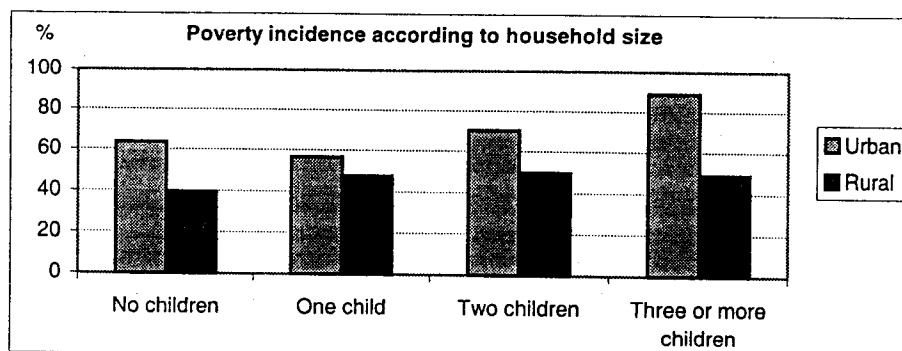


Chart 4. Poverty incidence according to household size in 1999. (Source: SDS)

### Rising income inequality

Income inequality in Georgia has taken alarming proportions as the increased poverty has been accompanied with sharp inequality. The GINI index, measuring the distribution of income among households within a country, has averaged 51 from 1997 to 2000 (0 represents perfect equality, 100 perfect inequality), similar to the level of some Latin American countries. The transition to a market economy, misappropriations in the privatisation process and lack of responsible economic management are the main reasons for the rising inequality. The government's capacity to tax and redistribute income will hence play a significant role in determining poverty outcomes in the future.

## 3.4 Social safety net and informal survival mechanisms

The collapse of fiscal revenues in Georgia has reduced the formal social safety net to a bare minimum. The low level of tax collection, resulting in arrears and non-payment of salaries and allowances affects the poor strata of the population most severely.

The main instrument of Georgia's social safety net is the **Social Insurance Fund** which provides pensions for a range of eligible groups, including the elderly and social pensioners, veterans and invalids of war as well as victims of political repression. The main bulk of the Fund's revenues comes from employers' contributions, but the Fund also receives transfers from the central budget to cover deficits. The Fund's budget for 2000 was 183.7 million lari, of which 173.9 million was allocated for pensions.

The government also operates an **Employment Fund** to provide allowances for the unemployed and to implement employment programmes. Allowances for needy families have been budgeted for 2000, in accordance to the requirement of the ESAC (Energy Structural Adjustment Credit).

The **IDP programme** is one of Georgia's largest social safety net programmes whose budgeted allowances for 2000 amount to 43.1 million lari. The programme includes cash benefits as well as in-kind support for the internally displaced persons, such as free rides in city transport and subsidies for electricity in collective centres. The government's programme, complemented by the donor assistance, has kept most of the IDPs from extreme poverty. However, there is still need to improve targeting.

The grand total of social expenditures in the 2000 state budget, excluding spending on health and education, was 211.9 million lari, of which 84 % was actually disbursed. This slightly outperforms previous years. However, there are still outstanding arrears for pensions, social allowances and salaries worth some 200 million lari in early 2001.

### **Informal survival mechanisms give rise to shadow economy**

The generally low wages from hired employment often account for a maximum of half the average real incomes, necessary for subsistence. Necessity has taught families to help themselves. Arrears and non-payment of salaries further exacerbate the situation among public sector employees, especially teachers and those who cannot substitute loss of regular salary, however low, with petty corruption.

Insufficient income from hired employment and the unreliability of the social safety net has activated informal mechanisms of survival. Strategies include growing own food, rearing livestock on family plots, small-scale commercial activities, remittances from family members working abroad, selling household possessions and prostitution. The close kinship pattern that still prevails is an important mechanism in transmitting help from the more affluent citizens to their more needy kinsmen. Improvements in living conditions since 1994 have resulted in large part from informal activities. In fact some of the research suggest increased dependence of the population on shadow economy which is reported to account for some 40 % of GDP.

## **3.5 Conclusions and recommendations**

Poverty reduction and good governance go hand in hand – the lack of accountability and transparency in public structures can be regarded as the single most important factor undermining the government's efforts to reform its resource base and raise tax revenue. Poor revenue collection and inefficiencies in the public management of resources translate into the government's inability to maintain adequate social services and pay entitlements.

Despite recovery after the 1991-94 decline, Georgia's economy is still failing to guarantee sustainable human development for its citizens. Growth in the productive sectors is a necessary precondition for large-scale poverty alleviation. To this end, depressed levels of investment and productive growth pose a serious threat. The country should make every effort to stimulate both foreign and domestic investment which would bring both jobs and additional public revenue through taxes. It is not the growth rate as such but its quality that makes growth address poverty alleviation by responsible economic management ensuring that the benefits are equitably distributed.

Social and economic policy options for improving living conditions and providing an adequate level of social services, with equitable targeting, may require rethinking on the part of the government and donors. For example, the user fees that recently have been introduced in various social services to compensate for the state's inability to cover the full cost, have imposed a heavy burden on the poor to a level in which they cannot access these services. As a result, the better-off benefit disproportionately from the current government expenditure to social sectors.

In the short and medium term, the social and economic policies need to be pursued under severe budgetary constraints, imposed by the need for tight monetary and fiscal policy required to maintain macroeconomic stability, and in an environment of competing priorities for scarce resources. Successful implementation of these competing priorities and achievement of the projected annual GDP growth (3.8 % in 2002) will be a challenge but yet will not suffice to fully finance the poverty alleviation programmes and social programmes to the expectations of the people or to the level currently planned in the government's Interim Poverty Reduction and Economic Growth Program.

### 3.6 UN strategy

The UN will continue to support elaboration and/or implementation of policies and mechanisms that promote economic growth, while ensuring an equitable distribution of wealth with adequate targeting of the most vulnerable segments of the population. The UN will also continue to raise awareness and facilitate policy discussion on human development principles and their incorporation into the multidimensional reform process that Georgia undergoes. Another direction that the UN will pursue is the expansion and diversification of the country's revenue base through capacity-building activities to the relevant government entities and partnerships with private-sector companies.

The UN's envisaged contribution to poverty reduction is described below in more detail. The UN will also promote good governance which has a direct link to poverty reduction, most notably in terms of more efficient management of public resources. The UN strategy in the field of governance is discussed in Section 4.

#### **Improving the system of social targeting that supports the reduction of poverty levels**

The UN will support, in partnership with the World Bank and the IMF, government efforts to elaborate a national poverty reduction strategy. The UN support will be provided in the form of technical expertise, assistance in establishing ICT (information and communications technology) tools for monitoring and analysis of poverty levels, and co-ordination of the consultative mechanisms set up to elaborate the strategy.

The UN will continue the on-going work with the government and donors to pursue the New Approach to IDP Assistance, which is envisaged to evolve into a comprehensive programme for addressing the needs of internally displaced persons (IDPs) in a larger community context. This programme envisages increasing the level of social transfers to the most vulnerable segments of the population on the basis of objective measurement of vulnerability. The New Approach is discussed in more detail in Section 9, Internally Displaced Persons.

#### **Increasing public awareness of poverty issues and contributing to civil society involvement in policy making**

The UN will continue to build on its universal mandate for poverty reduction and a people-centered approach to development through its various policy instruments, most notably the National Human Development Report and the Discussion Paper Series. These publications will be closely linked to UN interventions and will serve as a platform for the UN to advocate its central themes.

#### **Support to expanding the revenue and productive base**

The UN will continue its support of on-going initiatives targeted at expanding Georgia's revenue and productive base. This will primarily be achieved by continuing to support the government in investment promotion, land registration and management of the national debt. Opportunities for replicating two successful pilot partnerships with private-sector companies will be sought, with a focus on employment generation, environmental management and an increase in Georgia's export potential.

## 4 GOVERNANCE

### 4.1 Solid commitment to human rights and democracy

Considering the recent history of disregard of fundamental human rights in the Soviet era, civil war, ethnic conflicts and political instability in the Caucasus, Georgia today serves as a model in the region for its bold moves towards democracy. The Constitution of Georgia, adopted in 1995, is based on the universally acclaimed ideas of human rights, democratic governance and a market economy. Georgia has ratified all the major international human rights conventions, abolished the death penalty and made significant progress in reforming the legal system to correspond to the principles of human rights and democracy.

Table 2. Major human rights conventions ratified by Georgia.

Convention	Ratified	Initial report considered	Assessment / Obstacles
International Covenant on Civil and Political Rights (1966)	1994	1997	The state has established a mechanism to address human rights problems, but it is not provided with a sufficient budget to make it functional. Serious human rights violations still occur, the major violators are law enforcement agencies.
International Covenant on Economic, Social and Cultural Rights (1966)	1994	2000	Principal concerns are i) the inadequacy of measures to combat the high and increasing level of poverty, ii) lack of statistics to prepare the ground for adequate measures, iii) inadequate allocation of resources to public expenditure.
Convention on Elimination of All Forms of Discrimination Against Women (1979)	1994	1999	There is a lack of real understanding and recognition of discrimination against women; persistence of a patriarchal culture and gender stereotyping. Georgia's legal framework is gender neutral, however no law exists to date protecting women from violence committed within their families. Women and children have no legal protection from sexual exploitation in sex-tourism, cross-border trafficking and pornography.
Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	1994	1999	Torture, ill treatment and deaths in custody are still reported (Amnesty International, 1999). The main barriers as assessed by the UN Committee Against Torture are the following: i) political and economic conditions are impediments to reform, ii) the bureaucracy lacks the will to embrace the constitutional and legal reforms robustly, iii) the independence of the judiciary is not as obvious as it should be, and iv) there is a clear disjunction between the legal rules of protection and their implementation.
Convention on the Rights of the Child (1989)	1994	1999	<p>The initial report was considered by the UN Committee on the Rights of the Child in May 2000. The first periodic report was submitted by the government in July 2001.</p> <p>The Convention on the Rights of the Child as well as generally the understanding of human rights is something new for Georgia and mechanisms for promoting child's rights at different levels are being established. The main obstacles/challenges:</p> <ul style="list-style-type: none"> <li>■ Low awareness of the Convention among adults and children alike.</li> <li>■ Economic and social difficulties have impeded the full implementation of the Convention. There is no comprehensive national plan of action to implement the Convention.</li> <li>■ Legislation is not yet fully in line with the Convention.</li> <li>■ There are no independent complaints mechanisms for all children.</li> <li>■ Low level of sensitisation of professional groups working with and for children.</li> </ul>

Having completed two rounds of parliamentary elections (1995 and 1999), one round of local elections (1998) and two rounds of presidential elections (1995 and 2000), Georgia has demonstrated its commitment to democratic principles. Georgia's accession to the Council of Europe in 1999 reaffirms the incorporation of human rights principles into the legal framework of Georgia.

Notwithstanding the progress discussed above, it must be noted that changes in legislation are generally easier to attain than proper enforcement of the regulations. This seems to be the case in Georgia where fair and impartial law enforcement and respect for the rule of law remain pressing issues to be addressed before the ambitious goal of good governance is achieved. There are still serious causes for concern, both with respect to human rights and the equality of people before the law.

## **4.2 Presidential republic with a strong executive branch**

The constitution of Georgia declares separation of powers as the basic principle of organisation and activity of the state. The country is a presidential republic, where the directly elected president governs the executive branch but is not authorised to dismiss the Parliament. The Parliament independently exercises legislative functions and supervises executive bodies, but a vote of no confidence is not envisaged in the Parliament's power. An independent judiciary is responsible for law enforcement. Georgia has a constitutional court and an independent Public Defender's Office.

A multi-party system literally flourishes in Georgia: a total of 102 parties and political organisations were registered on the eve of the parliamentary election in 1999. True freedoms of speech and expression allow the parties to propagate their ideas and present criticism freely. The political parties, however, tend to lack substantive messages – they are mainly organised around persons rather than ideologies.

Although democratic forms of governance have been introduced to various levels of administration, from rural communities to the central level, governance today appears to be *de facto* more highly centralised than perhaps ever in the past. The central power structures tend to have a dominating role even in grassroots level decisions whereas the local governments are controlled by local elites or clans. The population at large has little influence on the issues concerning them, a situation that the local elections in 1998 did little to change.

Public attitudes toward government and participation in decision-making processes concerning the people's well-being have not changed much since the Soviet period. People still prefer to delegate their personal rights to executive bodies and are willing to wait for these to attend to their needs. Activity at the community level is low, and so is the recognition of the need for individuals to co-operate.

## **4.3 Bottlenecks in implementation of reforms**

The government's decision-making process is often conditioned by ad hoc considerations, lacking a long-term policy vision. Government entities are still not capable of adapting to changing circumstances resulting from the transition to a market economy. In those cases when they do adapt, the result can be a combination of incompetent regulation and legalised extortion. Apart from creating problems for individual citizens, the poor functioning of the government also has an impact on the economic performance of the country manifested, for example, in a small volume of foreign direct investment (2.7 % of GDP in 1999).

In the judiciary, there are still serious causes for concern, both with respect to human rights and the equality of people before the law. Most violations of civil and political rights are committed by law enforcement agencies. Prisoners and detainees can be subject to physical and psychological abuse, confessions can be forced, and evidence can be fabricated or planted. Arbitrary arrest and detention still occur.

Widespread bribery to law enforcement bodies results in impunity for people who can afford to pay, as well as unequal access to legal counsel. Recent efforts to reform the judiciary have produced some results as

court decisions have become more independent. In certain judicial entities, however, there is resistance to the reforms which undermines requirements for accountability and transparency.

The recent gradual improvement of the government's record in human rights can be attributed to three interrelated factors: Firstly, there is a true commitment to address violations of civil and political rights. Secondly, the government is under increased scrutiny by the international community. Thirdly, increasing public awareness of civil rights, continued evolution of civil society and criticism by the free press provide an increasingly effective check on the excesses of law enforcement agencies. The very fact that this happens is an achievement *per se* in a region where freedom of expression is a relatively new phenomenon.

#### **4.4 Widespread poverty challenges human rights**

The poor are *de facto* deprived of the right to development which makes poverty reduction not only a development challenge but also a human rights challenge. Poverty has increased in Georgia in recent years while public expenditures on health and education are inadequate to guarantee equal access to health care and educational opportunities. This results in inherent discrimination against the poor to exercise their right to development.

Women are generally more affected by poverty than men. Social and cultural expectations and norms limit women's possibilities to exercise their capabilities in labour market, resulting in their concentration in unpaid household work and low participation in paid production. Improving the human rights situation of women would strengthen their empowerment and subsequently support the struggle of women against poverty.

#### **4.5 Issues of special concern**

Two issues of special concern and particular importance to good governance in Georgia are highlighted here for more detailed review and analysis: corruption and the decentralisation of power. These topics have received considerable attention from the Georgian government and international community. They are also vital for the national security of the country as well as for its claims to become a democratic society.

##### **4.5.1 Corruption**

Corruption is not a new phenomenon in Georgia. During the Soviet era, bribery was widespread and often perceived as a normal way to sort out bureaucratic hurdles, especially in the context of central planning. It was sometimes even considered a way to protest against the system, by putting individual interest above the interest of "not our" state. The practice continued through the years of independence.

Research suggests that corruption is a systemic phenomenon in Georgia, encompassing all branches and levels of public service. One of the reasons for this is that the present pool of civil servants is essentially the same that operated during the Soviet times, and they are accustomed to this mode of operation. Low pay is often cited as another major reason for corruption. Many civil servants feel obliged to use their position for unlawful gain in order to provide for their families. As a result, petty and not-so-petty bribery are quite common in public institutions.

Most worrying and damaging is corruption within the highest ranks of government. Starting from the early years of independence, misappropriation of foreign credits, unlawful privatisation of state assets and abuse of power have spread through most of the structures of government. It is noteworthy that many of the corrupt civil servants actually bought their positions with the intention of earning a positive return on their investment through corruption.

It is reported that, on average, 3 % of a household's income goes toward bribes, whereas enterprises spend an average of 9 % of turnover for corruption. Not surprisingly, the complexity of tax legislation and corruption rank first and second as business impediments in Georgia. Ironically, law enforcement agencies rank highest

in dishonesty of public institutions, both from households' and enterprises' perspective. Table 3 below illustrates the distribution of bribes paid by households and enterprises.

*Table 3. Destinations of bribes paid by households and enterprises.*

Destination of bribes paid by households (share of total value of yearly unofficial payments)		Destination of bribes paid by enterprises (share of total value of yearly unofficial payments)	
1. Traffic police	30 %	1. Customs	30 %
2. Health services	21 %	2. Tax inspection	21 %
3. Police*	10 %	3. Traffic police	16 %
4. Tax inspection	10 %	4. Energy companies	12 %
5. Customs	9 %	5. Phone line installation	4 %
6. Energy companies	5 %	6. Sanitary inspection	3 %
7. Phone services	4 %	7. Water companies	3 %
8. Local courts	4 %	8. Registration of property	3 %
Others	7 %	Others	8 %

Source: Corruption in Georgia: Survey Evidence. World Bank, June 2000.

### Anti-corruption actions to date

In 1996 the Parliament established a temporary investigation commission specifically charged with the task of scrutinising cases of corruption. For two years this high-profile commission investigated cases ranging from abuse of authority during payment of Turkmenistan debt to offenses in licensing and misappropriations in energy sector. After investigation the cases were sent to the prosecutor's office but very few of them actually found their way to courts.

Starting from 1997, which was declared as the year of starting the fight against corruption, a number of new laws to this effect were adopted and other anti-corruption measures introduced. However, until recently no substantial progress has been made. Allegedly corrupt public officials have been allowed to resign without facing criminal charges for their actions. This discreet hands-off policy not only encourages their replacements to continue this apparently low-risk activity, but also breeds cynicism and decreases public trust in the state.

While the low accountability of government institutions to civil society does not cause corruption *per se*, it is important to note that despite the booming non-governmental sector, the issue of corruption has escaped the attention of most of these organisations. Georgia's relatively free media does cover many cases of misappropriations and harmful actions of high government officials and plays a pivotal role in raising public awareness. At the same time, despite elections of local councils which are supposed to hold the executive branch accountable, very little is done in fighting corruption on the local level.

In 2000 a commission was set up to elaborate Georgia's anti-corruption plan. The commission, headed by the chairman of supreme court, drafted the guidelines for the National Anti-Corruption Programme of Georgia. The document underscores that Georgia's structural weaknesses are the main determinant of its failure to fight corruption.

## Loss of public revenue gives rise to poverty

A single transaction where bribery takes place often looks like a win-win situation for both the payer and the recipient of the bribe but results in a loss of revenue for the government. Lost public revenues from two sources, gasoline and cigarette importation, illustrate this case. A study of cigarette consumption suggests that the potential revenue from cigarette imports to Georgia in 1999 amounted to 147 million lari while the actual collection was as low as 63 million lari. In the case of gasoline, the figures in 1998 were 218 million lari and 60 million lari, respectively. The lost revenues total 242 million lari (see Chart 5).

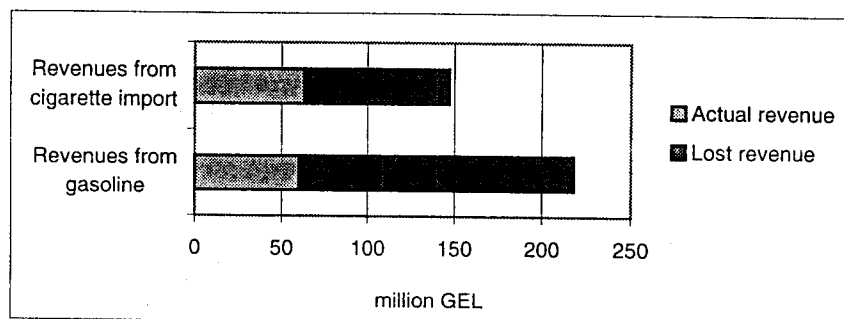


Chart 5. Actual and calculated lost public revenues from gasoline (1998) and cigarette imports (1999).  
Source: Budget Office of the Georgian Parliament and the Barents Group.

Merely the lost revenue calculated above, 242 million lari, would be more than sufficient for annual payment of all pensions and family allowances for which the government is constantly in arrears. It is obvious through this simple calculation that the combined effect of corruption and the incompetence of customs and tax departments contributes to the general rise of poverty in Georgia.

The government's inability for timely payment of salaries and allowances, partly as a result of lost public revenue, translates into hardship for those who are dependent on these payments. This is a vicious cycle, since the civil servants demanding the bribes may well be those suffering from the salary arrears, which obviously stimulates them to demand the bribes.

Another link between corruption and poverty can be attributed to the adverse impact that corruption has on Georgia's investment climate. Local and international businesses that could potentially create employment are discouraged to do so because they are not willing to deal with corruption. Investors seek safer ground for their investments, and Georgia loses jobs that could have been created as well as the public revenue that could have been gained through taxes.

### 4.5.2 Decentralisation of power

In early 1990s it became evident that the Soviet era administrative-territorial structure with 65 districts (so-called rayons), ten cities of republican subordination, 942 village councils, two autonomous republics (Ajara and Abkhazia) and one autonomous region (South Ossetia) did not respond to the political needs of independent Georgia. There was no region-level intermediate authority between the central government and district-level administrative bodies. In Georgia it was soon discovered that the national interest could not be pursued in isolation from regional problems and without regional policy formulation.

A regional administration and the position of governor were first introduced in 1993. During the following two years the country was divided into nine regions. The two autonomous republics, Ajara and Abkhazia, remained untouched (the autonomous status of South Ossetia was abolished in 1990). Governors were appointed by presidential decrees with responsibilities to monitor and supervise the protection of state interests in regions. Their mandates included oversight of the execution of laws, protection of human rights, order and security as well as development of economic reforms. The regional administration was authorised



to adopt normative resolutions concerning these issues. Along with the institution of governors, regional offices of various ministries were also created.

The constitution adopted in 1995 states that Georgia's territorial arrangement, i.e. the physical division of territory into administrative entities, is to be defined by constitutional law. Since this was to be realized only after the restoration of jurisdiction over the *whole* territory of Georgia, the constitution left blank the actual issue of territorial arrangement. Legalisation of the territorial divisions was thus avoided. In 1997 new laws were adopted to legalise the institution of governors and to establish the financial basis for the regional socio-economic development. The country still lacks the constitutional law on the physical division of territory, however.

The president issued new regulations in 1999 establishing the following administrative entities: village, community, town, city and region. According to these regulations, there are now 77 districts (rayons), seven cities of republican subordination and 1104 self-governed entities where local self-governance bodies (sakrebulo) are elected. The two autonomous republics, Ajara and Abkhazia, remained untouched in the legislation.

### **Characteristics of current administrative-territorial organisation**

In general the current situation with regard to administrative-territorial organisation is rather complicated, and can be characterised as follows:

- Georgia's administrative-territorial arrangement, appropriate legislation and implementation capacity needs to be improved. As a consequence, there is a distortion of legal, fiscal and economic relations between the district-level, regional and central power structures.
- The role of the self-governance bodies in local governance is still weak, and there is an obvious need to clarify their mandates in the context of Georgia's administrative-territorial arrangement.
- The current form of administrative-territorial arrangement does not reflect ethno-psychological specificity of the country's population, contradicts its cultural traditions and hampers the development of decentralisation process as well as socio-economic development of the regions.
- Reform of the administrative-territorial arrangement is hampered by the Soviet mentality of both the society at large and public officials. The majority of the population view any form of decentralisation as a direct way to pursue Georgia's territorial disintegration. Activity at the community level is low, and so is the recognition of the need for individuals to co-operate.

### **Scenarios for development of regional management**

Clearly defined institutional forms and mandates of the administrative layers are a prerequisite for any power structure to function properly. Regional administration, as the most recently introduced entity, has provoked debate in the government as well as among the international community. There are three possible development scenarios briefly discussed in the following:

1. A model of regional management similar to one implemented today, in which the central government preserves the right not to identify, or when needed, to suspend or abrogate the status of a region. Governors appointed by the president monitor the implementation of authority delegated by the state to the regional self-government; implement regional, state and local socio-economic programmes; and co-ordinate the activities of territorial agencies of central institutions.
2. A status of a region could assume elections of both the representational body of the regional self-government and the governor. Many of the rights and authorities currently executed by territorial bodies of central government would be transferred to the regional authority, i.e. government would be decentralised. Some responsibilities could also be transferred from the local bodies to the regional competence area. In this case, a region would have a relatively high degree of administrative autonomy.

3. The central state could grant regions the right to adopt their own constitution. In that case the regions would have political autonomy and their authority would cover resolution of all the issues that are not the competency of the central government according to the constitution of Georgia.

## 4.6 Conclusions

Since regaining independence, Georgia has made a significant effort to reform governance from authoritarian to democratic principles. This is manifested in public sector reforms as well as in the promotion of participatory democracy by conducting parliamentary, presidential and local elections that are considered to be generally fair in the context of the region.

Additional measures need to be taken to protect human rights. This includes empowering the poor to demand public services, pro-poor public policies and a transparent participatory process open to hearing their views. It also implies that the government ensures a proper environment allowing people to fully employ their own capacities and redistribution of public finances to protect those who are unable to provide for themselves. Development is unsustainable when the rule of law is impaired, when ethnic, religious or gender discrimination prevails or when large numbers of people live in poverty.

These measures are closely connected with anti-corruption activities, which so far have been non-systemic and fragmental. Their ineffectiveness has often been caused by the lack of motivation of various branches of government. True political will and a well thought-out strategy is needed to ensure any substantial progress in this direction. Specific actions such as the establishment of a body charged with implementing the recently prepared anti-corruption strategy may prove important.

Georgia's administrative-territorial organisation has seen a number of reforms in 1990s. The single most significant change has been the introduction of regions as new territorial units and *de facto* satellites of central power structures. Not surprisingly, the roles of the central, regional and local administration are not yet well established.

Further steps to develop the administrative-territorial organisation should aim at advancing transparent administrative practises and participatory decision-making. As evident from the Soviet period, a centralised power structure is conducive to corruption. Therefore, gradual decentralisation of authority seems appropriate. It must be kept in mind, though, that the development situation varies from region to region, suggesting that the state should have flexibility in defining the scope of authority for each region separately.

## 4.7 UN strategy

The objective of the UN system in the area of governance will be to support, through policy advice and institutional capacity-building, the realisation of a system of governance that is accountable and respects the rule of law. The major directions and goals are outlined below.

**Improving the system of accountability** through more efficient management of public revenues and expenditures. The fight against corruption needs to be intensified, with stronger and more concerted action by the government and the donors. The UN will support the government in formulation of a comprehensive national anti-corruption programme. Large-scale support will be rendered for its implementation. The goal is ultimately to create conditions in which corruption cannot continue to erode state authority, violating rights and freedoms of the population and weakening the country's political and economic system.

**Enhancing decision-making processes and co-ordination** across different government entities through the introduction of modernised systems of information exchange. Building on past experience with the State Chancellery and the Ministry of Foreign Affairs, new projects are envisaged to support central and regional institutions in improving the efficiency of their management systems and information exchange. The goal is to advance transparent administrative practises and participatory decision-making, ultimately resulting in true decentralisation of power so that the population can and are willing to have influence on issues concerning their own lives.

**Contributing to the effective enactment of the rule of law and democratic principles.** Continued support to the public defender's office aims at improving its credibility and capacity to respond effectively to cases of human-rights violations.

Although not widely recognised, there is a remarkable gender disbalance in favour of males in Georgia. The Fourth World Conference on Women (Beijing, 1995) greatly increased the attention of the government of Georgia to gender equality. The government has demonstrated the will to move in a more gender sensitive direction through the formulation of action plans and institution of mechanisms advancing gender issues.

The constitution of Georgia, adopted in 1995, declares gender equality as a core element of a family. Women are fully involved in family relations due to the importance of family and kinship in Georgian society, recognising the role of women as mothers rather than as workers or decision-makers. Women's potential in politics, economic development and conflict prevention is, thus, largely neglected in Georgia as in many countries in transition.

## 5.1 National machinery and priorities in advancing gender issues

The government has taken the initial positive steps to demonstrate its commitment to tackle gender equality issues. An institutional mechanism has been put in place for this purpose. The state commission on elaboration of state policy for the development of women was established in 1998 by a presidential decree. A network of gender focal points in various ministries and the regional administration supports the work of the commission. A National Action Plan for Improving Women's Conditions in Georgia 1998–2000, to implement the Beijing recommendations, was established in 1998 and has been extended to 2004.

Taking into consideration the prevailing conditions in Georgia, the priority areas of the National Action Plan are as follows: i) institutional mechanisms, ii) women's role and participation in decision-making, iii) economic policy, iv) women and poverty, v) women and armed conflicts, vi) women and health improvements, vii) women's rights and viii) violence against women. A presidential decree on measures to strengthen the protection of women's human rights in Georgia was adopted in 1999, followed by an action plan on the prevention of violence against women in 2000.

## 5.2 Women's rights

Although Georgia formally joined the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1994, very few people, except experts and women rights' activists, know about its existence, and even less consciously apply its articles to everyday life. Recent studies on power structure and employment show that the actual status of Georgian women has not changed much since CEDAW. Gender equality proclaimed by the authorities is less meaningful when considering the practical implementation of the CEDAW principles.

The legal framework in Georgia is gender neutral, but unfortunately the law does not protect women from *de facto* discrimination stemming from adverse traditional socio-cultural attitudes nor from the burden imposed by multiple responsibilities of housewife, worker and community caretaker. Also, domestic violence and sexual and other abuse of women exists in Georgia, but very little is known so far about its extent or specific forms, as these topics are not widely discussed.

Gender-based discrimination and negligence of women's rights have never been an issue in Georgia. Traditional attitudes make the level of gender awareness low and the problems of women almost invisible to society. Cultural tradition is not conducive to open discussion on violations of women's rights. Society also denies the problem, fearing that the admission of its existence is an assault on the integrity of the family. In the absence of institutions that equalise male and female power relations in society, women are unable to leave abusive partners, especially if they have children to support.

### 5.3 Women's political participation

The parliamentary election in 1999 resulted with women having 7 % of the seats, unchanged from the previous election in 1995. Women's participation in decision-making on the governmental level is low: out of the eighteen ministers, two are women. One senior position in the regional administration is held by a woman. Women are poorly represented in senior positions in state and administrative structures. Table 4 below illustrates women's participation in local-level decision-making in five major cities of Georgia. Countrywide, 93 % of the seats of the local self-governance bodies are held by men and 7 % by women.

*Table 4. Gender distribution of seats in local self-governance bodies of five major Georgian cities after the 1998 election.*

	Tbilisi (55 seats)	Kutaisi (30 seats)	Batumi (30 seats)	Rustavi (30 seats)	Poti (30 seats)
Men	48	28	29	29	29
Women	7	2	1	1	1

### 5.4 Women in post-conflict situations

During the transitional years, economic development and democratisation in Georgia have been hindered by a number of internal conflicts. The conflicts in Abkhazia and South Ossetia resulted in approximately 250,000 internally displaced persons (IDPs). There has been no satisfactory solution to these conflicts to date. Women's perspectives are not actively sought in conflict resolution activities although women are among the most vulnerable groups suffering from the on-going ethnic conflicts.

Women and children constitute a majority of IDPs. Displacement of people profoundly affects gender relations, often increasing the household burdens of women. Most female-headed households represent the poorest of the poor. The share of households headed by single women increase as men are more likely to be killed or disabled. In addition, many men have abandoned their wives and children because of the stigma associated with the inability to provide for their families.

The conflicts have eroded the traditional system of gender roles, forcing women to assume new economic roles and responsibilities. Desperate economic conditions and the growth of female-headed households have caused increasing numbers of women to enter the labour market. Displacement has also forced many women to make their living in the informal sector by selling cooked food, vegetables, fruits, clothes or other household items.

### 5.5 Women's economic participation and poverty

Women are in general particularly vulnerable in poverty-ridden societies and constitute an unequal share of the poor. Georgian women, bearing a major responsibility for the nation's welfare and health, are presently facing increased rates of severe poverty, especially in families with small children. There are many reasons for the feminisation of poverty in Georgia:

- The existing employment structure is unfavourable to women, and the government has not involved women in transition programmes.
- The public sector, where the share of female employment was highest during the Soviet period, has been hardest hit by the effects of the transition period. Women have thus been disproportionately badly affected, and the economic crisis has driven more women than men out of employment.

- Society's attitudes towards women can deny them access to natural resources, credit, technology, training or other means necessary for running a business.
- Small female-run businesses often cannot compete with the cheap, imported products brought in by trade liberalisation. Globalisation of the world economy thus indirectly affects women's poverty.

Although comprehensive data is not available, it is evident that women generally face discrimination in both the public and private sectors, being less likely than their male counterparts to have promotions. Despite an equal educational level, income differs substantially between men and women (see Table 5). It is likely that women still occupy a high share within the remaining public sector where salaries are very low due to current financial constraints. The discrepancy between men's and women's salaries can also be attributed to unequal distribution of management positions both within the public and the private sector.

*Table 5. Gender-disaggregated key figures of employment and income, 1999. (Source: SDS)*

	Men	Women
Share of unemployed labour force	55 %	45 %
Share of total income	61 %	39 %
Average monthly wages	76 GEL	42 GEL

Under the current financial situation the state can do little to intervene to bring about social equality. The state's ability to provide a viable social safety net is minimal. Because women in poverty are among the weakest interest groups of the state, they are also among the most marginalised in terms of holding the state accountable to their needs.

## 5.6 Conclusions and recommendations

The protection of women's rights is fundamental to ensuring their self-realisation and full participation in society. Women's underrepresentation in politics and governmental decision-making structures undermine the policy statements regarding the advancement of gender issues. The government upholding its commitments and demonstrating the desired direction through its own action is a fundamental precondition for any attempt to be successful in overcoming the persisting patriarchal culture and prevailing stereotyped gender roles. In view of the above, the National Action Plan for Improving Women's Conditions in Georgia should be accompanied by true political will, demonstrative approach and secured funding for its implementation.

IDP women have suffered for almost ten years from social, economic and political marginalisation. They should be given the opportunity to participate fully in the society where they reside, on equal terms with the local population, and be provided with the type of support most needed, i.e. access to development oriented assistance. The proper implementation of the New Approach to IDP Assistance should bring improvement in this respect (the New Approach is discussed in more detail in Section 9).

## 5.7 UN Strategy

The UN system will focus on continued support to the government in mainstreaming the gender issues in overall policy making. This entails support for the implementation of the National Action Plan for Improving Women's Conditions in Georgia, mainly through capacity-building of the newly established national machinery. The action plan is a comprehensive platform for addressing the pressing gender concerns in the country, including awareness-raising, social mobilisation and promotion of gender equity in the labour market, among other issues.

Another direction that the UN system is envisaging in the forthcoming years is to facilitate women's contributions to conflict prevention, conflict resolution and peace building. The objective is to demonstrate the difference that gender-responsive vision, strategies, insights and options can make in terms of the peace and development agenda against the established pattern of women's systematic exclusion from conflict resolution and prevention initiatives.

## 6 HEALTH

Overall, Georgians enjoy relatively good health today. The questionable reliability of national health statistics, however, translates into uncertainty of any assessment of the population's health status. The widespread poverty and polarisation of the society are bound to have affected, and continue to affect, the people's health. Certain signs of a worsening situation can already be observed through the health indicators, but the prevailing nationwide social problems may have more serious consequences in the long term. Progress toward global conference goals can be tracked in Table 6.

Georgia's health care system is currently in the process of large-scale restructuring, initiated by a thorough health care reform in 1995 and further elaborated by the Georgian national health policy in 1999. The inefficiencies of the Soviet model still largely exist. The government's severe financial constraints and, in particular, the low public expenditure on health care (less than 1 % of GDP) essentially retard the necessary reforms and jeopardise Georgia's ability to respond to new and existing health care challenges, as outlined in this section.

Table 6. Global conference goals in health.

Health care and children's health	1990	Current
Universal access to primary health care (within one hour's walk)	N.A.	N.A.
Reduce infant mortality by one-third from 1990 levels by 2015 (measured by deaths per 1,000 live births)	16.4	15.2 (1998)
Reduce child mortality by two-thirds from 1990 levels by 2015 (measured by deaths of children under 5 years per 1,000 live births)	19.9	17.1 (1998)
Maternal health	1990	Current
Maternal mortality: 50 % reduction between 1990 and 2000, another 50 % reduction by 2010 (measured by deaths per 100,000 live births)	38	51 (1999)
Births assisted by qualified attendant	N.A.	96.2 %
Universal access to contraceptives (use of family planning methods)	N.A.	Overall: 25.0 % Married: 40.5 % (data from 1999)

Sources: Women and children in Georgia: A Situation Analysis, UNICEF 2000;  
Reproductive Health Survey Georgia, 1999; NCDC, CMSI, MOH&SA, SDS, UNFPA, UNICEF, USAID, UNHCR, AIHA; July 2001

### 6.1 Health status of the population

#### Life expectancy

Georgia has long scored fairly high in life expectancy. Over the past 25 years the average life expectancy has increased by 3.5 years, reaching 73.0 years in 1999. The life expectancy for males is 68.8 years and for females 77.0 years.

#### Infant mortality

Figures of infant and child mortality point to stability rather than deterioration or improvement, already an achievement in the current condition of fiscal austerity. Chart 6 shows the infant mortality rate according to State Department of Statistics, which is far below the information available from the Ministry of Labour, Health and Social Affairs (16.5 as opposed to 23.5 deaths per 1,000 live births in 1998, respectively). This is due to different methodologies applied in calculating the figures. The incidence of perinatal and stillbirths is high, suggesting problems with antenatal care.



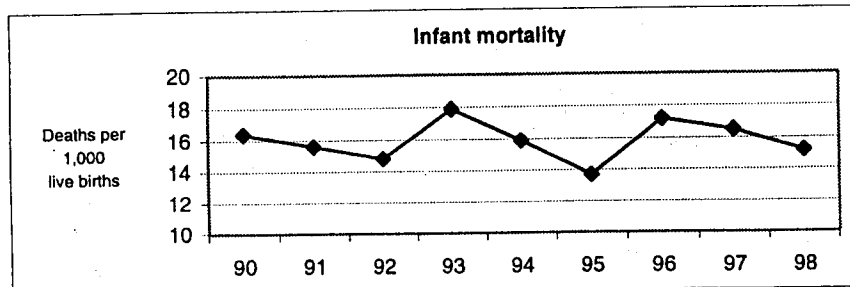


Chart 6. Infant mortality, 1990–1998. (Source: State Department of Statistics)

### Maternal mortality

Maternal mortality is another symptom of defective health care (Chart 7). The actual number of maternal deaths has been stable during transition, but the rate per 100,000 live births has increased to a level unacceptably high by international standards. Women are at risk from iron deficiency anaemia that has since 1994 increasingly added to complications during birth. This is a reflection of inadequate medical care for pregnant women.

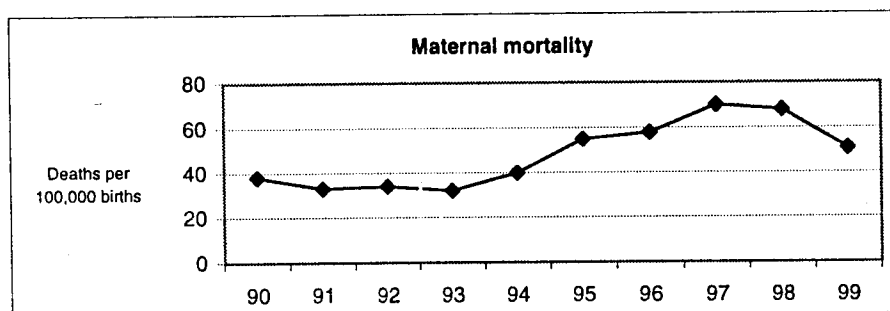


Chart 7. Maternal mortality, 1990–1999. (Source: State Department of Statistics)

### Child nutrition

The nutritional status of children, as measured by weight and height, is reasonably satisfactory. A child's weight for a given height in Georgia is in line with a well-fed standard population. However, their height for a given age is lower than the norm, suggesting micronutrient deficiency in food intake. The situation with respect to micronutrient deficiency, and especially the iodine deficiency, remains a pressing issue in the country. The latest available data shows that 49 % of children under 16 years are affected by iodine deficiency.

### Family planning

The reproductive health survey in 1999 supported by UNFPA, UNICEF, UNHCR and USAID is the first nation-wide study, which provides important information regarding reproductive health status of the population. The findings of this study reaffirm that induced abortion continues to be widely used by women as a birth control method, especially in low and middle socio-economic status and in remote areas. This is related to the limited capacity of primary health care units to provide reproductive health services to the rural population. Chart 8 provides an overview of the family planning services in 1990s and Table 7 summarises the findings of the above referenced reproductive health survey.

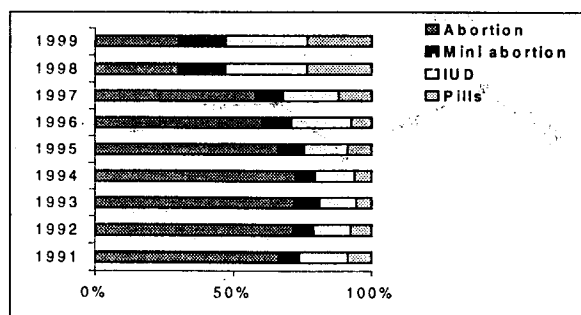


Chart 8. Family planning services provided to women by health facilities, Georgia, 1991-1999.

Table 7. Reproductive health survey, 1999-2000. (FP = family planning)

	Tbilisi	Urban areas	Rural areas	Socio-economic status		
				Low	Middle	high
Fertility rate	1.6	1.5	2.0	2.1	1.5	1.7
Abortion rate	3.7	4.4	4.1	3.6	3.8	3.4
Awareness on FP methods (%)	97.8	94.0	84.6	81.5	95.3	99.5
Current use of FP methods (%)	44.9	42.4	37.2	33.8	43.4	44.3

### Immunisation and vaccine-related diseases

After a period of decline in immunisation in the early years of transition, survey figures in 1999 show full coverage of 15-to-26-month-old children to have climbed to 67 %, still far below the goal of 90 % for year-old children, set at the World Summit for Children. Because of the financial situation, the Ministry of Labour, Health and Social Affairs continues to depend on UNICEF and other donor organisations for the supply of vaccines and related equipment.

No major epidemic has been reported in recent years in vaccine-related diseases. Georgia is a polio-free zone according to WHO standard. There was a diptheria outbreak in mid 1990s, owing to failure in routine immunisation in 1991-93. The outbreak reached the peak in 1995 with 425 cases. A mass vaccination campaign of the population from 3 to 60 years of age, launched in 1995, proved to be effective: in 1998 there were only 114 cases, and thereafter 60 and 28 cases in 1999 and 2000, respectively. At the same time, improved case management contributed to decreasing the fatality from 12 % (1995) to 6 % (1997).

### Tuberculosis

The incidence of tuberculosis steadily increased from 1993 to 1995, with a surge in 1994 when there were a total of 14,400 registered patients. The increase was clearly linked with the deterioration of socio-economic conditions. Although the incidence seems to be in decline, tuberculosis still remains a major threat. Places of detention and IDP communal dwelling serve as reservoirs of the disease. The number of new cases have been reported in recent years as follows: 6895 (in 1996), 5425 (in 1997) and 4513 (in 1998).

### Malaria

Georgia is considered an endemic country for malaria. There were no cases from 1970-1996 when the first local cases were reported. The problem of malaria continues to grow: 35 cases were reported in 1999 and by the end of the 2000, there was nearly a five-fold increase in the number of cases. Without appropriate measures, malaria may cause an epidemic. In December 2000, a donor meeting was initiated by UNDP, WHO and Ministry of Labour, Health and Social Affairs to alert the donor community to this new risk.

## 6.2 Health care system

Georgia inherited a health care system developed according to the Soviet model: oversized and bureaucratic, characterised by centralised management, finance and distribution. During the last decade of Soviet rule, inefficiencies of the system were already evident, and after the economic collapse of 1991, even more aggravated. The impact of this collapse was most visible in the sharp decrease of the health budget translating into salary arrears, a serious shortage of basic medical supplies in health care institutions, a cessation of maintenance of hospital buildings and the inability to maintain medical equipment.

### 6.2.1 Health care reform was launched in 1995

Mainly as a reaction to the sharp deterioration of the health service during the initial transition period, the government launched a thorough health care reform in 1995. The reform envisaged a transformation from a national health service to a social insurance system with substantial changes in the roles and responsibilities of the central and local governments. The state was supposed to maintain its influence on the health system through strengthened regulatory, financing and licensing mechanisms while withdrawing from the actual provision of care. Limited government financing was to be directed towards priority public health programs and a basic package of clinical services, delivered through contractors.

In 1999 the government adopted the Georgian National Health Policy and established a state committee, directly under the president's leadership, for executing the highest health co-ordination functions. The main elements of the policy are:

- Reforming health care financing – the plan is to increase the government contribution substantially for the health sector so as to ensure the provision of a basic health package to people through participation of three parties: state, employers and employees. The aim is to gradually increase the social insurance coverage to the whole population by 2010.
- Improving primary health care – the emphasis will be on primary and preventive services rather than on curative care.
- Promoting sustainable development of human resources – the plan is to gradually reduce the excess medical staff through a system of accreditation of health facilities and licensing of medical staff.
- Upgrading physical infrastructure – comprehensive rehabilitation programmes are envisaged to upgrade the infrastructure of the existing health facilities and to provide them with appropriate medical and diagnostic equipment.
- Developing health information systems – the objective is to provide information for monitoring the effectiveness of health services as well as to enhance operative decision-making, resource allocation and policy formulation.
- Further elaborating the legal framework – the focus will be on advancing medical ethics through preparation of an ethic code and establishment of an ethics commission.

### 6.2.2 Performance and efficiency

According to WHO's unified index measuring the health care system's overall performance, Georgia ranks 76th of the 191 countries evaluated in the World Health Report 2000. The unified index is based on a combined evaluation of a number of factors such as disability-adjusted life expectancy (lifetime in good health), the responsiveness level of the health care system, health expenditure per capita and fairness in financial contribution, among other factors. In addition to the unified index, it is more useful to look at Georgia's rankings in certain individual factors used to calculate the unified index:

- Disability-adjusted life expectancy: 44th
- Responsiveness level: 166th

- Health expenditure per capita: 125th
- Fairness in financial contribution: 105th

Disparities between the rankings are significant. As discussed earlier in this section, Georgia's life expectancy is fairly long, which may make the unified index for Georgia's health care system look disproportionately high. The poor scores in responsiveness, health expenditure and fairness suggest that the relatively good health of Georgians results from something other than good quality services by the health care system. This is not surprising if one looks at public expenditure on health care as a percentage of GDP. It has been below 1 % since 1995, extremely low by any standard. For comparison: Eastern European countries average approximately 4 % and high-income countries 6 %.

Despite extreme shortage of funds there is a substantial excess capacity in the health sector. According to government statistics, the number of available hospital beds has decreased since 1991 from 57,300 to 24,481 which translates into 4.5 beds per 1,000 population. For comparison: OECD countries average 2.5 beds per 1,000 population. The ratio remains high against the demand as evidenced by the reported occupancy rate of 28 % in 1997. Likewise, there is a surplus of health care workers, especially physicians: 21,600 physicians in 1999, one for every 245 people, compared to an average of one per 400 population in the OECD countries.

The performance of the Georgian health care system is characterised by geographical disparities and ineffective distribution of available scarce resources. It is estimated that, if the hospital network were optimally designed, only 65 would be required compared to the 285 hospitals that exist today. Inefficient use of facilities results from the lack of an effective referral system and hospital orientation for treatment. Apart from poor overall management, there are inefficiencies in procurement, storage, distribution, pricing policies and rational use of drugs.

## 6.3 Issues of special concern

### 6.3.1 Equity of access to health services

There are two major issues affecting the equitable access to health services: 1) inability of the poor to pay the increasing share of treatment costs devolving to the patient, and 2) limited outreach of the services in remote areas.

#### Cost of health services as a barrier of treatment

Along with the shrinking public spending in the health sector, the burden of financing the care has shifted from the government to individuals. Prior to 1991 approximately 85 % of all health spending came from the state budget, by 1994 the government's share had fallen to 25 % and today it is estimated to be less than 15 %. The remaining share, upwards of 85 %, is covered by patients or their insurance schemes either as official cost-sharing payments for government subsidised services, as full payments for services not covered by the government or as illegal payments demanded by health service providers even for the state-funded services.

There is a State Medical Insurance Company that is supposed to increasingly cover the people's medical expenses. In addition to insurance charges collected from employers and employees, this company relies on budget transfers from the state. So far the company has had difficulties meeting its obligations, due to financial constraints. Private health insurance schemes are at the moment not widely utilised in Georgia. The above implies that the cost of the treatment not covered by the government is in most cases to be borne by the individual patient.

It is estimated that the cost of treatment and medicines, along with the informal payments at hospitals, deter about 30 % of the population from seeking treatment. Consequently, these people have almost no access to health services. About half of the population can afford only 8 % of the medical expenses they require. In contrast, 10 % of the population account for 45 % of all medical spending, and a tiny 2.5 % of Georgians are responsible for 40 % of total spending. This highly biased distribution not only illustrates the inequity of

access to health care, but also gives an explanation to the low occupancy rate of hospital beds (28 %) discussed earlier in this paper: the poor cannot afford entering and staying in the hospital for treatment.

### **Limited outreach of services as a barrier of access**

Geographical disparities in the provision of quality health services are at least partly a result from the generally lower qualifications of the medical staff and lack of medical equipment in remote areas. Distance barriers often reduce the availability of more professional and better-equipped centralised resources. Poor road connections also pose considerable challenges to reach certain areas even for a mobile expert team. Low awareness of entitlements among the rural population is also a reason for not using the services.

Statistics show that the awareness and use of family planning methods are lower among the poor in remote areas where this information is often most critical. The consequences of early exposure to unprotected intercourse lead to reproductive health problems and cause far-reaching negative social outcomes exacerbating poverty. Gender is another aspect of disparities in the provision of services. Men are, in general, not encouraged to use reproductive health services although family planning should concern both sexes.

### **6.3.2 Upgrading professional skills and facilities**

The impediments to clinically effective service delivery range from decayed hospital facilities to broken medical equipment, obsolete systems for sharing patient records, lack of standard treatment protocols and outdated knowledge and working methods of the medical practitioners.

For example, the quality of smear examination, essential in diagnosing tuberculosis, is still low and X-ray remains the main diagnostic method. The TB network is not effective, the facilities are located in unsuitable buildings, there is deficit of medical equipment and supply, professional level of medical personnel does not accord modern requirements. Both case detection and treatment outcomes need to be improved by providing proper supervision and staff training.

The WHO World Health Report 2000 states that Georgia has the poorest quality of basic amenities among a reference group of 13 countries. More than 80 % of existing medical equipment is outdated or out of order. The estimated cost to upgrade all the existing facilities to a minimal Georgian standard, excluding equipment, is more than 200 million USD.

### **6.3.3 HIV / AIDS**

The official figures of AIDS cases and HIV positive persons are still moderate, but they show a steep upward trend. As of end 2000, the number of reported AIDS cases in Georgia was 187, of which 97 are new. Male cases numbered 160 and 27 were female, most patients were between 23 and 40 years of age. The highest number of AIDS cases was revealed in Tbilisi. The estimated number of HIV positive persons is more than 2,000. About two-thirds of the known cases of HIV infection were the result of intravenous drug abuse. The situation is probably more serious than the figures show as the stigma associated with sexually transmitted diseases motivates many to seek anonymous treatment and avoid registration.

Georgia is considered as a high-risk HIV/AIDS epidemic country due to rapid increase of HIV/AIDS cases in neighbouring countries, increased population migration, widespread drug addiction, and the unavailability of disposable syringes, sterilisation facilities and AIDS diagnostic test-systems. The changes in sexual behaviour, along with economic hardship, have contributed to the rise of prostitution in Georgia: in 1995-96 the number of prostitutes is estimated to have increased threefold. The emergence of child prostitution, previously quite unacceptable in Georgian society, is particularly alarming.

The liberalisation of sexual taboos has resulted in increased sexual activity of adolescents. At the same time, there is widespread ignorance regarding safe sex or sexually transmitted diseases, including AIDS, which is at least partly attributable to low awareness of the risk. It is reported that 48 % of the youth from 12 to 17

years of age have no, or faulty, information regarding AIDS. There is virtually no dissemination of this type of information in schools or elsewhere.

In 1999 a national programme for the prevention and control of AIDS and other sexually transmitted diseases and blood safety was supposed to be launched with a budget of 1,500,000 USD. The Parliament of Georgia approved the programme budget of 725,000 USD, but actual funding was only 227,868 USD. Under the current financial constraints, it is difficult to implement any effective HIV/AIDS control measures while the danger of the infection spreading widely continues to increase.

## 6.4 Conclusions

The recent development trends characterised by persistent financial austerity have significantly affected the quality of and accessibility to health services in Georgia. Community empowerment is therefore important to assume a greater responsibility for the health of children and adolescents, in particular. The strategy of social mobilisation must be further enhanced, with a special focus on emerging social challenges such as HIV/AIDS prevention.

Further steps in health sector reform inevitably lead to the consolidation of resources, both in terms of personnel and facilities. The focus should be on quality rather than quantity of the services, through creating a network of health care units where scarce resources are optimised. Notwithstanding the potential savings resulting from a consolidation, the fact remains that the public expenditures in the health sector should be considerably raised. The current level of public spending, less than 1 % of GDP, or 6-8 USD per capita per year, is insufficient by any standard.

The interrelationship between poverty and ill health implies that working with other sectors to reduce poverty should help lower the prevalence of illness among the poor. Meanwhile, there is an urgent need to improve both access to and the quality of basic health services. To this end, the ambitious plans of the Ministry of Labour, Health and Social Affairs need to be accompanied by secured funding for their implementation. While advancing the implementation of the reform plan, efforts should be directed to:

- Monitoring the management of the health insurance scheme and its impact on equity of access. The goal is to increase fairness in financial contributions to the health sector and lower the proportion of household expenditure that is spent on health by the poor.
- Increasing the government's capacity to regulate and engage the private sector as a partner in the delivery of basic health services.
- Accelerating decentralisation, combined with capacity building, of the health care system to improve access to the basic health services in poor regions.
- Strengthening health information, education and communication (IEC) to the general public, particularly women and youth.
- Improving efforts to address specific causes of communicable diseases.
- Strengthening reproductive health services.

## 6.5 UN strategy

In response to the development challenges outlined in this section, the UN system will focus on the promotion of mother, child and adolescent well-being. National capacity building, advocacy for policy changes, social mobilisation and community participation will be the cornerstones for such programming. A rights-based approach will be applied, with the overall goal to contribute to meeting children's, adolescents' and women's rights for survival and health. The UN's envisaged contribution to the national efforts is described below in more detail.

## **Support for safe motherhood**

The UN will focus on quality improvement of maternity services through providing institutional and professional capacity building, strengthening institutional capacities in reproductive health; improving access to efficient and quality maternal and child health service delivery by introducing community-based approaches (mothers support groups) and assisting with prenatal outreach services; raising of professional capacity through training and education; introducing principles of integrated childcare and assisting the development of the referral system.

### Objectives:

- Reduction of infant mortality, under-five mortality and maternal mortality by 20 % from 1999 rates
- Quality improvement of maternity health services
- Increased accessibility to maternity services for all women
- Strengthened institutional capacities in reproductive health

## **Support for immunisation and control of most common childhood diseases**

The UN will continue capacity building and procurement of basic medical supplies to support the Ministry of Labour, Health and Social Affairs in strengthening the state immunisation programme and surveillance system. Continued training of health personnel and the development of regional outreach immunisation services are essential to ensure quality care throughout the country. Promotion of integrated management of childhood illnesses through the training of health personnel will ensure better quality of child services and improved management of common childhood illnesses.

### Objectives:

- Increased full immunisation coverage throughout the country (target 90 %)
- Improvement of expanded programme of immunisation (EPI) surveillance and management

## **Support for proper nutrition of children and pregnant women**

The UN will continue to address the problem of micronutrient deficiency and malnutrition. The efforts will be concentrated on ensuring an effective enforcement of legislation on universal salt iodisation, including better monitoring of the import of iodised salt. Preventive measures to lessen the iodine deficiency disorder impact on children will be introduced, especially in high endemic zones. The UN will also support prevention of iron deficiency anaemia with focusing on pregnant women. Activities within the breastfeeding promotion and baby-friendly hospital Initiative will focus on the expansion of the number of baby-friendly hospitals through capacity building, training as well as informational and educational campaigns.

### Objectives:

- Reduction of iodine deficiency disorders (IDD) among children by 50 % and iron deficiency anaemia (IDA) among women by 20 % from 1999 rates
- Twofold increase in the under-four-months exclusive breastfeeding rates
- Promotion of baby-friendly hospital initiative (BFHI)
- Quality improvement of child health services

## **Support for improving health of the young people**

The UN goal here is to raise awareness on healthy lifestyles and contribute to reducing risky behaviour among youth. The objectives will be achieved through advocacy for national legislation and policy

development, social mobilisation, community empowerment and provision of access to quality youth-friendly services. The UN will focus on developing and promoting age-appropriate information, education and communication packages through networking with media and youth organisations. The UN will continue to support the national healthy schools network.

UN measures in HIV/AIDS prevention will prioritise advocacy for policy development, public mobilisation and youth peer education activities. UNAIDS, UNICEF, UNFPA and WHO collaboration with national health and education authorities will ensure essential technical expertise for successful implementation of the young people's health related activities.



## 7 EDUCATION

While Georgia's adult literacy is nearly 100 %, reflecting a strong uniform education programme during the Soviet period, enrolment and the quality of education have been in decline in the 1990s. If this decline is not reversed, universal literacy, taken for granted for decades, will be at risk in the long term. Likewise, enrolment and the quality of education have a direct link to the long-term prospects of Georgia's economy. Major trends in education and progress toward global conference goals can be tracked below in Table 8.

Georgia inherited from the Soviet era an extensive network of education available to all free of charge. The government is now in the process of doing away with its inefficiencies and inclination to serve the previous regime. The State Educational Reform Programme, introduced in 1995, targets the spheres of governance and management, methodology and education standards. To date progress has been slow and uneven. The World Bank's newly approved 60 million USD loan improves the future prospects of the reform programme as the government has been unable to spend more than 1-2 % of GDP on education in late 1990s.

The funding capacity of the state budget has been so low that the educational system is presently *de facto* largely driven by parents, school entrepreneurs and local authorities, rather than legislation or the Ministry of Education. While limited funding has serious implications on the quality of education, teachers' salaries, access to learning materials and the maintenance of school facilities, the challenges ahead cannot be met by additional financial resources alone. Deep structural reforms are needed in the areas of policy development, governance, management and resource allocation.

Table 8. Global conference goals in education.

	1990	Current
Enrol all children in primary school by 2015 (measured by net primary enrolment rate)	91 %	85 % (1998 data)
Make progress towards gender equality and empowering women by eliminating gender disparities in primary and secondary education by 2005 (measured by share of school girls of all pupils)	Primary: 49.2 % Lower secondary: 49.4 % Upper secondary: 48.1 % (1991 data)	Primary: 48.6 % Lower secondary: 49.1 % Upper secondary: 45.7 % (1997 data)

Source: Women and children in Georgia: A Situation Analysis, UNICEF 2000

### 7.1 Schooling scheme – from kindergarten to university

Compulsory education in Georgia starts at the age of six and ends with the completion of ninth grade of the lower secondary school, usually at the age of fourteen. At this stage, the pupil has in principle three options: 1) to continue general education in an upper secondary school, 2) to start vocational education, or 3) to leave the schooling scheme enter the workforce. Upper secondary school appears to be gradually losing its status as the mainstream option in favour of the latter two options.

Compulsory schooling can be preceded by a pre-primary phase where enrolment has declined sharply during the 1990s. At the other end of the schooling scheme comes university-level education, traditionally highly valued by Georgians. An overview of Georgian schooling is presented in Chart 9 whereafter the major phases will be briefly discussed.

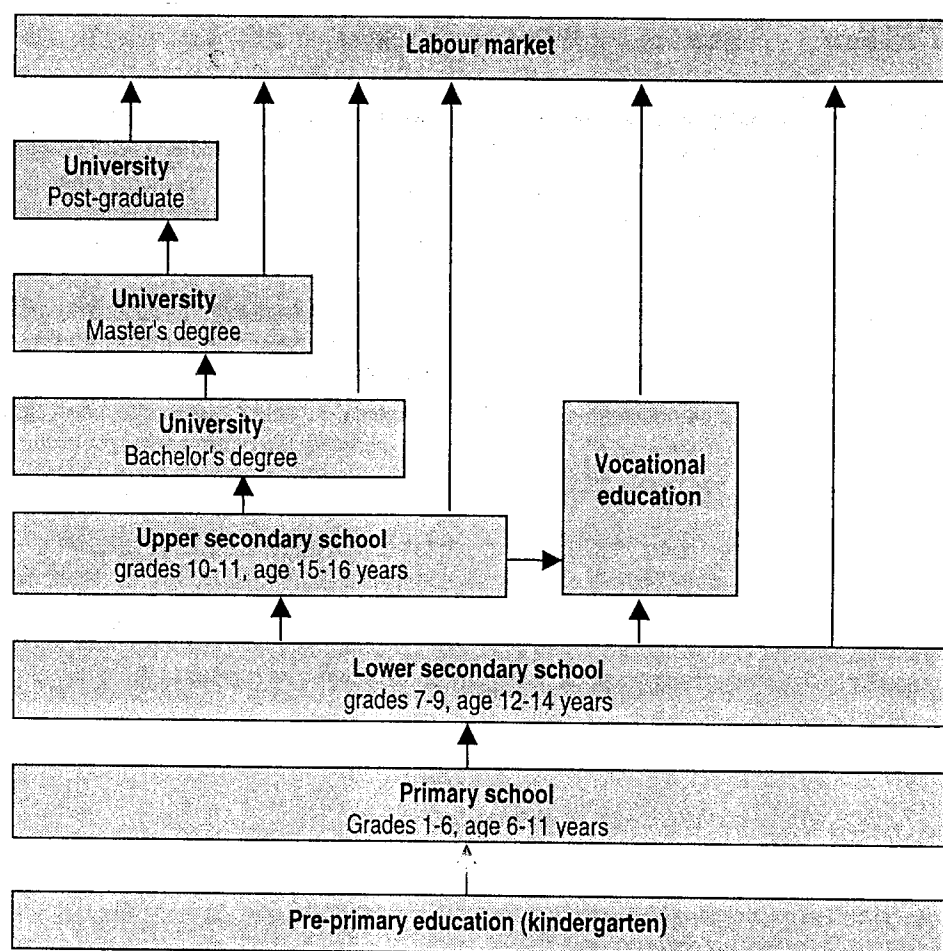


Chart 9. Overview of the Georgian education system.

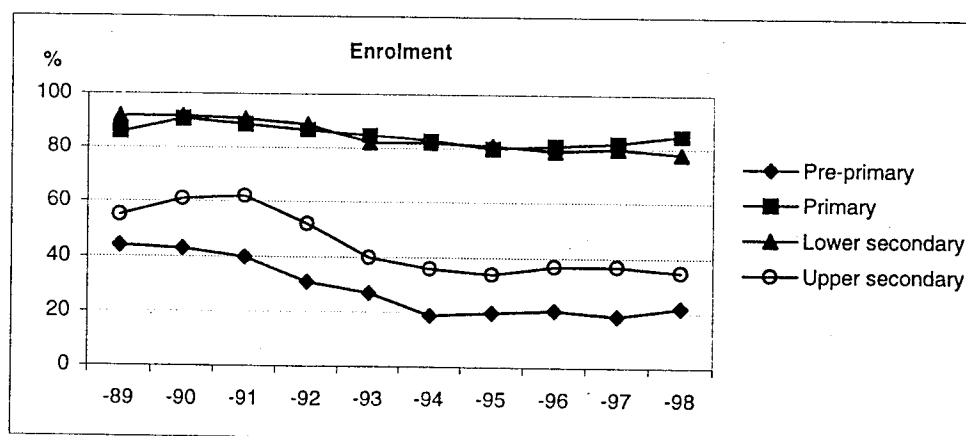


Chart 10. Enrolment rates in pre-primary, primary and secondary education, 1989-1998, shown in % of relevant age group. (Source: Ministry of Education)

### **7.1.1 Pre-primary education**

The demand for pre-schools has fallen for a variety of reasons, including lower incomes, higher price of kindergarten places, deterioration of the quality of care and less need for childcare due to reduced rates of female employment.

The Ministry of Education data for 1-5 year-old children shows that the gross enrolment rate fell from 43 % in 1989 to 29 % in 1998 (see Chart 10). Figures from UNICEF's Multiple Indicator Cluster Survey in 1999, relating to the age group 3 to 5, give enrolment rates of 29 % in state and another 2 % in private institutions. There is no significant gender disbalance in enrolment as 32 % of the boys and 30 % of the girls enrol. There are, however, significant variations in enrolment rates between regions, from 11 % up to 47 %, and between the aggregate enrolment for urban (39 %) and rural (21 %) areas.

### **7.1.2 Primary and secondary education**

Enrolment has declined during the transitional period among eligible children aged 7 to 15 from 95 % in 1989 to 81 % in 1998. The attendance figures would probably show an even more dismal picture, as many children enrol in the beginning of the school year, but fail to attend school with sufficient regularity. This is most marked among the poorer sections of the population, including IDPs. In the upper secondary school the decline in enrolment has been particularly sharp, from around 60 % to a level of 35 %, largely owing to the introduction of fees in these grades. There is no gender disbalance in the primary and lower secondary school enrolment, whereas in the upper secondary grades girls account for 46 % and boys for 54 % of all pupils (1997).

Enrolment is an indicator of quantity rather than quality. The quality of education, intended to prepare children for work as well as citizenship, was questioned already in the Soviet period. The development of new curriculum standards for all subjects in basic education has been one of the recent major initiatives. In this connection, the importance of life skills to be acquired by pupils, in addition to factual knowledge, is recognised. Further development is necessary here, as the present standards still reflect a highly overloaded and fragmented curriculum that provides limited time to foster the skills enabling pupils to become critical thinkers and problem solvers.

### **7.1.3 Higher education**

The traditional appeal of culture and science has emphasised the role of higher education in Georgia. During the Soviet period the Georgians were renowned as academicians and researchers. This tradition still translates into a disproportionately high number of institutions delivering higher education in Georgia – 230 private and 24 state institutions, while there are insufficient occupational opportunities for even the existing pool of specialists.

Georgia's higher educational system has not been able to keep pace with the transition to a market economy. Faculties do not plan their activities on the basis of society's needs and priorities, nor on the basis of labour market demand, but rather by inertia and subjective factors. A bias in favour of theory and knowledge acquisition impedes learning of practically relevant skills. Students overwhelmingly report that teaching does not invite their input or feedback. Besides outdated course content and teaching methods, patronage and corruption degrade the learning process by delegitimising serious studying and questioning the credibility of student assessments.

The state universities are in urgent need of reform, as they still have significant intellectual resources and potential for development, but the static system of personnel policy creates a situation in which the administration avoids any real change that might put its position under risk. Among the higher professorship there is no motivation for change and many of the more dynamic and innovative have left to teach abroad or pursue other employment. Many have opened paid departments to support their existence.

### **7.1.4 Vocational education**

Vocational education has declined sharply during the transition: the number of students fell by 60 % between 1988 and 1995. Following the recent introduction of fees in upper secondary school, however, the free vocational schools have attracted students especially from poor families. It is reported that nearly two-thirds of the students in vocational education selected these schools because they were unable to pay the upper secondary fees.

The current number of vocational graduates can still be considered high against the labour market demand. In today's creeping productive sector there is little need for new employees. Even if there were need, the schooling delivered today would hardly meet the demand as the vocational institutions tend to be run by inertia rather than requirements and demands of a changing labour market. The development of a new vocational classification system has started, with the intention to limit the number of existing professions and introduce new ones in line with contemporary requirements. Progress is also being made in curriculum development so as to respond to the economic transformation.

## **7.2 National capacity to manage the education system**

Georgia's educational system still retains many features of the Soviet era centralised system. The Ministry of Education is the principle decision-making body. Views of different stakeholders are largely disregarded, and there is a lack of co-ordination of educational activities and poor communication between the Ministry and relevant educational institutions.

State schools are formally subject to extensive centralised control. Neither the municipality nor the schools have any authority in the areas of curriculum, textbooks, teaching materials and examination. Schools cannot reallocate budget funds among the different expenditure categories. Schools are limited to identifying and recruiting staff as per central standards and defining the needs for training the teachers.

There is a lack of transparency in the distribution of resources earmarked for education to districts, and significant variations in per-pupil expenditures exist between districts. It is reported that some districts have received three to four times as much as other districts, a variation that cannot be readily explained by remoteness or different student/teacher ratios.

The government has taken initial steps to improve efficiency in the use of resources: school mapping has been started, with the intention to provide information for possible school consolidation; teacher certification has been tied to salary increases to provide incentives for good teachers to remain; and teacher training for dual specialisation and multi-grade teaching are under consideration.

## **7.3 Issues of special concern**

### **7.3.1 Insufficient public funding**

As evident throughout this section, insufficient public funding is the overriding problem jeopardising the quality of education and implementation of reforms. In the late 1990s public expenditures on education have been on the level of 1-2 % of GDP whereas low income countries average 4 % and the middle income countries 5 %. Georgia spends roughly 50 USD annually per pupil, barely enough to provide adequate services.

### 7.3.2 Equity in the delivery of educational services

#### High-income families have more options

In its effort to reduce expenditure and partially shift the financing responsibility for the education system, the central government has relinquished the responsibility for financing pre-school services, introduced fees for the upper secondary school, with merit-based exemptions, and opened up the possibility of running private schools. All these measures have positive aspects but also carry associated risks in increasing inequity in access to school and quality education, leaving more options to high-income families. The changes also affect some age groups more than others.

Pupils leaving the educational system after the ninth grade deserve special attention since several factors may affect the drop-out: fees that make the upper secondary grades inaccessible for pupils from poor backgrounds, closure of alternative vocational options, lack of motivation to continue studies that are perceived as irrelevant. It is believed that 60 % of the pupils in the ninth grade continue their education in the tenth grade, while 20 % of all 14-year-olds leave the educational system.

#### Out-of-pocket payments affect the services

In the current severely resource-constrained situation, schools are *de facto* forced to introduce formal and informal payments as a remedy. Parents contribute officially to extra-curricular activities such as music, dancing or foreign languages where these are not part of the official curriculum. Parents may also be requested to pay for renovation and maintenance of school buildings and for heating of the spacious and poorly insulated classrooms. Contributions can also take in-kind forms, such as kerosene or wood in rural areas.

Salary arrears drive teachers into poverty, forcing them to supplement their incomes with unreported activities, of which tutoring and parent fees represent an additional source, particularly in urban areas. Children from better-off families get support with private tutoring and improved learning environments. Parents who can support schools with additional resources also become more influential in school decisions and can get special benefits for their children.

#### Conditions vary between regions

The Tbilisi school system is perceived to be in better condition than the rest of the country: it has more resources, teachers with generally better qualifications, and the schools have more opportunities to solicit parental contributions. Rural schools suffer from a lack of qualified teachers, less resources and limited opportunities for raising additional revenue from the community. The recent teacher certification revealed considerable variations in teacher qualifications between regions, subjects and types of schools.

#### Ethnic minorities face specific problems

There are 525 non-Georgian schools, accounting for 15 % of all schools in Georgia, that face specific problems: textbooks for some subjects are imported from other countries and are not necessarily relevant to the Georgian curriculum; translated textbooks in some subjects are less attractive because they are printed in smaller editions; teachers are usually not qualified to provide proper instruction of the Georgian language, leaving the pupils at a disadvantage when competing for places at universities. It is noteworthy that in the recent teacher certification the teachers of the non-Georgian schools generally scored low in all subjects.

### 7.3.3 Participation of children in educational decision-making

As things stand at present, children in schools tend to be generally treated as objects, with their views rarely sought or respected by the teacher. Older children could have more say in matters of school management, such as duration of courses, choice of subjects or preferred topics. In effect they are denied the right to influence decisions or to be heard. There are areas of even more direct concern to the young people, such

as sex education and substance abuse, where the pupils often have a better understanding than their elders but again, they are not encouraged to share opinions.

### **Flexibility of the educational system to adapt to new requirements**

Georgia's educational system has not been able to effectively respond to the changing demands imposed by the social and economic transformation. Positive signs can be observed, such as the development of new curriculum standards for basic education and the on-going restructuring of the vocational classification system, but generally the progress has been slow. Study programmes delivered today in universities and vocational schools are largely outdated and irrelevant for the contemporary labour market requirements, both in terms of content and methodology.

## **7.4 Conclusions and recommendations**

Most of Georgia's educational challenges require financial resources that are currently unavailable and unlikely to be forthcoming in the near future. However, even given the financial restraints, steps can and should be taken to introduce improvements. Capacities in this respect need to be further developed to ensure policy formulation that will make better use of resources without sacrificing quality learning and to develop target mechanisms to reach all children and youth in Georgia. In the severely resource-constrained situation currently faced by Georgia's educational system, only a transparent and efficient use of resources can help educational institutions achieve their mission.

Due attention should be paid to committing the relevant stakeholders to pursue and refine the on-going reform programme of the educational system. In view of the above, further improvement in the overall management capacity, along with gradual decentralisation of authority to local levels, is a key issue. Another aspect is curriculum and methodology development to respond to contemporary requirements. Here, teacher training must not be omitted as neither can be utilised without skilled teachers.

It is understandable that such an extensive and multidimensional entity as Georgia's educational system cannot change overnight. It is bound to certain inertia that can appear overwhelming against the desired flexibility in responding to the changing labour market demands. These demands, however, could often be met by professional retraining of a relatively light scale. Here, continuing education utilising information and communication technologies (ICT) could provide an efficient supplement to the bulk of vocational and university education. Distance education through the internet, for example, provides efficient means to reach a large audience at a low cost, also allowing for participatory learning modalities.

## **7.5 UN strategy**

The UN will continue to support the on-going educational system reform by capacity building, policy advocacy and facilitation of social mobilisation and community participation. In particular, the UN will focus on quality improvement of early childhood and primary education service delivery with the overall goal to improve the cognitive and psychosocial development of young children. A rights-based approach will be applied, based on children's and adolescents' rights for development. The UN's envisaged contribution to the national efforts is described below in more detail.

### **Support to early childhood care and development**

The main goal is to promote informal pre-school education. The UN will focus on empowering families and communities by strengthening their skills and knowledge for performing the role of primary caregivers, involvement of the communities, and home care practices through the *better parenting initiative*. The UN will support the development of comprehensive national policies and supportive legal and regulatory frameworks to address the needs for cognitive and psychosocial development of young children.

### Objectives:

- Development of families' skills in informal pre-primary education
- Improvement of quality of care in pre-school facilities
- Increase in pre-primary school enrolment by 20 % from the 1999 level

### **Support to primary education**

The goal is to contribute to improving the quality of basic education. The UN will assist the government in improving the quality of education through the introduction of active learning methodologies, inclusive education practices, and promotion of life skills and children's rights education in schools. The child-centred approach will ensure the quality of and access to basic education for all children by creating a safe environment for their psycho-social and cognitive development.

### Objectives:

- Development and promotion of active learning methodologies in primary schools
- Development and promotion of the life skills education in schools
- Improvements in school management and promotion of children's rights education in schools

### **Advancing the development of the youth**

The goal is to promote young people's rights and needs for development through advocacy for national legislation and policy development, social mobilisation and the provision of quality youth-friendly services. The UN will focus on developing and promoting age-appropriate information, education and communication packages through networking with civil society and youth organisations. Special attention will be given to the participation of children and youth in situation assessment, policy and decision-making processes. The UN will continue to facilitate the empowerment of children and youth in decision-making concerning their own education and development.

The collapse of the national economy, and in large part the agriculture sector with it, increased Georgia's food insecurity after the break-up of the Soviet Union. The situation has not shown signs of improvement over the past few years. For people in rural areas, this problem is linked to agriculture, Georgia's main source of livelihood. In urban areas, increased food insecurity is the result of insufficient revenue to purchase food and other basic items. External shocks caused by natural or man-made disasters worsen the problem.

There is a general lack of information on food security *per se* in Georgia. It is a complex, multidimensional issue whose causes and consequences cut across different sectors of the national economy. The government has recognised this complexity and the need to address the problem through reforms in the different sectors and by the development of general macroeconomic framework policies. To this end, the government has approved the Main Policy Orientations of the National Food Security Programme in 2000. Overall, the problems of food security and poverty in Georgia emanate from within the context of governance and macro level policies, characterised by the following:

- Lack of employment and income generating opportunities
- Lack of public revenue and prioritisation in public spending
- Lack of a fully functioning social safety net
- Limited/slow restructuring and rehabilitation of agricultural sector

Georgia is a disaster prone country. The drought in 2000 demonstrated the country's vulnerability to a natural disaster. Also the man-made crises continue to pose a threat of sudden food insecurity to thousands of people. A resumption of civil conflict and a new influx of refugees or IDPs are examples of situations which may require rapid food aid operations. Such occurrences have happened in Georgia recently.

Georgia's agricultural production dropped sharply in 2000 as a result of a serious drought affecting the eastern part of the country. The harvest amounted to only one-third of the national requirement, posing a threat of a severe food crisis for approximately 700,000 people. Seeds for autumn planting of winter wheat were also in short supply which threatened the resumed food production for future needs. In response to this eminent large-scale crisis, the UN Country Team managed to mobilise emergency food assistance as well as rapid provision and distribution of winter wheat seeds for the most affected victims in rural areas. Several donors were involved in the operation.

## 8.1 Food insecurity affects most the urban poor

The increasing poverty rates have led to increased food insecurity for poor people. Hence, the number of poor people going hungry or those who have been forced to change their eating habits have increased. Firstly, there are changes in the consumption patterns from a wide to limited variety of foodstuffs; secondly, substitution of high protein with less protein content commodities; thirdly, growing intake of high-calorie food, such as bread; and fourthly, general substitution of high quality, and therefore expensive, food items with cheaper low quality food.

Food is available in the markets either through local production or commercial imports. There have not been significant price increases in the last few years, but there is a discrepancy between the average income of a Georgian and the cost of the food basket needed by that person for a healthy and productive life. A large part of the population simply cannot afford to satisfy their basic food requirements. On average 40 % of one's income is used for the purchase of food.

The chronically vulnerable group comprises the single elderly without family support, the unemployed, single parents, multi-children families, and families with disabled members. A nutritional assessment among the

## 8.2 Agriculture



single elderly found that their food intake does not meet their nutritional requirements. This is due to the fact that most of the elderly are not able to undertake any private economic activity and rely heavily on pensions, which are usually delayed and insufficient for a "minimum survival" food basket.

The complexity of the food security problem makes its measurement and analysis a challenge. Taking income poverty and child malnutrition rates as proxy indicators for food insecurity, Kakheti region has the highest incidence followed by Kvemo Kartli, Mtskheta-Mtianeti, Samtskhe-Javaketi, Samegrelo and Guria. The first three of these regions were also among the most affected by the drought in 2000. A recent UNICEF survey also revealed that the average level of stunting, an indicator of chronic malnutrition, reached 11.7 % countrywide, higher than the expected incidence of 2-3 %. Kakheti and Kvemo Kartli had an incidence of stunting of over 15 %.

## **2 Agricultural productivity is a key issue**

Agriculture is the main source of income and employment for most Georgians: over 55 % of the active labour force are employed in agriculture. Agriculture accounts for roughly a quarter of the GDP while the output of the sector today is no more than 70 % of the 1990 level. Rural incomes have remained practically stagnant, mainly due to the lack of access to complementary inputs to labour, barriers to land consolidation, poor market access for domestic production, scarcity of rural credit and limited off-farm earning opportunities.

Increasing agricultural productivity would be an obvious solution to break the vicious circle of rural poverty and food insecurity. This would call for an integrated approach to agriculture and food security and direct targeting of subsistence farmers. Proper action with regard to certain key issues, as outlined below, is likely to bring about increased food security for the majority of subsistence farmers and poor people in rural areas. These key issues include land management, extension services, commercial support, rural infrastructure and an early warning system.

### **Land management can make a difference in land use efficiency**

The land reform initially launched in 1994 has taken two forms: allotment of small parcels of land up to 1.25 hectares to each rural household, and the lease, through district authorities, of state-owned land to individual or legal entities. Land privatisation has thus to date focused only on the small-scale household/subsistence sector. Nearly 1.2 million hectares of agricultural land, including 1.061 million hectares pastures, is not distributed or leased (1998 figures; disputed areas excluded). Further privatisation of this land would obviously increase the cultivation coverage, and consequently, food production.

Another land policy issue not conducive to agricultural productivity is the farm structure that remains a mix of small fragmented plots in private ownership and larger farms held on lease. While many household plots are too small for technical or economic efficiency, they tend to be fully cultivated. At the same time, only about half of the land available for lease is actually planted. This dual land tenure system and the yet to be completed land registration system are impediments to the development of a land market, efficient land use and the much needed investment, such as rehabilitation of irrigation and drainage systems. Consolidation, co-operation and joint investments of small farms should be encouraged so as to benefit from economies of scale by forming more productive and feasible units in terms of size and shared resources.

### **Extension services would help farmers maximise production**

Since the collapse of the Soviet Union, no extension services have been established to help subsistence farmers in new and more appropriate methods of farming. This is partly due to the lack of a comprehensive relevant policy framework and also to limited local capacity. Therefore, lack of experience and knowledge in appropriate farming methods has made farmers continue to engage in unproductive methods and practices.

Poor seed quality and inadequate agricultural inputs, aggravated by a lack of technical support, perpetuate the low-input low-output cycle. The establishment of extension services with the objective to help subsistence farmers maximise production is a necessary precondition for increased food security.

## Infrastructure and rural credit facilities need to be developed

As with other sectors of the economy, infrastructure is poor in the rural areas. This applies to the road network, as well as the provision of energy and water supply. The most important issue is the provision of water for irrigation, which is crucial for agricultural production. Limited access to agricultural credit hampers the farmers' possibilities to make the much needed investments. Most commercial banks do not lend to farmers, and when they do, the cost of credit is often too high. Land may be sold, leased or mortgaged but the small size of the privately owned holdings disqualifies them as collateral. The availability of credit tends to be limited to farmers benefiting from donor-funded schemes. With the full implementation of the land privatisation process and growth of other market-based institutions, such as banks and rural credit system, it is hoped that the use of privately owned land as collateral will be developed.

## Farmers need support in marketing and commercial matters

Agriculture remains depressed and stuck in a low-output scenario as access to external markets is limited. Georgia has good potential for high value crops such as fruits and vegetables which could be further processed and exported. However, the competitiveness of domestic produce on urban and export markets is low, owing to inadequate infrastructure, incompetence in marketing and poor state of the processing sector. In addition, the taxation regime is not conducive to producing food for the external market and is an incentive to underestimate output. There are also numerous unofficial taxes levied at regular intervals in the marketing chain. The growth of marketing in the agricultural sector is linked to the performance of macroeconomic environment, which in turn depends on the macro level policies. Ultimately, the development of agro-based rural industries would benefit processing both inputs and outputs of agricultural production.

## Early warning system would allow for timely response to disasters

Georgia lacks an early warning system to monitor important variables for optimal agricultural production and vulnerability. The system should provide policy-makers and analysts with up-to-date information on all aspects of food supply and demand, to give early warning of imminent food crisis and allow for timely planning of interventions. The system should: a) monitor food supply and demand; b) compile information and analysis of national production, stocks, trade and food aid and monitor export prices and conditions on the main grain exchanges; c) maintain close working relations with NGOs, UN agencies, research institutions and the international media; d) monitor man-made or natural disasters by organising rapid assessment missions; and e) answer specific information requests from the government, NGOs, research institutions and individuals.

An early warning system should be established, which would partly involve the revitalising of the state meteorological department. The system should provide policy-makers and analysts with up-to-date information on all aspects of food supply and demand, to give early warning of imminent food crisis and allow for timely planning of interventions. The system should: a) monitor food supply and demand; b) compile information and analysis of national production, stocks, trade and food aid and monitor export prices and conditions on the main grain exchanges; c) maintain close working relations with NGOs, UN agencies, research institutions and the international media; d) monitor man-made or natural disasters by organising rapid assessment missions; and e) answer specific information requests from the government, NGOs, research institutions and individuals.

## 8.3 Conclusions and recommendations

A sustainable approach to reducing food insecurity goes hand in hand with programming for poverty reduction, through interventions on the relief-development continuum. On the one hand, food security can be enhanced through the improvement of individual or household access to food, by asset creation and preservation of household resources. On the development continuum, food security can be achieved through livelihood diversification by economic means and strengthening of the agriculture sector. Enhanced food security will therefore require the following interventions:

- Detailed analysis of the prevailing food security situation and the causes of the problem. In particular, there is a need for a thorough vulnerability analysis which would identify the most vulnerable groups and geographic areas, and help design appropriately targeted interventions.
- Promotion of economies of scale in agricultural production by removing barriers to land consolidation and a free land market, and by encouraging farmers to form co-operatives.

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economically and technically feasible size. Investments in agricultural production should be promoted through better access to micro-finance.

- Increased agricultural productivity through extension services and commercial support to farmers. The creation of an enabling environment for commercial development of the sector, most notably in terms of a regulatory framework conducive to processing and marketing of feasible foodstuffs.
- Improved institutional capacity for disaster preparedness and response, possibly through establishing a specific disaster preparedness and response unit with adequate resources to provide an additional safety net in case of disaster.

#### 4 UN strategy

The relief-development continuum applicable to Georgia's *status quo* necessitates a flexible UN strategy to address the various dimensions of the food security situation. On the one hand, renewed need for emergency operations seems very likely, calling for quick response capacity and a high degree of preparedness in terms of certain material reserves and logistics network. On the other hand, sustainable improvement in food security situation can only be attained by strengthening the agriculture sector where an enabling environment for enhancing productivity plays an important role. To this end, the UN will focus on institutional capacity building and policy advice, to the extent possible through practical measures illustrating the benefits to various stakeholders.

The UN's envisaged contribution to Georgia's food security is described below in more detail. UN strategies in poverty reduction and promotion of good governance are closely linked to food security (see Sections 3 and 4 for UN strategies in these disciplines, respectively).

##### Continued provision of food aid for the most vulnerable

The UN will continue to provide food aid directly to the most vulnerable groups of the population suffering from chronic food insecurity: people living in social institutions, widows, elderly, single-headed households, families with disabled individuals and IDPs living in collective centres. To this end, the food-for-work activities are the preferred modality, to minimise dependency by fostering rapid self-reliance through creation of assets and, ultimately, employment by the beneficiaries themselves.

##### Staying alert to emergency operations

Several occurrences have demonstrated Georgia's vulnerability to external shocks, both natural and man-made disasters, which seem common in the area. These shocks often cause sudden food insecurity to which the government does not have the capacity to respond without external support. In such occurrences the UN system will continue to be the government's trusted partner, through helping mobilise and co-ordinate the necessary emergency operations and raise funds for their implementation. While doing so, the UN aims at building the government's own ability to cope with emergencies.

##### Vulnerability analysis and mapping for better targeted interventions

The on-going vulnerability analysis and mapping exercise initiated by WFP in 2000 aims to identify the most vulnerable areas of Georgia and formulate plans to protect the people who live there. In times of disasters such contingency planning is essential, so as to ensure a well thought-out, timely response. The vulnerability analysis and mapping will also add to the in-depth understanding of the food security situation and the causalities of the problem which, in turn, will improve the UN's capacity to advocate for policies advancing food security.

The vulnerability analysis and mapping is closely related to the overall disaster management initiative that UN is planning to pursue in Georgia. The aim is, firstly, to build the government capacity in disaster mitigation and, secondly, to ensure an effective and concerted country level response by the UN system in the event of a disaster. The disaster management initiative is discussed in more detail in Chapter 11.2.

## Support to land management

The UN will continue to support the government in land management by introducing modern systems and IT tools for land registration and by conducting the registration in pilot areas. These practical measures will contribute to the development of a free land market while the institutional capacity in land use planning and the related administrative functions will be built.

## Support to rehabilitation of viticulture and fruit sub-sectors

Viticulture is considered by the government as a key sector in rebuilding the country's economy, and concerted efforts to facilitate its sustainable development will lead to improved livelihoods for thousands of farmers. The UN will support the government in preparation of a strategy and action plan for institutional restructuring and rehabilitation of the viticulture sub-sector. Another sub-sector whose rehabilitation the UN will similarly support is the fruit sub-sector.

## 9.1 Govern

While Georgia has recovered from the countrywide instability of the early to mid 1990s, the ethnically fuelled conflicts in Abkhazia (1992-1994) and South Ossetia (1989-1991) remain unsettled. There has been certain progress towards resolving the situation in South Ossetia. Prospects for a settlement are dim in Abkhazia where relations continue to be tense. As many as 250,000 persons from the two areas still remain internally displaced in Georgia proper, unable to return to their place of origin. A clear majority of them are from Abkhazia and some 10,000 persons from South Ossetia.

Internally displaced persons (IDPs) constitute 6 % of Georgia's overall population. Half of them reside in collective centres provided by the state while the other half continue to live with relatives or friends. The government of Georgia recognises the IDPs' exposure to social and economic disadvantages and in response runs a specific IDP programme providing cash allowances, free social services and other in-kind benefits. Poverty remains, however, the most visible problem associated with IDPs.

The government's traditional policy on IDPs has been purely relief-oriented assistance which, in the course of protraction of the conflicts, has made the IDPs increasingly dependent, isolated and at risk of being further marginalised. On the eve of the new millennium the donor community, under UN co-ordination, held a series of discussions with the government to revise its policy and embark on more appropriate assistance programmes. As a result, the New Approach to IDP Assistance was developed jointly by the government and the donor community.

## 9.1 Government policy on internally displaced persons

The government has traditionally considered that IDPs will return soon to their place of origin. While protraction of the conflicts has not been seriously reckoned for, this approach has translated into disregard of the IDPs' longer-term needs and full political rights. Given that IDPs are registered as temporary residents, they are excluded from participation in local elections, despite the fact that they may have been living up to ten years in their current places of residence.

A special law on IDPs was adopted in 1996. It requires registration of displaced status. Otherwise, a person cannot obtain the benefits granted by the government's IDP programme, neither can he or she exercise the limited political rights of the IDP population. IDP status and benefits are lost when moving away from the place of initial registration. In effect, the law thus restricts freedom of movement and makes IDPs remain isolated with other IDPs wherever they happened to reside at the time of initial registration.

The government's traditional IDP policy has, in effect, regarded the IDPs as passive recipients of humanitarian aid. No tools have been provided enabling the IDPs to create a brighter future for themselves. A durable solution has never been seriously sought because of the overriding assumption that the IDPs will return shortly. While a strong desire to return is reported among the IDPs, they deserve the opportunity to live productive lives in their current places of residence until such a time that they can return. Some sources suggest that the government has deliberately avoided the social and economic integration of IDPs as this might reduce their desire to return, which might then undermine the government's claims for territorial integrity.

### The New Approach to IDP Assistance

The government has assumed ownership of the New Approach to IDP Assistance, jointly developed by the government and donor community under UN co-ordination in 2000. The New Approach recognises both the right of return and the right of equal treatment of IDPs within their host communities. The New Approach emphasises that the IDPs should have the same rights in terms of access to land and the right to vote as the local population, and fosters the self-sufficiency of IDPs. The Georgia Self Reliance Fund has been launched by donor support in connection with the New Approach to provide funding for innovative projects helping IDPs and their host communities.

## 9.2 Living conditions and livelihoods of IDPs

### Housing conditions are particularly poor in collective centres

The law on IDPs requires that the displaced persons shall be provided with temporary residences. Half reside in the collective centres in former hotels, schools, kindergartens, hospitals and abandoned houses, renovated as temporary dwellings. The other half continue to live with their relatives or friends, although some IDPs, after many years living with host families, now choose other housing arrangements. Most go to collective centres as they do not have the resources to rent an apartment or a house.

A comparison between the local population and the IDPs in terms of living conditions proves the IDPs to be clearly disadvantaged, especially those living in collective centres. The local population has 50 % more living space than IDPs in private accommodation, and almost three times as much as the IDPs in collective centres. A typical housing unit in a collective centre consists of one single hotel room for an entire family, with limited access to shared sanitation and cooking facilities. Inadequate water supply and a low standard of living have resulted in health problems such as acute respiratory and gastrointestinal diseases. Scoliosis is widespread among the children due to their sleeping in unsuitable beds and small spaces.

IDPs have been excluded from the process of privatisation of property. Following independence, much of Georgia's housing and agricultural land was privatised. The ownership of an individual unit of housing was legally transferred to its then occupier. In rural areas the ownership came with a small parcel of land. The housing IDPs occupied prior to displacement has either been destroyed or is occupied by new settlers. The privatisation of these units never occurred, and IDPs have been provided with no substitute in Georgia proper.

### IDPs have wide social benefits – in theory

The Georgians tend to regard all IDPs as vulnerable by virtue of their displacement experience. Socio-economic surveys indicate that, by objective measures of vulnerability, all IDPs are not more disadvantaged than the most vulnerable among the local population. According to law the IDP status grants access to a wide range of social services subsidised by the government. Some IDPs may thus enjoy disproportionate benefits as opposed to the even more vulnerable among the local population. The law does not, however, necessarily reflect reality as the government simply cannot fulfil its obligations to the IDPs. The quality of the services, if provided at all, is often lower than the quality of services accessible to locals.

The IDPs are in principle entitled to free health care provided by the state. After the 1993 influx of IDPs from Abkhazia, parallel health care structures for IDPs were established. A parallel system came into being with almost all the same problems that the already under-utilized and inefficient national healthcare system featured. Moreover, it added another bureaucratic and financial layer to the structure. The IDPs' parallel health care system is so under-funded that, in reality, the IDPs often have to pay for their health care, like the local population.

IDPs and the local population have approximately equal access to education. The problem of quality seems to be greater than that of access. IDP children attend either regular schools with other Georgian pupils or schools that have been established specifically for them. IDPs are exempted from the tuition fees for the tenth and eleventh grades of the upper secondary school which should influence positively the enrolment rate among the IDPs (no data available yet). Poor IDP families have, however, difficulties financing their children's schooling, and increasingly, have problems to cover the unofficial fees to ensure access to the desired educational institutions.

### Harsh unemployment among IDPs

Generating sufficient income is a universal problem in Georgia. A recent socio-economic survey shows that the situation for IDPs is alarming, especially for those living in collective centres. The unemployment rate of the IDPs is considerably higher than that of locals. Unemployment of IDPs in private accommodation (31 %) is twice as high as that of the local population (15 %), and IDPs in collective centres have an unemployment

## 9.3 Conclus

rate (45 %) three times as high as the local population. Limited access to land reduces self-employment and farming possibilities of the IDPs.

The social benefits balance to some extent the income disparity between IDPs and local population that result from varying exposure to unemployment, among other issues. All IDPs are entitled to government benefits whereas the coverage among the local population is around 60 %. Wages, social benefits and revenue from the shadow economy together constitute the expenditure capacity of a household. Table 9 sums up expenditure figures for the three categories discussed above. The social benefits seem to level the difference in expenditure capacity between the local population and the privately accommodated IDPs whereas IDPs in collective centres remain at a significantly lower level.

Table 9. Household expenditure per adult (GEL per month)

	Local population	IDPs in private accommodation	IDPs in collective centres
<b>Means</b>			
Total expenditure	50.1	53.3	40.1
Expenditure less government assistance	47.3	44.0	32.6
<b>Median</b>			
Total expenditure	33.1	35.1	29.7
Expenditure less government assistance	28.9	24.0	20.2

Source: Internally Displaced Persons in Georgia: A socio-economic survey. International Federation of Red Cross and Red Crescent Societies, the Georgian Red Cross Society and the State Department of Statistics of Georgia.

### 9.3 Conclusions and recommendations

A wide range of policies and programmes exist, in theory if not in practice, specifically to support internally displaced persons. These programmes, however, have often done little to help the displaced restart their lives and take care of themselves, and are often counterproductive, increasing the IDPs' dependency and isolation. As a result, IDPs are losing their ability to utilise their skills and realise their full potential. If and when a return to their places of origin occurs, they will be less prepared to exist without aid unless current programmes address this need and reduce their dependency.

The same social and economic problems that affect the IDPs also affect a large number of persons in Georgia who are not displaced. Socio-economic surveys indicate that, by objective measures of vulnerability, all IDPs are not more disadvantaged than the most vulnerable among the local population. Through the social services granted with IDP status, some IDPs may enjoy disproportionate benefits compared to the even more vulnerable local population. Current social policies are thus conducive to creating ill feeling between the different communities in the Georgian society.

The New Approach to IDP Assistance should be further developed into a powerful instrument for reorienting the government's IDP policy and overall social targeting on the basis of objective vulnerability, thus reducing discrimination and marginalisation. By addressing the needs of IDPs within a larger community context, various vulnerable population's needs can be addressed and the IDPs, as self-reliant and productive citizens, will contribute to the overall stabilisation and development of Georgia.

### Support to conflict resolution

Recognising that internal conflicts continue to pose the greatest constraint to Georgia's political stability and to the safe and dignified return of the internally displaced persons to their places of origin, the UN Country Team will work closely both with the government of Georgia and with local communities in conflict resolution and on bringing peace to conflict affected regions.

Under the leadership of the Special Representative of the Secretary-General, UNDP will continue to lead the working group on social and economic reconstruction within the framework of the UN led peace negotiations between Abkhazia and Georgia, known as the Geneva process. UNHCR's particular role in the conflict resolution process concerns the right of the displaced to return in safety and dignity. The UN Country Team will continue its support of national institutions mandated to take part in facilitating the negotiation process. The UN Country Team will also work on community empowerment activities to promote peaceful coexistence and to support the elaboration of early warning systems.

### Advancing the New Approach to IDP Assistance

As conditions do not presently allow for IDPs' safe return, the UN Country Team will promote IDP self-reliance and mainstreaming into local communities. The UN Country Team will continue its on-going work with the government and donors to pursue the New Approach, and eventually a comprehensive programme, to address the needs of IDPs and their host communities. This programme is expected to have two major outcomes:

- i. The programme will address the existing shortcomings of current available assessments of IDP vulnerability by qualifying information on IDPs, with the expected result of increased levels of social transfers to the most vulnerable segments of the population.
- ii. The programme will facilitate the political, economic and social mainstreaming of IDPs into local communities, while improving their means of achieving better livelihoods and their access to state-managed social services.

While the government will continue to assume ownership of the programme, the UN Country Team will continue to play the lead role in facilitating the donor support essential for the programme's success, both politically and financially. For sustainable amelioration of IDP suffering, all tasks within the New Approach will gradually be transferred to the government. In particular, the UN Country Team will support creation of an indigenous monitoring, analysis and evaluation unit with sufficient capacity to assume the secretariat role of the New Approach.

## 10.1 Regulatory

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Georgia has made some progressive steps towards global environmental protection, by ratifying major conventions and undertaking efforts to implement them with support from international donor organizations. Georgia actively participated in the UN conference on Environment and Development (Rio de Janeiro, 1992) and in the World Solar Summit (Harare, 1996), assuming key responsibilities in their international follow-up mechanisms.

Table 10. Major environmental conventions ratified by Georgia.

Convention	Ratified	Follow-up in brief
UN Framework Convention on Climate Change (1992)	1994	First National Communication submitted in 1999. Active participation in COPs. As an Annex I country, Georgia has no binding responsibilities. However, Georgia has been very active in developing initiatives under UNFCCC and puts effort to building national capacity for CDM implementation under Kyoto protocol. Several renewable energy and energy efficiency projects in progress. Total CO <sub>2</sub> emissions dropped from 36,421 tg in 1990 to 9,176 tg in 1997, due to slowdown of industry and energy sectors.
UN Convention on Biological Diversity (1992)	1994	Biodiversity Strategy and Action Plan developed and awaiting approval. Several projects in biodiversity conservation in progress.
UN Convention to Combat Desertification (1994)	1999	First National Communication submitted in 2000. National Action Plan under preparation.
UN Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal (1989)	1999	National law on transit and import of waste adopted, in line with the convention.

## 0.1 Regulatory framework

### National Environmental Action Plan

The main tool of the Government for addressing environmental issues is the National Environmental Action Plan, elaborated by the Ministry of Environment and approved by the government in 1999. It identifies priorities and recommends action in key environmental issues: water resource management; urban air quality; waste management; sea and coastal resource management; energy; industrial resource utilisation; and protection of wildlife and biodiversity.

### Polluter pays principle

Georgia's environmental legislation contains the *polluter pays* principle via environmental charges and taxes as well as environmental permits for utilisation of natural resources. There is, however, a fundamental problem in the interpretation that ascribes only financial responsibility to the polluter – no prevention or remedial responsibilities are borne. Also, the funds collected from environmental permits are allocated to the general state budget and spent for purposes other than environmental protection. Due to the current fiscal policy, it is not possible to establish an extra-budgetary fund that would ensure spending solely on environmental protection.

### Cross-sectoral norm collisions impede law enforcement

Sectoral legislation in the fields of agriculture, transportation, and land-use and management have not taken into account the requirements set by international conventions in the field of environment. These laws often also contradict national environmental legislation, placing substantive barriers to the enforcement of national environmental legislative acts. Therefore, it is critical to harmonise existing national legislation of all sectors of economic development with the provisions of both national and international environmental strategy.

## Resolving the acute energy crises and beyond

The government's short-term objectives in the energy sector are to increase the energy supply and to improve the collection of payments for consumed energy. These are the two major conditions for resolving the acute energy crisis which originates from the stoppage of the heavily subsidised oil and gas inflow to Georgia during the Soviet period. Inadequate and irregular electricity supply is an obstacle to the development of the productive sector and adds to the hardship faced by the households. In the longer-term policy statements, the government is committed to advancing the use of renewable energy sources and energy efficiency.

Georgia's official recognition of the significance of renewable energy sources and energy efficiency in sustainable development does not translate into economic or other concrete incentives for the productive sector: There is no tax or tariff policy in favour of renewable energy generation and consumption. Likewise, there are no financial instruments to stimulate investments in this direction.

According to AES-Telasi, the newly privatised energy distribution company in Tbilisi, more than 40 % of the population use electricity for heating in winter. This overloads the system and the distribution network, resulting in various accidents and operational defaults. Therefore, placing adequate focus on heating system rehabilitation and energy conservation schemes should be a major priority.

## Industry still adheres to obsolete environmental standards

The former USSR standards (GOST) are still largely applied in industrial production, and the transition to international environmental standards is almost at a stand still. This is another disincentive for investments towards environmentally-friendlier production. Non-compliance with international standards also *de facto* invalidates the Georgian industrial output in the international marketplace.

## 10.2 National capacity to address environmental issues

### Diverse interests of different national institutions

Georgia's institutional framework for environmental and energy issues is still not well established. Several ministries, state departments and national agencies are involved, but their rights and obligations are not clearly defined. This makes enforcement of laws and regulations ineffective and gives rise to corruption. In some cases, the diverse interests of different national institutions have delayed and complicated the implementation of donor-funded initiatives.

Even though co-operation has recently improved through the establishment of various inter-sectoral commissions, such as the commission on sustainable development or the commission on the Black Sea, poorly developed communication systems between the ministries and lack of clear mandates of the different institutions lead to inefficient utilisation of limited technical, financial and human resources.

### Lack of long-term policy vision

Politically and socially motivated short-term decisions are often made regardless of environmental considerations, or conflict with the existing environmental agenda. A lack of long-term policy vision hampers mainstreaming the environmental agenda into the overall socio-economic development strategy. The law on environmental permits even gives the possibility to waive environmental impact assessments in case of an urgent need to make a decision on an investment concerning the state's interests.

Certain progress has been observed in incorporating the environmental agenda in national strategic actions. The Strategic Health Plan of Georgia for 2000-2009, under the new health policy vision, highlights environmental health considerations. Progress is also seen by the government's elaboration of the agenda within the national strategy for poverty reduction.

## 10.3 Poverty

### 10.3.1 Environment

### **Inadequate financing**

Inadequate financial resources hamper the implementation of substantive sectoral programmes. For example, the shrinking budget allocation for the Ministry of Environment hardly covers staff salaries (the ministry received 1,000,000 GEL in 1998; 811,000 GEL in 1999 and 491,400 GEL in 2000). Due to scarcity of funds, monitoring and evaluation of the state of the environment cannot be conducted properly, making the current data unreliable. Consequently, organisations for environmental protection are not adequately informed about pollution levels and environmental degradation.

### **Low public awareness**

Traditional peasant knowledge of sustainable land-use was lost during the Soviet era. Environmental education in schools is limited to experimental and informal modules, however a national programme for environmental education is being currently prepared. There is clearly a low awareness among the public of the importance of taking local actions with respect to global environmental concerns, and very limited media coverage given to environmental issues.

### **Georgia's role in addressing regional concerns**

Georgia is part of several macro ecosystems that extend beyond its borders. The Black Sea together with its coastal zone, the Kura river basin, and large semi-arid zones provide examples where efforts of one state alone do not suffice to produce satisfactory results in environmental regeneration. Also certain infrastructure projects such as the Baku-Ceyhan oil pipeline and the Eurasian transport corridor necessitate cross-border environmental impact assessment and monitoring.

In addressing environmental issues of a subregional character in the southern Caucasus, Georgia is geopolitically well positioned to assume a central role.

## **10.3 Poverty and environmental degradation**

The two major aspects of the problem include environmental degradation forcibly caused by the poor and environmental health hazards that most affect the poor.

### **10.3.1 Environmental degradation forcibly caused by the poor**

Under the present acute energy crisis in Georgia, especially in rural areas, access to energy can be a useful indicator for social vulnerability. Increased costs for previously subsidised energy has led to growing incidence of fuel poverty. The poor are forced to meet their heating and cooking needs with firewood from neighbouring forests.

Deforestation for the purpose of energy and income generation leads to depletion of the forest resources that the poor depend upon. This tendency exacerbates erosion processes, corroding valuable soil resources and disrupting water circulation regimes. Many experts have attributed the severe drought in eastern Georgia in 2000 to overexploitation of forest resources, coupled with global climate change.

Lack of communications and low awareness of environmental concerns are the key drivers making the poor degrade the environment. Poor roads often isolate many villages and the local population is deprived of employment opportunities to generate income that would prevent harvesting and poaching. Traditional peasant knowledge of land-use and environmental management was lost during the Soviet era. Therefore, there is a low awareness of the benefits of environmental conservation.

Options the government could explore are co-management and co-investment schemes employing the poor in labour-intensive activities incurred in environmental regeneration and protection activities as well as allowing the poor to manage the resources (introduction of community resource management modules).

### 10.3.2 Exposure of the poor to environmental health hazards

The poor are least protected from environmental hazards posed by pollution. Inadequately designed houses with no insulation and non-existent central heating create poor living conditions, causing discomfort, illness and death among the most vulnerable.

The urban poor suffer both from indoor and outdoor air pollution. Due to the severe energy crisis, they are forced to use firewood or purchase cheap and low quality fuel that is burned in the open and inefficient stoves leading to health problems. Urban air pollution is one of the most serious environmental health hazards in Georgia, mostly due to traffic-related problems (inadequate quality of fuel and obsolete car parks), posing great health risks to the urban poor. The urban poor usually live in the most exposed areas as well as spend considerable time outside, especially on pavements where the contamination risks are the greatest.

Electric meters are currently being introduced to ensure cost recovery of consumed energy. The poor respond to changes in fuel prices by varying their energy use. Increased prices result in their homes being heated to lower temperatures, which in turn impacts health. As low-income households cannot afford the investment needed for energy efficiency measures, they are unable to escape the fuel poverty trap.

## 10.4 Conclusions

Achieving sustainable management and utilisation of natural resources calls for a long-term policy framework for poverty reduction and environmental regeneration in which the poor are considered as a part of the solution. Addressing the environmental situation would require the following interventions:

- Further strengthening of environmental legislation, with particular emphasis on financial instruments and appropriate fiscal policies which ensure spending revenues from environmental charges purposefully on environmental regeneration.
- Developing action plans in priority areas accompanied with measurable targets and indicators within a defined time frame.
- Strengthening the national capacity to further mainstream environment with economic development strategies, improving cross-sectoral co-operation and bringing coherence to the interests of national institutions.
- Incorporating environmental issues in the national poverty reduction strategy, for example, through the promotion of community-based management systems and employment of the poor in labour-intensive conservation activities.
- Focusing on energy conservation and utilisation of geothermal and small-scale hydropower resources, with incentives to be introduced for renewable energy development.
- Initiating regional and cross-border environmental collaboration through environmental diplomacy for conflict-resolution and partnership development.
- Raising public awareness on environmental issues and on the necessity of taking local actions, via environmental education and NGO participation in the global environmental agenda.

## 10.5 UN Strategy

The UN system focuses on assisting Georgia to comply more closely with the environmental conventions and to put their provisions into practice. A pragmatic approach and results-orientation are the denominators for the UN system support in the field of environment, where the major directions and goals are outlined as follows:

- Advising on policies to mainstream environmental concerns with the national poverty reduction strategy and the associated economic development plans through a cross-sectoral approach.
- Enhancing the decision-making processes and law enforcement modalities in the environment sector, through strengthening the managerial and operational capacity of the Ministry of Environment and advancing the coherence of the interests of national institutions through institutional capacity-building. This should result in increased transparency and more effective enforcement of environmental regulations.
- Demonstrating the feasibility of utilisation of local renewable energy sources (geothermal and small-scale hydro power) and energy efficiency measures through selected pilot projects. The purpose is to stimulate investments by illustrating economic viability and practical benefits for the population, while contributing to global greenhouse gas mitigation.
- Facilitating subregional activities in addressing cross-border environmental concerns. To this end, UN neutrality and presence in all southern Caucasian countries may prove useful.
- Adapting to modern environmental and quality standards through capacity-building of the industrial sector. Although national regulations still rely on USSR standards (GOST), some forward-looking companies have been proactive in adapting their processes according to international norms. Building on UNDP experience in supporting this initiative, the adaptation process is planned to be further supported by capacity-building of a wider audience.

## 11 SUMMARY OF DEVELOPMENT CHALLENGES AND UN SYSTEM CO-OPERATION

Chart 11 below summarises the main challenges of Georgia's development situation. The boxes represent the goals towards which the development assistance of the UN system in Georgia should make a contribution. These issues have been addressed in a thematic and/or sectoral context in the preceding sections, where the respective UN strategies have been outlined. The overall picture is, however, a network of linkages and interdependencies where some goals are the means for achieving some other goals, as illustrated in Chart 11.

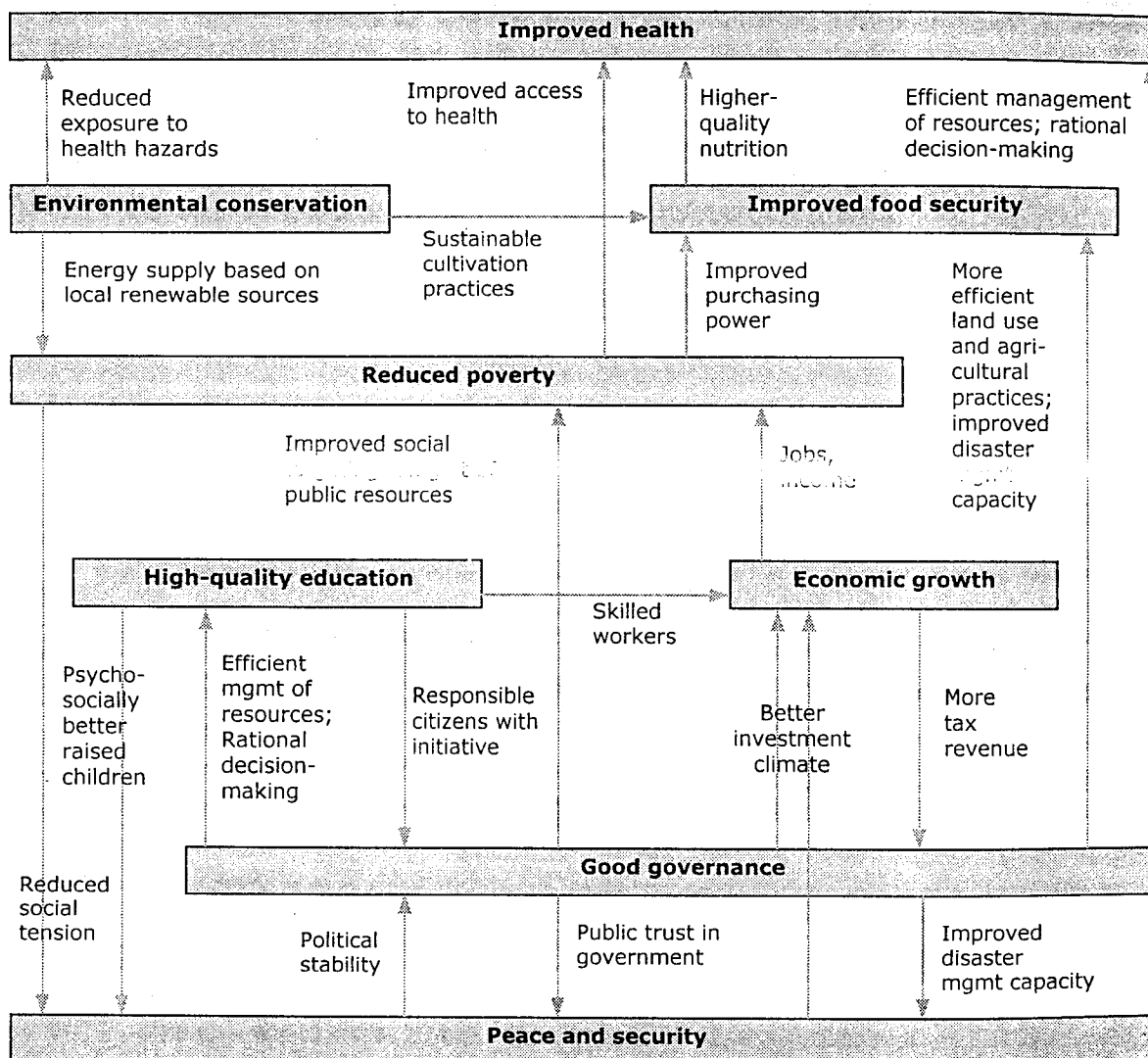


Chart 11. Overview of Georgia's development challenges from the UN system perspective.

### 11.1 UN system co-operation by development goals

However simplified a picture Chart 11 may give of the development setting, it serves to provide an overview and helps link the UN system contributions and co-operation together. Given the mandates of the agencies, putting them on the map according to the development goals is rather straightforward as shown in Table 11. However the Georgian context, with the need for an integrated model of assistance on the relief-development continuum, calls for a co-ordinated approach and close inter-agency collaboration as specified in the table.

### 11.2 UN system co-operation by development goals

Table 11. UN agencies by development goals.

Development goal	UN agencies and co-operation arrangements
Peace and security	<p>Co-ordinated approach to conflict resolution, peace-building, rehabilitation and economic recovery of the conflict zones among the agencies listed below (key responsibilities of each agency indicated)</p> <ul style="list-style-type: none"> <li>■ Special Representative of the UN Secretary-General: leader of peace negotiations between Georgia and Abkhazia</li> <li>■ UNOMIG: security matters (mines)</li> <li>■ UNDP: social and economic reconstruction</li> <li>■ UNHCR: promotion of the right of the displaced to return in safety and dignity; provision of shelter and basic supplies</li> <li>■ OCHA: support of national institutions in facilitating the negotiation process; co-ordination of humanitarian assistance</li> <li>■ UNV: community empowerment to promote peaceful coexistence</li> <li>■ UNIFEM: women's participation in peace-building</li> <li>■ WFP: emergency food aid and post-conflict asset building through food for work</li> </ul>
Good governance	<ul style="list-style-type: none"> <li>■ UNDP, UNICEF, UNIFEM: advancing women's rights and participation</li> <li>■ Otherwise, mandated to a large extent to UNDP</li> </ul>
Reduced poverty	<ul style="list-style-type: none"> <li>■ OCHA, UNDP, UNHCR: Improving the system of social targeting; the New Approach to IDP Assistance has been launched and is to be pursued in close collaboration among these agencies</li> <li>■ Otherwise, mandated to a large extent to UNDP</li> </ul>
Economic growth	<ul style="list-style-type: none"> <li>■ Mandated to a large extent to UNDP</li> </ul>
High-quality education	<ul style="list-style-type: none"> <li>■ Mandated to a large extent to UNICEF</li> </ul>
Improved food security	<ul style="list-style-type: none"> <li>■ WFP, FAO, OCHA: mobilisation of food assistance</li> <li>■ UNDP and WFP: land use policy issues</li> <li>■ Otherwise, mandated to UNDP (land management), WFP (vulnerability analysis and mapping) and FAO (rehabilitation of viticulture and fruit sub-sectors)</li> </ul>
Improved health	<ul style="list-style-type: none"> <li>■ UNFPA, UNICEF, WHO: advancing reproductive health</li> <li>■ UNFPA, UNICEF, WHO: design and development a comprehensive health communication strategy</li> <li>■ UNAIDS, UNICEF, UNFPA, WHO: collaboration on HIV/AIDS issues</li> </ul>
Environmental conservation	<ul style="list-style-type: none"> <li>■ Mandated to a large extent to UNDP</li> </ul>

## 11.2 UN system co-operation by development outcomes

Looking at the selected outcomes of the development goals gives another perspective in identifying opportunities for UN system collaboration. In Chart 12, a total of eight outcomes are circulated and marked with either A or B. Those marked with A include efficient management of resources and rational decision-making; improved social targeting and management of public resources; better investment climate; public trust in government; and skilled workers. For example, good governance (development goal) results in better

investment climate (outcome) which, in turn, is a means for achieving economic growth (development goal). The two B's are identical: improved disaster management capacity.

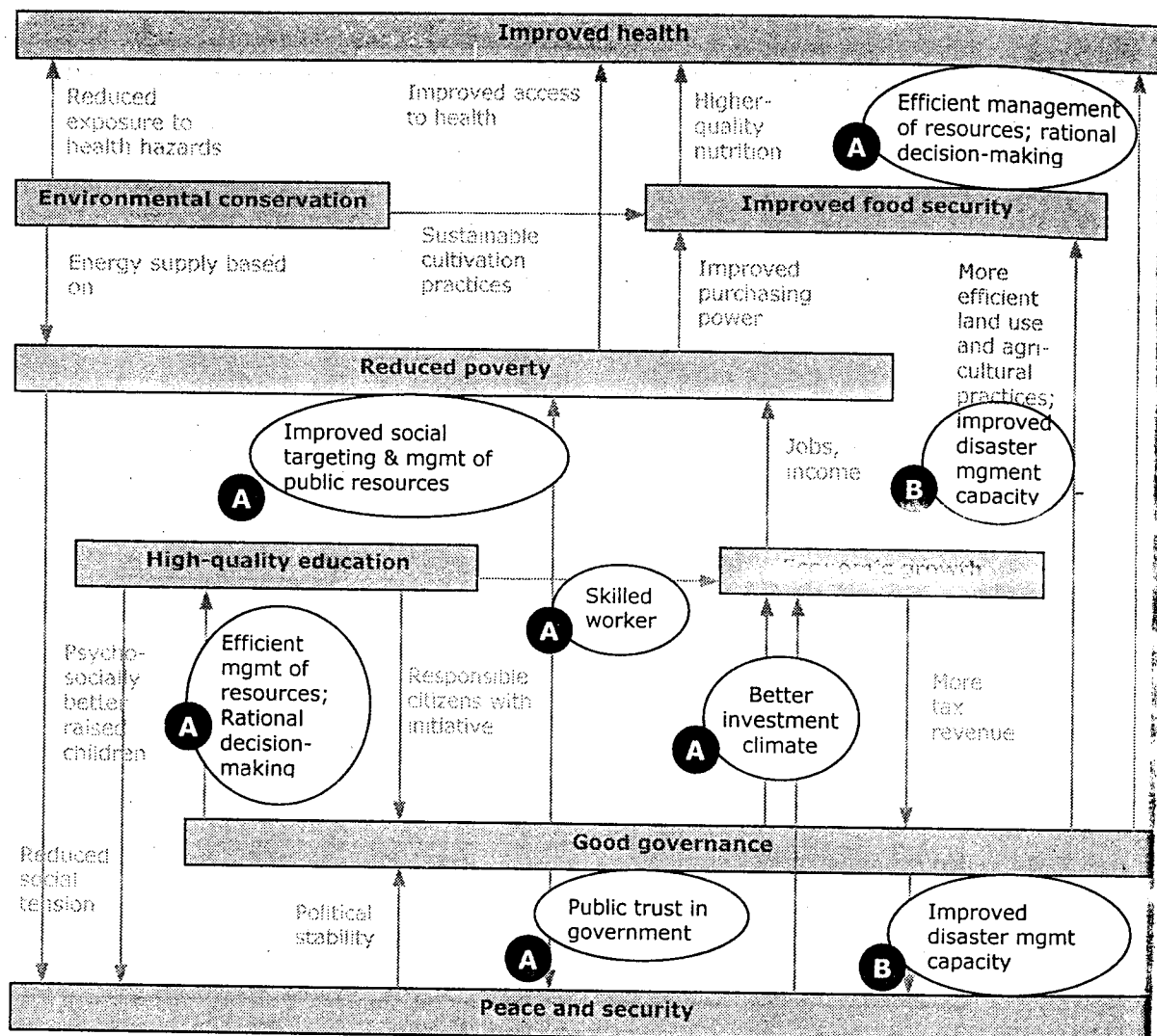


Chart 12. Two categories of selected development outcomes.

The point of the above classification of outcomes lies in the potential similarities in the tool sets for achieving these outcomes: the tool set to achieve outcomes marked with A could have a big ICT component (ICT = information and communication technology) whereas the tool set to achieve outcome B, overall disaster management capacity, may build on interlinked early warning systems and contingency plans of the different agencies. On the one hand, developing these tool sets in close collaboration ensures their compatibility in joint operations; on the other hand, it will be easier for the government to assume responsibility in applying and further developing the tools if they are uniformly designed and used. The two tool sets are discussed below in more detail.

### Harnessing new technologies to tackle poverty

"The challenge for the 21st century is not whether to focus on technological advancement in addition to other development goals, but how to take advantage of new technologies and use them strategically as a tool for development" (UNDP Administrator Mark Malloch Brown). Here, the pioneering steps taken in Georgia in modernising the state administration could be developed further to provide more far-reaching application areas as briefly outlined below.

- As already demonstrated by the modernisation of state administration, ICT tools can make a difference in **enhancing management and operative decision-making processes**. This ultimately



entails more efficient management of public resources, an area urgently in need of improvement as evident from nearly all preceding sections of this document. Technology also enables true openness, transparency and civil participation in public administration which contribute both to public trust in government and to the investors' perceptions concerning the country's investment climate. Furthermore, distance barriers in co-ordination between central and local power structures can be overcome through appropriate ICT tools, thus facilitating the decentralisation process.

- Limited availability and reliability of essential data is still a concern impeding **effective planning, monitoring and evaluation of inter-sectoral initiatives**. In the current context of social reforms and policy development it is vitally important to build the national capacity of an integrated management information system (MIS) for quantitative and qualitative evaluation of adequacy and sustainability of new approaches to the sectoral development. This is a necessary precondition for improved social targeting.
- ICT tools provide an efficient delivery mechanism for training and allow for collaborative training modalities. **Web-based training programmes** reach remote areas without delay. For example, as upgrading health practitioners' skills is a major challenge, **information sharing networks** could be established where the less advanced or insecure practitioners could consult the more advanced, while at the same time enabling their peers to access the same information. Technology also allows for illustrative content formats, such as animation, to better demonstrate (as compared to text and static figures) specific series of operations in medical treatment. Also, through online tests, the practitioners can anonymously check their own capabilities and find areas for improvement.

Introducing light-scale web-based learning as a modality for **professional retraining** in a wider context (not merely health practitioners) could prove a cost-effective way to supplement the bulk of vocational and university education, and to reach a large audience at low cost, also allowing for participatory learning methods. This could be a strategy to respond to the changing labour market demands.

### United Nations Disaster Management Team (UNDMT)

As discussed in earlier sections, Georgia is a disaster prone country, both in terms of natural and man-made disasters. The resident UN agencies have shown their ability to respond to large-scale emergencies such as the resumption of hostilities in Abkhazia in 1998 or the drought that hit eastern Georgia in 2000. Most notably the UN system strength lies in the complementary expertise in the diverse areas that is needed for effective response, and in the flexibility to efficiently pursue the appropriate operational arrangements. The UN has often acted as the catalyst for action in joint emergency operations among various donors and the government of Georgia.

To strengthen the response capacity in possible future emergencies, the resident UN agencies are preparing contingency plans and emergency preparedness systems as per their respective mandates. The government is closely involved in this process. Establishment of a United Nations Disaster Management Team (UNDMT) will be the next step in further strengthening the effective and concerted country level response by the UN system, other donors and the government in the event of a disaster. The UNDMT will promote the rational utilisation of national and international resources in the field.

From the UN Country Team perspective the establishment of the UNDMT will entail linking the agency-specific contingency plans and emergency preparedness systems so as to constitute an overall UN disaster preparedness framework, or "master plan". The agency-specific plans will thus form an interlinked system of emergency strategies complementing and building on each other and identifying linkages to the government's preparedness capacity.

The UNDMT initiative is closely connected to the UN support for building the government's overall disaster management capacity through a specific disaster management capacity building project executed by the Ministry of Internal Affairs. Here, the objectives include policy formulation for disaster preparedness, prevention, mitigation and response; developing an institutional framework and mechanism for national disaster management; developing tools and technical capacities for implementation of the emergency operations; and raising public awareness on disaster preparedness issues.

## CCA Conference Indicators

(All data for 1999 if not indicated otherwise)

Indicator	Figure
Poverty headcount ratio (% of population below \$1 a day)	Not Applicable
Poverty headcount ratio (% of population below national poverty line)	51.8 % (2000)
Poverty gap ratio	20.2 (2000 – SDS)
Poorest fifth share of national consumption	0.072 (2000 – SDS)
% of children under 5 suffering from malnutrition	3.1 %
% of population below minimum level of dietary energy consumption (caloric intake in context of food balance sheet)	51.4 % in 1999 (SDS) (annual food consumption of the population of Georgia in total is only 73% of the nutritional requirement)
% of household income spent on food for the poorest quintile	60 % of total expenditures (SDS, 1997)
% of population with access to primary health care services	Not Available
Estimated HIV adult prevalence rate	Known cases: 187 (2000), estimated cases: 2000
Infant mortality rate	15.2 deaths per 1,000 live births (1998)
Under 5 mortality rate	17.1 deaths per 1,000 live births (1998)
Maternal mortality ratio	51.25 deaths per 100,000 live births (1999)
% of births attended by skilled health personnel	96.2 %
Contraceptive prevalence rate (use of family planning methods)	Married women: 40.5% Overall: 25.0 % (Reproductive Health Survey Georgia, 1999)
% of 1 year old children immunised against measles	73 %
% of children under 15 who are working	Not available (child labour survey is being finalised)
Net primary enrolment or attendance ratio	85 % (1998)
% of pupils starting grade 1 who reach grade 5	99.2 %
Adult literacy rate	99.1 %
Literacy rate of 15-24 year olds	99.9 (1998)
Ratio of girls and boys in secondary education (share of school girls of all pupils)	Lower secondary: 49.1 %, upper secondary: 45.7 % (1997)
Female share (%) of paid employment in non-agricultural activities	48.2 %
% of seats by women in national government, including Parliament	Government: 12.5% Parliament: 6.9%
Employment to population of working age ratio	63.1 % for women aged 15-59, 78.8% for men aged 15-64
Unemployment rate	13.8 % (ILO current criterion)
Informal sector employment as % of total employment	6 % of the employed
No. of persons per room, or average floor area per person	Not Available
% of population with (sustainable) access to safe drinking water	75.6 %
% of population with access to adequate sanitation	99.5 %
Carbon Dioxide emissions (per capita)	2.6 tons per capita for the period 1990-2000
Biodiversity: land area protected	20 % of total territory or 6900 sq. km
GDP per unit of energy use	5.0 (HDR 2001)
Arable land per capita	6000 sq. m
% of change in sq. km of forest land in past ten years	info on forests and grassland is unavailable
% of population relying on traditional fuels for energy use	Not Available
Area under illegal cultivation of coca, opium poppy and cannabis	Not Applicable
Seizure of illicit drugs	Heroin – 2.3 kg; opium – 14.7 kg; marihuana – 32.2 tons
Prevalence of drug abuse	Estimated 20,000-25,000 people
No. of crimes per 100,000 inhabitants	260

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<b>Status and follow-up data of UN conventions and conferences</b>
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**Human Rights Conventions**

Convention	Ratified	Initial report considered	Assessment / Obstacles
International Covenant on Civil and Political Rights (1966)	1994	1997	The State has established a mechanism to address human rights problems, but is not providing it with sufficient budget to make it functional. Serious human rights violations still occur, the major violators being the law enforcement agencies.
International Covenant on Economic, Social and Cultural Rights (1966)	1994	2000	Principal concerns are i) the inadequacy of measures to combat the high and increasing level of poverty, ii) lack of statistics to prepare ground for adequate measures, iii) inadequate allocation of resources to public expenditure.
Convention on Elimination of All Forms of Discrimination Against Women (1979)	1994	1999	There is a lack of real understanding and recognition of discrimination against women; persistence of a patriarchal culture and gender stereotyping. Georgia's legal framework is gender neutral, however no law exists to date protecting women from violence committed within their families. Women and children have no legal protection from sexual exploitation in sex-tourism, cross-border trafficking and pornography.
Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	1994	1996	Torture, ill treatment and deaths in custody are still reported (Amnesty International, 1999). The main barriers as assessed by the UN committee against torture are the following: i) political and economic conditions of the country have proved impediments to reform, ii) the bureaucracy lacks the will to embrace the constitutional and legal reforms robustly, iii) the independence of the judiciary is not as obvious as it should be, and iv) there is a clear disjunction between the legal rules of protection and their implementation.
Convention on the Rights of the Child (1989)	1994	1999	<p>The initial report of the state party was considered by the UN Committee on the Rights of the Child in May 2000. The first periodic report was submitted by the Government in July 2001.</p> <p>The Convention on the Rights of the Child as well as generally the understanding of human rights is something new for Georgia and mechanisms for promoting child's rights at different levels are in process of establishing. Main Obstacles:</p> <ul style="list-style-type: none"> <li>■ Economic and social difficulties have impeded the full implementation of the Convention.</li> <li>■ Bring the legislation fully in line with the Convention.</li> <li>■ Adopt a comprehensive national plan of action to implement the Convention, allocate resources (human and financial).</li> <li>■ Introduce independent complaints mechanisms for all children.</li> <li>■ Awareness raising of the Convention among adults and children alike.</li> <li>■ Reinforcement of systematic training and/or sensitization of professional groups working with and for children.</li> </ul>
International Convention on the Elimination of All Forms of Racial Discrimination (1965)	1999	N.A.	N.A.

## Environment Related Conventions

Convention	Ratified	Initial report considered	Assessment / Obstacles
UN Framework Convention on Climate Change (New York 1992)	1994	1998	First National Communication prepared in 1999. Capacity of the National Agency for Climate Change at the Ministry of Environment is being strengthened with support of UNDP/GEF. The country actively participates in COPs and developed renewable energy and energy efficiency projects (UNDP/GEF) under the convention. There is lack of legal, economic and financial instruments to favour renewable energy development and implementation of energy conservation measures. These barriers are being elaborated to be removed.
UN Convention on Biological Diversity (Rio de Janeiro 1992)	1994	1999	Biodiversity Strategy and Action Plan developed and awaiting approval. Government of Georgia currently implements number of projects in biodiversity conservation (with support of UNDP/GEF and WB/GEF). Development projects such as oil/gas pipelines and regional transport transit corridors have political precedence over environmental protection and biodiversity conservation resulting in fragmentation of ecosystem.
UN Convention to Combat Desertification (Paris 1994)	1999	2000	First National Communication prepared and submitted in 2000. National Action Plan is under preparation. Non existence of national legislation on drought and desertification. Lack of institutional framework and capacity.
UN Convention on the Control of Transboundary Movements of Hazardous Wastes and their disposal (Basel 1989)	1999		Poor enforcement of the national law on transit and import of waste in the republic of Georgia, which is in line with the convention. Underdeveloped subsidiary legislation.
UN Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington 1973)	1996		Non existence of national legislation and regulations. No institutional capacity.
UN Convention on the Conservation of Migratory Species and wild Animals (Bonn 1979)	2000		National Law on Fauna covers migratory species as well. As one of the bioiversity related convention this is regulated by national biodiversity legislation and corresponding departments.
Convention on Wetlands of International Importance Especially as Waterfowl Habitat (Ramsar 1971)	1997		National Law on water includes wetlands. Biodiversity Strategic action Plan addresses wetland conservation. Government of Georgia via Integrated Coastal Zone Management Programme (GEF/WB) implements the inclusive project on Kolkheti National Park Management.

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