

ANATOMY OF THE PUBLIC EMPLOYMENT PROGRAM

Program costs, objectives and results in one year



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Anatomy of the Public Employment Program

Program costs, objectives and results in one year

Social Justice Center

Tbilisi, 2023



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I. Introduction

During the last decade, economic growth was recorded in Georgia. Before the pandemic, the gross domestic product (GDP) grew by an average of 4.8% annually.¹ As a result, Georgia belongs to the group of upper-middle-income countries in terms of GDP per capita². Its GDP per capita in 2021 was \$5,023; in 2022, it reached \$6,671³. At the same time, poverty and unemployment have declined. In the last twelve years, the absolute poverty indicator has improved by 20 percentage points: in 2010, the absolute poverty level was 37.3%, in 2021, it decreased to 17.5%⁴. As for unemployment, in 2012, it was 27.2%; ten years later, in 2022, it decreased by ten percentage points and is 17.3%⁵.

Despite the promising figures, there are a number of indicators that show that the level of well-being does not necessarily increase proportionately. For example, despite the decrease in the absolute poverty level, the population's dependence on the state subsistence allowance is increasing. A subsistence allowance is a direct cash transfer from the state budget and is allocated only to families living below the national poverty line. A record number of people below the poverty line depend on targeted social assistance - in 2011, 411,091 people (10.9% of the total population) benefited from the program, and in 2022 - 680,000 (18% of the total population)⁶; Therefore, compared to 2011, we have a 65% increase in the coverage of this program⁷.

On the other hand, decreasing unemployment statistics should be contrasted with an increase in the number of economically inactive population, an increase in the number of people who are not even registered in the unemployment statistics because they are no longer looking for a job. Between 2010 and 2015, the share of the economically inactive population in the country decreased significantly, but during the following 6 years (2015-2021), this indicator increased again, and now it returned to the 2011 levels.

After the pandemic, the share of the economically inactive population has been decreasing for the last two years, but overall we have 1,437,000 economically inactive inhabitants (i.e. 48% of the population, when

¹ Georgia Human Capital Review (2022) *International Bank for Reconstruction and Development/The World Bank*. Available at: <https://documents1.worldbank.org/curated/en/099435008172221325/pdf/P1735300c417d2026096d50dd8d8218cd90.pdf> (Accessed: April 11, 2023)

² The World Bank (2023) *World Bank Country and Lending Groups*. Available at: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups> (Accessed: April 11, 2023)

³ Geostat (2023) *Gross Domestic Product (GDP)*. Available at: <https://www.geostat.ge/en/modules/categories/23/gross-domestic-product-gdp> (Accessed: April 11, 2023)

⁴ Geostat (2023) *Poverty and Gini Coefficients* Available at: <https://www.geostat.ge/ka/modules/categories/192/tskhovrebis-done> (Accessed: April 11, 2023)

⁵ Geostat (2023) *Employment and Wages*. Available at: <https://www.geostat.ge/en/modules/categories/37/employment-and-wages> (Accessed: April 11, 2023)

⁶ Social Services Agency of the LSI (2023) *The number of the population receiving living allowance in different groups of the rating point*. Available at: <https://ssa.moh.gov.ge/statistik.php?lang=1&id=202212070002225855299551#page-2> (Accessed: May 8, 2023)

⁷ Pertaia Luka (2023) *672 thousand people receive social benefits - this is a historical maximum*. Radio Tavisupleba. Available at: shorturl.at/joIJS (Accessed: March 2, 2023)

the global average is 39%)⁸⁹. In addition, in Georgia the level of employment and the number of employed people have been growing at a very slow pace (or almost not growing) during the last ten years. Since 2015, the employment level has been declining, but in 2022 it has returned to the level of 2015-2016 and is extremely low at 43% (1,283,000 people)¹⁰.

The public opinion polls also demonstrate that positive macroeconomic indicators - economic growth and reduction of absolute poverty- do not stand for our citizens' increased well-being. For example, in early 2022, according to a survey by the National Democratic Institute (NDI) and the Caucasian Research Resource Center (CRRRC), 75% of citizens believed poverty had worsened in the last ten years. According to NDI, the perception of poverty among Georgian Dream (GD) supporters also worsened. In particular, 51% of GD voters indicated that the situation in regard to poverty has worsened, while in the case of opposition voters, this number equals to 88%¹¹.

Against the abovementioned dissatisfaction, the migration balance has been negative for the last 10 years (with a small exception, in 2020 due to the Covid pandemic)¹². Along with the natural population decrease observed in recent years, we also have a decline in the labour force. Compared to 2010, the workforce in Georgia is 125,000 less¹³.

The factors listed above are largely elements of the macroeconomic reality, and this paper is devoted to the social policy created in its response, particularly to the new instrument of the social policy in Georgia – the public employment program. Before we talk about the scope and budget of a specific program, let's look at the expenses of the state budget of Georgia. The share of "social" spending in the total budgetary expenditures (including pensions, health care, and social benefits) has generally increased since 2005. From 2012 to 2013, the share of it increased from 26% to 32%; In 2019 (pre-pandemic period), the share of these expenses was 37%, and in the pandemic years (2020-21), for obvious reasons, it reached a peak of 43%. However, despite the fact that the pandemic is over and the amount of money allocated to the management of the diseases caused by the "coronavirus" has already been reduced (39%), the largest amount in the 2023 state budget plan, 6.4 billion GEL, still goes to social expenses (which includes pensions, health care, and social assistance includes)¹⁴. Also, due to the high reliance on direct cash transfers

⁸ Geostate (2023) *Statistical information, employment, wages, employment-unemployment*. Available at: <https://www.geostat.ge/en/modules/categories/37/employment-and-wages> (Accessed: April 11, 2023)

⁹ ILO (2019) *Persons outside the labour force: How inactive are they really?* Available at: <https://ilostat.ilo.org/persons-outside-the-labour-force-how-inactive-are-they-really/#:~:text=It%20is%20wrong%20to%20assume,or%20own%20Duse%20production%20work> (Accessed: April 11, 2023)

¹⁰ Ibid.

¹¹ Geostate (2023) *Statistical information, employment, wages, employment-unemployment*, Available at: <https://www.geostat.ge/en/modules/categories/37/employment-and-wages> (Accessed: April 11, 2023)

¹² Ministry of Economics and Sustainable Development (2023) *Analysis of the Labour Market of Georgia*, p.15 Available at: <https://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.ashx?Type=UserReport&ID=6d62d354-2f42-4614-9038-fdaea4c0d13d> Accessed: April 11, 2023

¹³ Geostate (2023) *Statistical information, employment, wages, employment-unemployment*. Available at: <https://www.geostat.ge/en/modules/categories/37/employment-and-wages> (Accessed: April 11, 2023)

¹⁴ Transparency International Georgia (2022) *Brief analysis and recommendations of the 2023 state budget project*, Available at: <https://transparency.ge/ge/post/2023-clis-saxelmcpo-biujetis-proektis-mokle-analizi-da>

administered as subsistence allowances, the amount of money distributed to subsistence allowances is increasing. When in 2016, the total budget for living allowances was 270 million, in 2022 it was 609 million¹⁵. In part, the result of increased social spending is the decrease in the level of absolute poverty in the country, but here comes the question, with increased social spending, do we achieve the goal of families' overcoming social exclusion and socioeconomic vulnerability, or are we simply increasing families' dependence on social welfare systems?

Given the reality presented, the paper focuses on the new type of social spending, which, in the name of the public employment program, was first added to the social spending of the state budget in 2022, and whose budget, from 2023, amounts to 80 million. The public employment program is the main focus of the research as it is being proposed as an entirely new social policy tool that seeks to alleviate poverty and address unemployment. By the time of the research, the program had been implemented for only one year, but the program was extended for one another year without assessing the results of the implementation of this program from the first year. According to the budget of 2023, the total amount of the labour and employment system budget has almost doubled and reached 80 million GEL.¹⁶

In the study's introduction, it is worth mentioning the scepticism that accompanied the possible success of the program. The program was designed to reduce dependence on social benefits, but could it really achieve it? And how cost-effective will the result be? The program was created hastily, within a few months of its announcement. It is obvious at first glance the public agencies did not properly understand the theory of change with which they were starting the fight against poverty and unemployment. At the same time, the program's success was always questioned by the fact that a complex combination of social instruments is needed to change the situation of poverty and unemployment in the country: care services, unemployment insurance, housing policies for the homeless, and others. Without this ecosystem, the public employment program is formed in a fragmented manner.

Although the increase of social expenses in proportion to GDP growth is a step in the right direction (in these terms, Georgia lags behind even the most liberal economic states in the developed West, also because we do not have unemployment benefits, housing subsidies, etc. (Gugushvili, 2017)) we know that it is no less important for Georgia to grow the efficiency of social spending, gradually reduce the level of dependence on social benefits among the population and ensure a fairer distribution of social spending (Georgian Human Capital Review, 2022). It is very weakly substantiated for the general public how the public employment program can serve the above-mentioned objectives. Critical observation of the program is even more important as no public or political organisation has yet made a professional or political comment on this issue, despite the program being launched for a year. It is with this interest that this publication will try to answer the main question, what are the main challenges that the public employment program is responding to (what was the purpose of its creation) and how much does it contribute to the fair distribution of social spending or to the reduction of dependence on subsistence allowances (how well does it reach its target population and indicators).

[rekomendaciebi](#) (Accessed: April 11, 2023); Ministry of Finance of Georgia (2023) *2023 State Budget - Chapter III*, Available at: <https://www.mof.ge/5603> (Accessed: April 11, 2023)

¹⁵ Social Service Agency (2023) *Statistics*. Available at: <https://ssa.moh.gov.ge/statistik.php?lang=1&id=202212070000144333422303&v=0#page-1> (Accessed: April 11, 2023)

¹⁶ Ministry of Finance of Georgia (2023) *State budget of 2023 - Labour and Employment System Reform Program*. Available at: <https://www.mof.ge/5603> (Accessed: April 11, 2023)

II. Historic Overview: Public Employment Programs in the Past and Present (International Practice)

The idea of public employment combines several goals, some of which are behavioral motives for changing the behavior of the poor, are related to increasing economic gains or labour productivity, and others serve the goal of full (100%) employment. In different historical periods and in different countries, public employment had different purposes and, accordingly, certain goals were realized to smaller extent, and others to a greater extent, sometimes at the expense of other goals. If we look at the chronology of the evolution of the idea of public employment, one of the latest ideas is that it should be used as an instrument for active labour market policies (ALMP), which implies the activation of the potential labour force, and interventions focused on the growth of labour supply.

If we look at the historical evolution of this idea, until about the 19th century, labour was one of the main prerequisites for receiving social benefits for able-bodied persons. Social assistance was supposed to be "deserved" by labour, with little regard for the quality of the product created by the labour or the cost-effectiveness of the program. The main goal was to create a sense of responsibility among the beneficiaries, and instead of an unhealthy dependence on the system, it represented a kind of barter transaction in exchange for social benefits. However, the issue of labour productivity itself is not so insignificant and new in public employment programs. As early as the 1870s in France, there were programs that employed socioeconomically vulnerable individuals to build public infrastructure (A. McCord, M. Lieuw-Kie-Song, 2021).

Later, since its foundation, the International Labour Organization (ILO) was also concerned with increasing productivity in public employment programs. In 2021, the ILO published an extensive document entitled "100 years of public employment in the International Labour Organization" (A. McCord, M. Lieuw-Kie-Song, 2021). This publication refers to the 20th and 21st centuries. It describes how public employment programs were actively used during the recessions caused by the two world wars when social spending was increasing to support productive sectors of the economy, stimulate economic activity, or build the infrastructure of strategic importance. In these times, labour productivity was of great importance, and dependence on public employment programs was not unilateral; in its way, the work done by the workers was also of great importance to the state.

However, as the ILO writes, in the years of economic upswing that followed both world wars in Europe, public employment programs were a belated intervention or did not work without international coordination. Economic interdependence between countries in the free labour market was already great, and it had positive economic growth and employment results. Accordingly, the independent achievements of different countries in terms of employment, economic progress and development created such a reality that the policies aimed at creating public good and building social infrastructure by public employment programs lost their relevance in the West in the 20th century and moved to the Global South. According to the aforementioned publication, the decolonisation that began in the second half of the 20th century gave new relevance to the tool of public employment programs.

The newly created United Nations set the goal of combating diseases, hunger, lack of access to basic education and meeting other basic needs as the primary concern of the newly liberated and so-called developing countries. In the mentioned countries, the labour force prevailed over the capital, which is why it was considered a rational plan that with mass employment programs, two goals could be achieved at the same time: on the one hand, employment and economic progress, and on the other hand - overcoming poverty and meeting basic needs.

Although Western countries developed rapidly only through capital and mechanised infrastructure, there was a consensus among the Western countries that mass employment (labour-intensive projects) would bring successful results in economic growth and improve social well-being. International development programs allocated budgets for such infrastructural projects (for example, the construction of rural roads) that allowed mass employment. However, the priority was often to employ large numbers of workers instead of allocating real resources (money and capital) that bring development.

History has shown us that with these programs it was impossible to simultaneously achieve two goals - economic development and satisfaction of basic needs. At the same time, the end of Communism and the increasing globalisation itself put an end to the idea of "full employment" and, as the International Labour Organization research describes, a discourse emerged in international politics according to which the responsibility for unemployment lay not with the states but with the unemployed themselves. Since the 1980s, the "Washington Consensus" and neoliberal ideas removed the collective unemployment problem from their agenda. Notably, the technical assistance provided by the international organisations themselves was less and less about creating jobs – instead, developing a normative framework around labour rights and developing recommendations for states. In addition, since 1999, ideas about decent work gained more popularity (working conditions, safety, environmental protection, gender), and here, too, the main objective was the improvement of the normative base rather than the creation of employment opportunities (A. McCord, M. Lieuw-Kie-Song, 2021).

At such a time, public employment remained relevant by becoming an active labour market policy (ALMP) instrument. It is now relevant in both poor and relatively developed countries. Wherever there is a market economy, the level of employment is determined by the balance between supply and demand. Therefore, public employment programs are only a tool of social policy, which should only stimulate the *labour supply* in the labour market and not increase the demand for it from the employers' side. Its purpose is encouraging people to work rather than stimulating governments or private entrepreneurs to create more jobs. As an instrument of active labour market policy, the mentioned program should create and increase motivation to work, and "labour habits" among unemployed people. In various cases, the idea of assigning cash transfers to workers as part of an active labour market policy is to provide workers with income floors that will increase their bargaining power in the labour market and enable them to survive structural and temporary unemployment.

In contrast to the cases mentioned above, there are still programs where work is only a prerequisite for allocating social benefits ('make-work programs'), as it was in the 19th century, and less attention is paid to labour productivity. In this case, the principle is that able-bodied people must "deserve" the social benefits, by receiving cash transfers in exchange for work.

Public employment program in Georgia was also planned as part of active labour market policy and its logic was to stimulate labor supply. In the following sections, special attention will be paid to those manipulative public statements that create excessive, and what is more, inadequate expectations regarding job-creation

by the program. In addition, as the public employment program has been established as a condition for maintaining subsistence allowance, it creates wrong expectations about the quality and productivity of work, which will also be discussed in this paper.

It is also worth noting that according to international best practice, this instrument is made relevant only when public spending increases under the pretext of dealing with crisis situations. For example, in cases of destruction caused by war or natural disasters, economic recessions or other types of crisis episodes when unemployment or poverty levels require more intervention and control. In this sense, the context of the pandemic has added special importance to the idea of community service globally. ILO policy research highlights the urgent need to link social benefits with employment during the pandemic (Delivering income and employment support in times of COVID-19: Integrating cash transfers with active labour market policies, 2020). On the one hand, the pandemic reduced employment opportunities and raised the risks that many persons would face the reality of long-term unemployment; On the other hand, following the growth of social spending, the circle of people who would depend on social systems would increase; In this context, the ILO presented an opinion, according to which it was important that social allowances or subsidies were linked to different variations of public employment programs and that increased social spending be administered based on the so-called "mutual responsibility" principle. According to the ILO, beneficiaries of social benefits could perform community service in exchange for subsidies as part of their personal responsibility.

It is possible that this instrument of active labour market policy was created in response to the short-term Covid-crisis in Georgia too; however, at first glance, this is unclear; the program's estimated duration and even its target indicators are unknown to the public. It is unknown whether the public employment program was developed due to ILO's international advocacy in Georgia, but it is a fact that for the first time in its existence, the non-conditional system of targeted social assistance became conditional for those with family members capable of working.

III. Research subject: Public employments employment program in Georgia

In Georgia, as in some other countries (for example, in Belgium, Luxembourg, and Portugal), employment in the public employments program is a condition for receiving other social benefits (Public employments: how can PES contribute to increasing their value as an activation tool?, 2013). The program is often executed as a condition for receiving unemployment benefits. For example, to confirm that unemployed citizens are not employed in the informal economy and do not receive unemployment benefits simultaneously, thereby cheating the state systems, public employment programs oblige unemployment benefit recipients to engage in public employment programs for several days or weeks. In such cases, this particular program may not compensate for the work performed (since the main social allowance - unemployment benefit, is already administered) or may only add a small supplement to the existing unemployment benefit. As it is known, this program created for the recipients of targeted social assistance in Georgia offers its employees, along with targeted social assistance, additional labour compensation, the adequacy of which will be analyzed separately in the present study.

Public employment programs are also common in countries where there is no unemployment benefit, and the financial and labour provision of the unemployed population is important. The latter cases are more frequent during crisis situations, such as wars, environmental disasters and others (The spectrum of public

employment programs (PEPs), 2012). The program in Georgia was likely created in response to the post-Covid reality, when the number of recipients of targeted social assistance increased greatly and the economy slowed down. Even though state representatives do not emphasize the temporality of the program, in this paper we will also discuss the approximate duration of the program.

The public employment program was first introduced in Georgia in November 2021¹⁷, and then in February 2022¹⁸, a few days before the program was approved. Public statements announcing the program did not mention what challenges the program was designed to address, but some ambitious statements were made regarding indicators that would determine the program's success. Mainly, the focus has been on creating large numbers of new jobs and, most importantly, on large development and infrastructure projects. Speaking about the possible public employment vacancies in November 2021, Prime Minister Irakli Gharibashvili said:

"We are starting to restore windbreaks (which have been destroyed in recent years), reforestation, as well as infrastructural works in municipalities, districts... and thousands, tens of thousands of jobs will be created simultaneously and automatically."

Later, in his speech on February 14, 2022, the Prime Minister said that 50,000 vacancies would be announced in the first stage. "We may reach 100,000 this year but have not set a limit. We will start with 50 000 and see how the process will develop"¹⁹, said the Prime Minister in his speech; however, after a year, only 29,323 people were included in the program²⁰. The list of public employments also became public: "Librarian's assistant, forester, gardener, school cleaner, cook's unqualified assistant, supervisor's assistant, watchman, courier, greenery and cleaning employee of the territory improvement, etc."²¹ The high discrepancy between the ambitions of the program and the actual reach, as well as the diametric difference between the announced type of vacancies and the created vacancies, in itself arouses the interest to analyze what was flawed during the planning or implementation of the program.

Moreover, the program's legal framework is still being modified and does not leave an impression that the program's architecture is complete. The government decree²² approving this program in 2022 was the only legislative act regulating the program; A few months after the introduction of the program, changes were made to it though²³, and after a year, in January 2023, other normative acts,

¹⁷ Netgazeti (November 21, 2022) *Citizens should be offered jobs instead of social assistance - Gharibashvili*. Available at: <https://netgazeti.ge/news/577452/>

¹⁸ Netgazeti (February 14, 2022) *Community work does not determine the receipt of an allowance" 4 years - Prime Minister*. Available at: <https://netgazeti.ge/news/591285/> (Accessed April 11, 2023)

¹⁹ Ibid.

²⁰ Social Services Agency of LSI (2023) *The number of the population receiving living allowance in different groups of the rating score, 2022-2023*. Available at: <https://ssa.moh.gov.ge/statistik.php?lang=1&id=202212070002225855299551&v=> (Accessed May 8, 2023)

²¹ Ministry of Health website (2023) *Public employments*. Available at: <https://www.moh.gov.ge/uploads/files/2023/Sazogadoebrivi-samushaoebi.pdf> (Accessed April 11, 2023)

²² Legislative Matsne of Georgia (2022) *On the approval of the 2022 state employment promotion program*. Available at: <https://www.matsne.gov.ge/ka/document/view/5385740?publication=3> (Accessed February 17, 2022)

²³ Ministry of Health (2023) *Resolution N322 "On Approving the 2022 State Employment Promotion Program" on amendments to Resolution N81 of February 17, 2022 of the Government of Georgia*. Available at:

which regulate the issue of social assistance in general, changed as well²⁴. In addition, as already mentioned, the program decree left the budget unspecified. As before, it remains unclear how the program will be integrated into the overall social policy system and its institutional arrangements. The system's weakness is also made obvious by the in-availability of public data and by the information disseminated about the program's success. Therefore, although the design of this program more or less replicates the modalities of internationally tested public employment programs, there are a number of ambiguities that will be discussed in the following chapters. Since the text of the decree and the relevant agencies have not clearly established the architecture of the public employments program, and since the program does not have a precedent for its evaluation or a plan for this, the paper will analyse the anticipated results of its design.

IV. Relevant international and local level recommendations

"We have studied how well this initiative works in Europe and we are ready to start this program" - announced the Prime Minister of Georgia 3 days before the approval of the resolution of the public employment program²⁵. Nevertheless, what type of studies and consultations preceded the program's development is still unknown. Neither the State Employment Support Agency nor the Ministry of Health have responded to the public information request of the Social Justice Center.

However, there are several recommendations related to improving the targeted social assistance system operating in Georgia, and it is important to pay due attention to them in this paper. In 2015-2016, on the one hand, the World Bank (The impact of Targeted Social Assistance on the Georgian Labour Market, 2015) and on the other hand, the State Audit Service (Reducing the dependency on social assistance of beneficiaries fit-for-work receiving living allowance, 2016) developed their own recommendations regarding what is the impact of the targeted social assistance program on employment/work in Georgia and how to increase the level of economic activity among the socially vulnerable population. They also developed recommendations as to what state programs or additional conditions could be put in place to overcome chronic poverty among the vulnerable population fit-for-work (who preferred full dependence on benefits over employment, which was considered as relatively more unstable).

In the report prepared by the State Audit Office (SAO), it was mentioned that in the year under review (2016) 46% of the recipients of social benefits were fit-for-work citizens (according to the information of the Ministry of Health, this figure was equal to 45% in 2021²⁶). SAO also found that as of April 2016, the number of households receiving subsistence allowance for 5 years or longer was about 35% of the total

<https://www.moh.gov.ge/uploads/publicinformation/2022/06/16/59f7d837162cedb4205d92ba3ad65def.pdf>
(Accessed 8 May 2023)

²⁴ Ministry of Health (2023) *Resolution No. 4 of the Government of Georgia dated January 11, 2023 "On social assistance" on amendments to Resolution N145 of the Government of Georgia dated July 28, 2006*. Available at: <https://www.moh.gov.ge/uploads/publicinformation/2023/01/09/82f75225f4334443fca3ba0e3b433e45.pdf>
(Accessed 8 May 2023)

²⁵ Netgazeti (February 14, 2022) *Public employment does not determine the receipt of an allowance" for 4 years - Prime Minister*. Available at: <https://netgazeti.ge/news/591285/> (Accessed April 11, 2023)

²⁶ "A total of 535 thousand recipients of living allowance. 240 thousand of them are able to work" - Interview with the representative of the Georgian Trade Union Confederation (GTUC) and the Ministry of Health at a confederation (21 March 2023).

number of households, which is an indicator of chronic poverty. Together, the two data raised the main question of how the level of dependency on welfare could be overcome in the able-bodied and chronically unemployed population. The SAO report also pointed out the fact that according to the labour market survey by the Ministry of Health, unemployment was largely caused by the fact that job seekers did not possess the necessary skills and competencies; Most beneficiaries only had a secondary education, which severely reduced their competitiveness and potential wages (Reducing Social Assistance Dependence of Working-Age Beneficiaries on Living Allowance, 2016).

The SAO report and the World Bank study tried to identify specific target groups and categories among families with a high dependence on allowances to ensure the *theory of change* worked. For example, the State Audit report suggested that socially disadvantaged large families would have the lowest motivation to work because they received more benefits in total (both from the subsistence allowance program and from other TSA-based programs of municipalities) compared to smaller families, recovering from its loss would be a major challenge if they got employed on the labour market. On the other hand, a study conducted by the World Bank showed that the program of subsistence allowance particularly demotivated women living in rural areas to work (The impact of Targeted Social Assistance on Georgian Labour Market, 2015). It is unknown whether the Ministry of Health devoted time to identifying specific groups of vulnerabilities among the socially vulnerable population when developing the public employment program, but the present study will discuss what categories the program singled out as target categories and what were the expectations with them.

It is also interesting to see what specific recommendations the SAO makes to reduce dependence on targeted social assistances. For example, the audit service urged the Ministry of Health to:

- to create a strategic document on the factors affecting the motivations to get employed when receiving subsistence allowance;
- to introduce certain conditions for fit-for-work persons receiving subsistence allowance, allowing the beneficiaries to become active in the labour market and create the prerequisites for their economic independence.

Information about the development of the first one is not yet known to us; If such a document exists, it has never been made public. Regarding the second recommendation, the public employment program, in fact, was first mentioned here as an example of one of the possible useful social policy measures. SAO reports:

“One of the mechanisms for creating labour motivation is the gradual withdrawal of aid, and such system design that the net income received from employment is positive for the beneficiary. This principle implies that the income obtained by the additional economic activity of the beneficiary should exceed the losses that he/she may have due to the reduction or loss of social assistance.”

The State Audit report also refers to a 2012 recommendation by the World Bank, which mentions introducing new conditions for the use of the system for working-age beneficiaries to facilitate their integration into the formal labour market. The State Audit report also refers to a 2012 recommendation by the World Bank, which presents the idea of introducing new conditions for joining the system for fit-for-work beneficiaries in order to facilitate their integration into the formal market. However, according to the same SAO report, a subsequent World Bank report published in 2016 noted that **"such a step [imposing**

new conditions on able-bodied beneficiaries], in a radical form, would not be justified and would be associated with significant risks, as there is no adequately developed dynamic labour market in the country and the government does not have defined the status of the unemployed and has not developed respective assistances." (Reducing dependence on social assistance of able-bodied beneficiaries receiving subsistence allowance, 2016), (The impact of Targeted Social Assistance on Georgian Labour Market, 2015).

Because of the mentioned risk, the state carried out only incremental and not radical changes to the subsistence allowance system. So, for example, since 2017, the definition of the non-working but fit-for-work category was developed, which was one of the central recommendations at that stage²⁷. For the non-working but fit-for-work family member, the social assistance system made registering on the online portal worknet.gov.ge promoting employment mandatory.²⁸ This would give the system a confirmation that the fit-for-work person receiving the subsistence allowance was looking for a job. In addition, the result of the same recommendations was that earning a certain amount of income would not cause the review of the TSA score or cancellation of the assistance if a person were employed²⁹.

As noted in the reports, until the employment market is dynamic and no unemployment benefit system exists in the country, employment instability will remain a major threat to socioeconomic vulnerability and a demotivator to leave the subsistence allowance system. In addition, the State Audit report revealed that one of the main reasons why socially vulnerable beneficiaries refrain from working in exchange for any remuneration is that the impact this additional income might have on the ranking score is unpredictable. The ranking score calculation system still does not clearly explain how much income would affect the TSA score. In addition, if a beneficiary becomes employed, takes a "risk", and the ranking score actually changes so that the person loses social assistance, s/he knows that it takes 3-4 months to return to the TSA, according to its regulations. The report also highlights that in 11% of cases, beneficiaries have to wait more than 4 months to receive assistance (from the study of 2012-2015). This information was one of the arguments why the living allowance system for fit-for-work people would not/couldn't be changed radically until these problems were solved.

What were the expectations about the public employment program when the non-conditional cash transfer program was turned into a conditional cash transfer for fit-for-work citizens and linked them to open-market employment? Was the social assistance system of Georgia ready to become conditional, and

²⁷ "Non-working able-bodied member – a person who does not belong to the following categories: N.a. tide to the bed/bedridden; N.b. cannot move without assistance and/or needs a caregiver; N.c. a person with severe disabilities (group I); N.d. a person with significant disabilities (group II); N.e. a person with psychosocial needs; N.f. a person who has reached retirement age (woman - 60 years, man - 65 years)." Legislative Gazette of Georgi (2017) "On measures to reduce the level of poverty in the country and improve the social protection of the population" regarding making changes in the Resolution No. 126 of April 24, 2010 of the Government of Georgia. 01/06/2017, Available at: <https://matsne.gov.ge/ka/document/view/3685869?publication=0> (Accessed: 11 April, 2023)

²⁸ Ibid. "For the purposes of this rule, the non-working fit-for-work member of the family must register as a "job seeker" on the portal promoting state employmen - www.worknet.gov.ge under the conditions provided for in this rule."

²⁹ Government of Georgia (July 28, 2006) *Resolution of the Government of Georgia No. 145 on social assistance, Article 10, 3(a)*. Last viewed 8 May 2023 Available at: <https://matsne.gov.ge/ka/document/view/10276?publication=45> Resolution of the Government of Georgia No. 145 on social assistance, Article 10, 3(a). <https://matsne.gov.ge/ka/document/view/10276?publication=45>

whether the steps taken during the introduction of this program radical - this is also the main interest of the given research.

V. Research goal, objectives, questions and methodology

What is the public employments program, and what goals does it serve in Georgia? Information circulating in public discourse is conflicting, while the provisions of the program and its legal framework are ambiguous. In addition, even after one year of the implementation of this program, the information about the regulatory acts of the program is not transparent, and complete information about the program outcomes is still unavailable. The information shared about the program by its beneficiaries in the media or social networks reveals that the program has problems with the quality of its work and compliance with its conditions. Observations also reveal that the program has undeclared ulterior goals in addition to the declared ones.

The main goal of the research is to evaluate the public employments program one year after its launch, for which the paper has two specific tasks: first - to discuss what declared and ulterior goals the public employments program has in Georgia, and second - since the results and effects of the program have not yet been evaluated by the public agencies themselves (and it is not known what plan the Ministry of Health and/or the State Employment Promotion Agency has in this regard), create certain expectations about the results of the program and the levels of its success. The paper has the following sub-questions:

- Does the state create jobs and act as a supplier of jobs in a job market, or does it only stimulate the labour supply?
- What is the significance of growing income among the socially vulnerable, and when is it expected to reduce people's dependence on subsistence allowances?
- How sufficient is the employment program budget, and how fairly are additional cash benefits distributed to the neediest among the socioeconomically vulnerable families?
- How well will the public employments program respond to the recommendations of the State Audit and the World Bank regarding the gradual withdrawal from the subsistence allowance system and the effective, fair distribution of benefits?

The paper analysed the Decrees of the program from 2022 and 2023, as well as the changes made in these and other decrees to devise the program's design. In addition, desk research analysed international literature explaining the design of public employments programs, their variations, and outcomes. The documents examined were ones prepared by the European Union institutions, the International Labour Organization and the World Bank. Also, local recommendations from the State Audit Office and international ones from the World Bank were reviewed too.

The state budget, as well as the official reports of the Social Services Agency, were examined as secondary quantitative data. In addition, the paper analysed the information published in the media about the public employment program, its expected and actual results.

Also, as part of the program research, one group interview was conducted with the employees of the public employments program. The interview was qualitative in nature and was analyzed thematically after desk analysis.

One of the study's main limitations is that the relevant agencies did not disclose detailed statistical information regarding the program's results at the stages of its analysis, making it impossible to assess which categories of beneficiaries were enlisted in the program, by what terms, etc. In addition, they did not disclose information about the goals of the subprogram, and of any research that they could have undertaken to measure possible impacts of the program on poverty rankings. Finally, the information about the legal acts of the public employment program is not fully available, and their disclosure would have allowed the author to analyse the program's results comprehensively. These acts are: 1. Subprogram monitoring methodology; 2. Rules for additional administration of the subprogram; 3. Procedures for the involvement of the labour inspection in the course of the subprogram; 4. Standard terms of the social contract; 5. Types and list of public employments; 6. Copies of timesheets.

VI. Key findings of the study

1. Creating jobs or stimulating the demand for employment?

In this chapter, the public employment program will be discussed in the light of international examples to explain why the statements made about creating new jobs were manipulative. Here will be discussed the program's impact on unemployment statistics. Finally, the program's shortcomings related to its non-transparency will also be emphasized.

Who creates jobs?

According to international examples, a public employment program implies that work is organized by public institutions. This type of employment entail jobs created outside the market economy, they don't serve profit, and don't create competition for other employers (Public employments: how can PES contribute to increasing their value as an activation tool?, 2013).

In EU countries with public employment programs, these programs are administered by the relevant ministries or agencies, and the main employers are local governments or national-level public agencies. The public employment program in Georgia replicates this model. The government decree of 2022, by which this program was first approved, declares the Employment Support Agency as the main implementer of the program. Public employment program is part of the state employment support system and its formal name is: "A sub-program promoting employment at public employments program ". According to government regulations, the job "suppliers" are state agencies or municipal organs³⁰. 6 months after the program's start, the Ministry shared information about its results confirmed the same: "Out of 22 thousand citizens, about 21 thousand were employed at the level of local municipalities." - said the Deputy Minister of Health, Tamar Barkalaya³¹.

³⁰ "A state or municipal body, a non-entrepreneurial (non-commercial) legal entity under a state or municipal body, a legal entity or any other administrative body that creates/will create a public employment vacancy". - On the approval of the 2022 state employment promotion program, 17/02/2022, Legislative Gazette of Georgia. Last viewed 11 April 2023: <https://www.matsne.gov.ge/ka/document/view/5385740?publication=0>

³¹ Netgazeti (September 14, 2022) *60 thousand people were interested in public employments, although 22 thousand expressed their final consent*. Available at: <https://netgazeti.ge/news/629983/> (Accessed: April 11, 2023)

In some countries, it is openly stated that the employment created within the framework of the public employment program should be completely neutral in terms of market relations. As already mentioned, it should not create competition in the employment market and should not replace existing jobs. But on the other hand, the work done must respond to the needs of society and fill the gaps of market failures and deficits in the public sector. According to the international literature, Austria is a rare exception to this modality, where the program still contains market elements, although not in terms of labour market, but in the sense of selling goods produced by public employment programs. The products created as part of public employments must be sold at a market price in Austria. Accordingly, work should serve profit-oriented activities (Public employments: how can PES contribute to increasing their value as an activation tool?, 2013). Another example is Argentina, where the free market element is incorporated into the remuneration system but not directly into the nature of jobs. So, for example, participation in public employment is only possible for 4 hours a day, and production created during the overtime work can be sold by the workers' cooperatives themselves for profit (The employer of last resort program: could it work for developing countries?, 2007).

Most importantly, in these types of programs, compensation is given in the form of social assistance. It is not registered as labour compensation, and, thus, it is not taxed. Therefore, despite the fact that the work performed by the beneficiaries of the program has the nature of an employment relationship (which, in turn, is determined by the subordination in work relations, by determining conditions and deadlines for performing tasks, etc.), it cannot and is not reflected in the general statistics of employment. Until the beneficiary of this program completes the public employment program and gets employed (with or without its help) in the open employment market at the vacancy created by the market actors, the employment statistics remain unchanged.

The program clearly states that participation **"does not require special professional training"**³². In one of the publicly published information brochures³³, the Ministry of Health states: "People who want to work at public employments program do not need experience, competence or relevant education to join the program", - so this program does not require the resource of qualified workers. On the one hand, the main purpose of this provision is to remove all barriers that arise for a person to enter the employment market due to the lack of specific skills. On the other hand, as the nature of the jobs created by the program is not competitive, it tells open market actors that the program is not intended for the qualified personnel already employed or seeking for work and will not threaten their businesses. All that the program should achieve is that those not looking for a job return to the job-hunt after completing the program. On the one hand, this may even increase the unemployment statistics in Georgia because if the economically inactive population moves into the ranks of jobseekers, the market economy may not be able to create jobs at the

³² However, in general, community work programs do not have to be only for the unskilled population, it can also attract relatively more qualified personnel (for example, among the youth).

³³Ministry of Health. *Public employments*. Available at:

<https://www.moh.gov.ge/uploads/files/2023/Sazogadoebrivi-samushaobi.pdf>

same pace. This may increase the unemployment rate (because unemployment is considered from the active labour force), when it is already very high, 17.3%³⁴.

What types of jobs are created by the program?

The public employment program decree states that the types and list of public employments are approved **by the minister**, but this document is not publicly available. This list did not become available even after the minister confirmed its existence in September 2022 during a public speech regarding the program's achievements in 6 months: "We introduced positions well tested in the EU countries," said the minister³⁵. As mentioned in the previous chapters, before the immediate implementation of the public employments program, the public political discourse about the jobs to be created was very ambitious. The prime minister had said that the employment opportunities would be in field of infrastructure. Even in February 2022, a few days before the approval of the program, the Prime Minister said that within the framework of this program: "New infrastructure or improvement of the existing one will create significant public goods"³⁶. Additionally, the program's decree reads that its "goal is to perform work of public good in infrastructural and other fields" – nonetheless, in one year, infrastructural works are the least covered by the program³⁷.

As mentioned in the introduction, several examples of public employments are listed in the publicly available information, but there is no mention of an **outstanding infrastructural project in it**³⁸. The program is not focused on development projects or on increasing agricultural productivity. International examples also suggest that public employment programs could create jobs in social services (home care, elderly and child care, etc.), but it did not (PEPs and the Social sector: Tackling Social Challenges, 2012). Six months after the program's start, the Deputy Minister of Health stated that "the main activities are **cleaning, renovation, and minor rehabilitation** of squares, canals, roads, buildings," confirming that the main employment is in sanitary work. In the same period, the Minister of health presented the following data to the parliament:

"About 550 kindergartens are cleaned and organised every day; more than 300 squares and parks; more than 160 sports fields; More than 1000 cemeteries were cleaned and organized throughout the country; 205 buildings of public importance; Up to 1500 km of drainage channels were cleaned; public gathering places were arranged;

Within the scope of public employment program, LELPs of the Ministry of Environmental Protection and Agriculture were able to inspect the spread of the brown marmorated stink bug; More than 400 public schools and more than 530 kindergartens were able to receive

³⁴ National Statistical Service of Georgia (2023) *Statistical information, employment, wages, employment and unemployment*. Available at: <https://www.geostat.ge/ka/modules/categories/37/dasakmeba-khelfasebi> (Accessed: 11 April 2023)

³⁵ Netgazeti (September 23, 2023) *3,886 people are employed as cemetery caretakers, 1,000 cemeteries have been cleaned since March* - Prime Minister. Available at: <https://netgazeti.ge/news/631897/> (Accessed: 11 April 2023)

³⁶ Netgazeti (February 14, 2022) *"Community work does not determine the receipt of an allowance" 4 years - Prime Minister*. Available at: <https://netgazeti.ge/news/591285/>

³⁷ Parliament of Georgia (February 17, 2022) *On the approval of the 2022 state employment promotion program*. Available at: <https://www.matsne.gov.ge/ka/document/view/5385740?publication=0>

³⁸ Ministry of Health. *Public employments*. Available at: <https://www.moh.gov.ge/uploads/files/2023/Sazogadoebrivi-samushaoebi.pdf> (Accessed: April 11, 2023)

guards and cleaners, who take care of the the employees and infrastructure," said the minister³⁹.

How transparent is the job creation process?

In contrast to Georgia, in almost all European countries where this program operates, in addition to public agencies, non-governmental, community, charitable organizations, volunteer groups and various types of foundations are involved in it. Communal and social nature of such work is very important and often connected with non-governmental actors' activities. Religious organizations (in Hungary and Finland), universities (in Spain) and trade unions (in Luxembourg) have a similar role too. It is important to emphasize this because in a number of countries (Bulgaria, Ireland, certain regions of Spain, Lithuania, Slovenia), public employment projects are announced in the form of tenders, or there is a call for applications to offer employment services. Applications are submitted to the main agency responsible for program administration (Public employments: how can PES contribute to increasing their value as an activation tool?, 2013).

In the case of Georgia, as we have already mentioned, the "supplier" of work is only the state, and **the information about available vacancies is completely non-transparent**. According to the program decree of February 17, 2022, the public employment vacancy had to be uploaded to a relevant registration portal by the employing party, for example, the municipality; However, at that stage, the legislation and public announcements did not clarify which portal was meant by the decree and what standard of transparency would it comply. Later, the resolution was amended and clarified that the registration portal was created specifically for this program and used to "create electronic records" about the users⁴⁰. The Employment Support Agency supposedly administers the portal, although the portal is still not public, as well as information about the jobs registered there.

Internationally, the contract for public employment may be established both with the program administrator (in our case, the Employment Support Agency) and the job-creating institution (in our case, with the municipality), but also directly between the employee and the program administrators (between the citizen and the agency or municipality). In the international literature, we read that in cases where employment is part of a specific rehabilitation-resocialization plan, several parties simultaneously agree to the employment contract - the beneficiary, the job provider (municipality) and the program administrator (agency). In the case of Georgia, the program decree shows that the contract is tripartite and is formed between the agency, the job supplier (e.g. municipality) and the beneficiary. However, accessing the legal

³⁹ Netgazeti (September 23, 2023) *3,886 people are employed as cemetery caretakers, 1,000 cemeteries have been cleaned since March - Prime Minister*. Available at: <https://netgazeti.ge/news/631897/> (Accessed: April 11, 2023)

⁴⁰ Parliament of Georgia (17 February 2022) *Resolution of the Government of Georgia No. 81, 17/02/2022, on the approval of the 2022 state employment promotion program*, "e) Public employment vacancy - an application uploaded by the supplier in the employment information system (registration portal) regarding a free/unoccupied workplace, with a description of the public employment to be performed;" Available at:

<https://www.matsne.gov.ge/ka/document/view/5385740?publication=0> (Accessed: April 11, 2023)

Parliament of Georgia (16 January 2023) *Resolution of the Government of Georgia No. 17, 16/01/2023, On the approval of the 2023 state employment promotion program*. "p) Employment information system (registration portal) - the administration system is intended for publication of public employments vacancies by the supplier within the framework of the sub-program and for creating electronic records about the beneficiaries." - Available at: <https://matsne.gov.ge/ka/document/view/5693644?publication=0> (Accessed: April 11, 2023)

documents that established the contract's standard terms to analyse each party's obligations and responsibilities was impossible.

Conclusion:

No matter how ambitious the political messages are about the creation of new jobs within the program, the program does not aim to create jobs and to influence employment statistics in the short term. Later in the paper, it will be discussed what opportunities this program provides for changing the unemployment statistics in the long run.

Additionally, despite the government of Georgia's public promises that the public employments program would create significant public good in the form of new infrastructure or improve the old, it seems the program did not fulfil this declared goal. In order to refute this assessment, the relevant agencies would need to publish relevant data proving the contrary (about infrastructure projects or their share in the overall figures). But it is unlikely that the officials would deny the information they themselves disseminated through the media and from the parliamentary tribunes that vacancies in cleaning service prevailed over other vacancies.

Finally, the inaccessibility of public information about the program remains a problem; The information about the legal acts that were supposed to establish the standard conditions of the social contract and the list of public employment jobs remains undisclosed. It is also unknown how the portal operates, where vacancies were supposed to get registered.

2. What type of beneficiaries does the program actually target? Who are the long-term unemployed?

"The adult working population were made to become used to unemployment, poverty and inactivity"

Prime Minister of Georgia - Irakli Gharibashvili

22 November 2021

The purpose of the public employment program as stated in the government decree is as following: "to implement an active labour market policy towards socially vulnerable persons who are fit-for-work by promoting their employment in public employment program and providing social protection/assistance to them." In other words: promotion of employment becomes possible if a person is a recipient of social assistance. It should be noted that the program offers the following four options to the population receiving subsistence allowance:

- public employment vacancy;
- a vacancy in the labour market corresponding to his skills, experience and professional development;
- if the beneficiary is employed in the informal sector, to formalize it;
- engagement in professional training, professional retraining sub-programs.

Social assistance beneficiaries who are fit-to-work cannot opt out of all the above offers without affecting their TSA score. In case of refusal, their family will be subject to verification of the TSA ranking score within one year of the refusal.

On the other hand, by choosing one of the first three options listed above, the beneficiary is guaranteed that his/her family's rating score will not be reassessed for the next 4 years (this means maintaining the allowance for four years). By agreeing to the fourth option, the person first goes through a training course, agrees to one of the first three options, and only after does he/she receive preferential treatment for four years.

These conditions transformed the non-conditional cash transfer system into a conditional aid system for the first time in its history, although in order for the program to achieve its goal (activation of the socially vulnerable) Seen the relationship between the selected target group and the conditions facing it. The following subsections will discuss this. However, for the program to achieve its intended goals (activation of inactive labor force among the socially vulnerable people who can work), it is critical to see how specific conditions influence specific target groups. The following subsection will discuss precisely this interrelation between conditions and target groups posed with such conditions. The reasons why public employment program targeted the economically inactive population, i.e. long-term unemployment, was already discussed in the previous chapters, and it is somewhat understandable why the Prime Minister singled out this particular group too, but a detailed analysis of this broad category is rather essential. As already mentioned, the share of the economically inactive population in the total labour force is alarmingly high, 48%; And the number of unemployed persons with working ability is also high among the socially vulnerable (45-46%). But how can this category be better segmented? This chapter will analyze the structural barriers that prevent further segmentation of this broad category.

Informal employment at the national level is no less problematic: as of 2021, its rate is 29%. Also, the level of underemployment is high in Georgia (39.3% in 2021)⁴¹. Although almost nothing was said about the latter two categories, it is clear that the public employment program is partly related to these two categories and requires special analysis.

How the program selected population from outside the labour force, among the so called economically inactive population

Six months after the launch of the program, the Minister of Health stated that the program “proves effective for people who have had a long break in their work experience because it helps them to overcome the fear of starting work”.⁴² Despite the public statements that the program should have been aimed at the economically inactive population, during the first year of the program, the definition of an economically inactive person had not been defined at all by the program. In 2023, the changes introduced to the program, - introduced the term "unemployed", which was defined as "a person, who, according to the database produced by the Revenue Service, did not have any income for a continuous period of four months"⁴³.

⁴¹ National Statistical Service of Georgia (2023) *Statistical Information, Employment, Wages, Informal Employment & Underutilized Labour Force Indicator*. Available at:

<https://www.geostat.ge/ka/modules/categories/37/dasakmeba-khelfasebi> (Accessed: April 11, 2023)

⁴² "Public employments help people to overcome the fear of starting work - Minister", *September 23, 2022, Netgazeti*. Last seen April 11, 2023 <https://netgazeti.ge/news/631898/>

⁴³ On the approval of the 2023 state employment promotion program, Resolution of the Government of Georgia No. 17, 16/01/2023 Legislative Herald of Georgia. Last seen 11 April 2023:

<https://matsne.gov.ge/ka/document/view/5693644?publication=0>

The National Statistics Office defines the economically inactive population as those who are neither employed nor looking for work in the past 4 weeks (General definitions on the methodology of labor force statistics, 2023), although in EU countries with similar public employment programs, the program is aimed at the category of unemployed for longer than four months period.

The National Bureau of Statistics defines the economically inactive population, i.e population outside the labor force, as those who are neither employed nor had been looking for a job in the past 4 weeks (General Definitions of Labor Force Statistics Methodology, 2023). However, in the EU countries, where similar programs of public employment are in place, they are mostly aimed at the category of people who have been unemployed for a much longer period of time than 4 months.

Employment programs aimed at activating the economically inactive population very rarely target those who have been unemployed for less than 6 months. There are also countries where the most important target group for similar programs is the category of people who have been unemployed for a very long time. Malta and Slovakia stand out among them. In Malta, the program is targeted to those people who have been unemployed for more than 5 years, and in Slovakia - to those who have been unemployed in the last 12 months during the previous 16 months (The spectrum of public employment programs (PEPs), 2012). Considering that the detailed information on the outcomes of the public employment program is still withheld, we do not know how many beneficiaries in the program have been unemployed for 12 months or longer, although the indeterminacy of this priority itself means that this data may not be recorded by the agency at all, and thus it may be impossible to observe the behavioural change of this group. In one way or another, the program has considered socially vulnerable citizens who are fit-to-work to be "lazy" and "forgotten how to work", and has not attempted a more in-depth segmentation of the socially vulnerable population.

In addition, we should pay attention to the criteria of "fit-to-work", which the program defines as a qualifying circumstance for inclusion in the program. In reality, what the program calls "fit-to-work", actually is, according to the Office for National Statistics classifications, the "potential workforce" segment of the economically inactive population. "Potential workforce" is defined as a category of citizens belonging to the economically inactive segment who: a) are not looking for a job, but are ready to start working because they have an "ability to work" or b) are looking for a job, but are not ready to be employed (for example, a single mother who, due to care needs, is not immediately ready to start work and needs additional support) (General Notes on Labor Force Statistics Methodology, 2023).

At the initial stage, it is worth noting that the program presented the people in the aforementioned "b" category as "unfit-to-work"; it stated that the program was not intended for them. However, in 2022, with the amendments to the program decree, this wording was changed, and this category was simply allowed to avoid participation in the program, - but was not prohibited to participate in it. According to the program decree, such (b) categories are: "Persons with limited abilities or bedridden persons; A person who cannot move without assistance and/or needs a caregiver, or cares for (a) minor family member(s); Disabled

person(s) and/or elderly person(s)". Certain statuses/conditions, such as disability status, being bedridden, etc., under the current wording, allow for a voluntary refusal to participate in the program. But the state does not try to offer them an adapted working environment or similar support measures within the framework of this program. Therefore, it is likely that the above-mentioned wording in the program provision (regarding "inability to work") was changed only in order not to discriminate these groups from being excluded from the program and not because the program was meant to be adapted to their abilities. As it has already been mentioned, with the changes in 2017, in response to the recommendation of the state audit, the definition of "non-working able-bodied family member" was created, which sets an exception to the obligation to employ certain persons. There, the aforementioned list is first found, which automatically defines the circle of people deemed "unable to work".⁴⁴ In 2022, during the first year of the program, the decree on the public employment program replicated the given list, and excluded the possibility of inclusion in the program of similar categories of persons.

Thus, we can conclude that the program targeted the first (a) category of the potential labor force (people who have "ability to work" but are not looking for a job), and the second (b) was not offered to participate in the program when this is a category that has much higher needs in terms of receiving state support, and while the public employment programs in other countries aim to "artificially employ" this exact category of citizens. In short, public employment programs in other countries target those with the most difficulty overcoming artificial, social, or other barriers to overcoming long-term unemployment.

The program is undergoing changes, and the target categories may change, however, by shifting the focus to the most vulnerable categories, the program will definitely need to administer additional support measures that long-term unemployed citizens may need. For example, the community work program, in one of its original versions, excluded the employment of a person who "cares for minor family member(s), disabled person(s), and/or elderly person(s)." The fulfilment of these obligations causes the economic inactivity of people, and mostly women. However, with the help of such state programs, it is desirable to increase economic activity among them. A subsequent revision of the program resolution explained that the agency would "profile" family members with such functions, consider their inclusion in the program and, if they so desired, include them in the program, although nothing was said about additional support measures - which may be necessary for this group for economic activation. And nothing is said about the other categories which are "unfit-to-work", which would consider the inclusion of such citizens in services and other supportive measures to make employment a real possibility.

Either way, among the economically inactive population, the program targets those who are already in the "potential workforce" and does not support those who are long-term unemployed due to severe structural barriers.

⁴⁴ amendments to Resolution No. 126 of April 24, 2010 "Regarding the measures to reduce the level of poverty in the country and improve the social protection of the population", 01/06/2017, Legislative Gazette of Georgia. Last viewed on April 12, 2023 <https://matsne.gov.ge/ka/document/view/3685869?publication=0>

How the program addressed informal employment and underemployment

Informal and incomplete employment (underemployment) is a completely different problem from economic inactivity and unemployment. As already mentioned, the initiators and implementers of the program did not disclose information about the extent of informal or incomplete employment among the socially vulnerable population, although this data is of great importance for the purposes of the program (Analyzing unemployment and underemployment, 2012).

In his speech on 14 February 2022, the Prime Minister indicated that 1/3 (one third) of the socially vulnerable people were considered to be fit-to-work, - and some of them may still be earning income from informal employment. At the same time, according to Netgazeti: "The Prime Minister also stated that the current social policy pushes socially vulnerable people to inaction, which means that 200,000 of the 600,000 people who fit-to-work are demotivated to get legally employed."^{45,46}

At the same time, according to the 2015 audit report, about 20% of the "able-bodied beneficiaries" included in the social allowance program had income from employment, which meant formal income only. According to the audit report, this circumstance, on the one hand, indicated that the labour activity among the beneficiaries was low, but on the other hand, it was also explained by the high level of informal employment (Reducing dependence on social assistance of able-bodied beneficiaries receiving subsistence allowance, 2016). It is interesting to see what these statistics were like before the public employment program began. According to the 2021 data, a part of socially vulnerable citizens probably had an income even before the start of the program, and it is interesting which segment of them was considered to have informal income.

Geostat defines the informally employed as those who do not pay income tax or are not covered by labor rights guarantees.⁴⁷ But primarily refers to persons employed in the non-agricultural sector (General Explanations on the Methodology of Labor Force Statistics, 2023). Unfortunately, even though one of the tasks of the public employment program is to encourage the formalisation of informal work, the program does not define the concept of informal employment in its "definition of terms". In addition, the analysis of the text of different editions of the program shows that in 2022 and 2023 the program was aimed at different categories of informal employment.

⁴⁵ "Community work does not determine the receipt of an allowance for 4 years - Prime Minister", Netgazeti, February 14, 2022, Netgazeti. Last seen 11 April 2023: <https://netgazeti.ge/news/591285/>

⁴⁶ Public information exchanged between the Georgian Confederation of Trade Unions (GTUC) and the Ministry of Health shows that in 2021, when a total of 535,000 people receiving subsistence allowances were registered, 240,000 of them were able-bodied (44%). Public information exchanged between GTUC and the Ministry of Health; Interview with the confederation's representative. 21 March 2023.

⁴⁷ "People employed in the non-agricultural sector who, during their employment, were not - or were only partially - protected by formal agreements (for example, they did not pay income tax from their wages; and/or they could not take advantage of annual paid leave, or leave-of-absence in case of illness; and/or their employer did not contribute to the pension fund), or define their employment status as a "helper in the family enterprise/farm" or work in enterprises that have not been formally registered."

More precisely, initially, the 2022 program considered both forms of informal employment when a person was employed as a wage earner and when a person was self-employed but did not register as an individual entrepreneur or small business owner. In order to formalize employment, a hired person was given three months, and a self-employed person - one month. In 2023, formalizing the work of hired employees is no longer the task of the program, although at that stage, it was unclear whose obligation the program saw for paying income tax in the case of waged earners: the income tax should have been covered from the employer's budget, or the employer had to withhold it from the existing salary of the hired worker. In the absence of a common vision and policy on the formalisation of informal wage workers, formalising informal employment through sanctioning socially vulnerable workers was a policy step that was unfairly unilateral and not thought-through (Informal and non-standard work in Georgia, 2021). If the 20% income tax was to be deducted from the worker's wages, it would further reduce the income of the socially vulnerable person. In addition, at this stage, the program did not specify what amount of income would be "allowed" by the program and after what amount the so-called preferential conditions (about 4-year non-verification) could be cancelled for the already formally hired employee. **Presumably, the state maintained the rule according to which, if the difference between the assumed monthly salary and the amount recorded in the declaration did not exceed 175 GEL, then the family would not be subject to verification, although such ambiguity in itself would be an extremely hindering factor for the interest of the potential labor force to be involved in this program.**⁴⁸.

As for the self-employed, initially, according to the program, if a person was registered as an individual entrepreneur and/or a taxpayer with small business status, it was also not specified in his case what amount of income would be considered "eligible" for the family to maintain preferential conditions in connection with the verification of the rating score for 4 years. Later, in this regard, an amendment was made to the 2022 resolution, which was also reflected in the 2023 resolution. According to this change, an annual "allowable" income ceiling has been set for the self-employed when choosing the option of formalisation. When formalising employment in this way, the rating score was subject to verification if the annual income of the citizen/family exceeded 5400 GEL (on average, it is equal to 450 GEL per month). On the other hand, the program allowed not to check the rating score of the person/family (that is, to maintain the subsistence allowance) for four years, even in case of receiving an annual income of 5400 GEL and above, although the decree contains an extremely vague provision to manage such cases, and the information about the mentioned "criteria" is not public:

"The family is continuously provided with the living allowance for 4 years, after it meets the criteria provided by the sub-program and the legislation as a result of the appropriate supervision/monitoring carried out by the agency. The conditions of supervision/monitoring to be

⁴⁸ On measures to reduce the level of poverty in the country and improve the social protection of the population, Article 6, subsection 12, Resolution of the Government of Georgia No. 126, 24/04/2010, Legislative Herald of Georgia. Last seen 12 April 2023: <https://matsne.gov.ge/ka/document/view/93652?publication=19>

implemented by the agency are approved by the sub-program administration procedure, by the individual administrative-legal act of the director of the agency".⁴⁹

If the employer does not know what effect the income received from employment has on the score, i.e. the rating score of the subsistence allowance (and even more so, in the conditions when the beneficiary has no leverage to verify the calculation of his rating point), this is a great disincentive to encourage the potential workforce to engage in the open labor market or, in the case of informal employment, to decide to formalize their work.

On the other hand, it should be taken into account that Georgia has a problem of underemployment (39% in 2021). Some employees seek additional work to meet their needs (General definitions on the methodology of labor force statistics, 2023). The underemployed and those who combine both can be informally and formally employed. The program administrators should pay attention to the fact that, according to the existing regulations, the category of "fit-to-work" socially vulnerable people who believe that they can combine their current (informal and incomplete) work with public employments can be included in the program. The program excludes the inclusion of employed persons, although the definition of "employed"⁵⁰ person refers to those who have been formally employed in the last 4 months, while others who work informally will definitely be able to join the program if they have free time. Such beneficiaries may choose not to formalize informal work and combine it with public employment hours. That is, if a person is informally and at the same time partially employed, he can participate in the program at least part-time by hiding information about his employment. In such a segment, the behaviourist argument about laziness is irrelevant. Information about the duration of unemployment also loses its relevance, and it becomes clear that through this program we are only dealing with increasing the incomes of the socially vulnerable.

Conclusion:

The analysis shows that a program for the "long-term unemployed" was announced, but it did not focus on the category of unemployed for 12 months or much longer, nor on the category of those who have high barriers to employment and structural obstacles to overcome.

The analysis also showed that the resolution of the program is gradually changing, the terminology is being improved and becoming fairer to the people who are long-term unemployed, but, so far, no changes have been made in the direction of those who need receiving state assistive measures in relation to employment.

Additionally, this analysis showed that the argument about "laziness" does not apply equally to different groups of the socially vulnerable working population. Some of them have fixed incomes, and some of them are probably informally employed. Here too, it is clear that the program has been modified, and some

⁴⁹ On the approval of the 2023 state employment promotion program, Article 5, subsection 5, Resolution of the Government of Georgia No. 17, 16/01/2023. Legislative Herald of Georgia. Last seen 12 April 2023:

<https://matsne.gov.ge/ka/document/view/5693644?publication=0>

⁵⁰ Ibid.,

shortcomings have already been eliminated in relation to the tasks of formalising informal labor. Among many other issues, however, program evaluators must be interested in what impact the new formal income cap measures have had on levels of labor formalization and dependency on subsistence allowances; How understandable was the annual income limit of 5400 GEL, and how did the system explain to them the additional monitoring procedures and the other criteria, in which case exceeding the 5400 GEL annual limit would be permissible and would not affect the rating score. Also, it is important that the evaluators of the program raise the following question too: at the first stage of the program, before the relevant provisions of the decree were specified, what percentage of the income tax was withheld from the employer's budget and what percentage was covered from the amount of compensation agreed with the employee.

3. What do the budget of the program, its estimated duration and the level of remuneration indicate

According to the public employments program, families receiving a living allowance and whose rating points do not exceed 120,000 (upper limit) can participate in it. In the subsistence allowance point system, the count starts from zero, and the higher the score, the higher the family's socio-economic capabilities and, accordingly, the lower the need for assistance. As a general rule, living allowance is awarded to families with a rating score of less than 65,000, although the system awards an allowance to families with a higher score (up to 120,000) when there is a child living there⁵¹.

As the range of categories between employment and unemployment is much wider and the status of work ability-disability is more varied than it is in the definitions of the program, the range of socioeconomic vulnerability of the beneficiaries is also wide and varied considering the 120,000 points threshold.

In the case of interventions aimed at increasing incomes in such a diverse target group according to socioeconomic vulnerability, it is very interesting how the program budget is distributed and how the target category is revealed from the most vulnerable to the least vulnerable. In other words, to better assess what importance the program has given to the issue of increasing the incomes of the socially vulnerable and how fairly and efficiently social costs are distributed to the families with the highest needs, we must observe, on the one hand, the level of wages established by the program and, on the other hand, how targeted is the selection in that broad segment of the population, which includes families with less than 120,000 rating points.

Remuneration in public employments program

The government's decree establishes that the remuneration of persons employed full-time in the program is 300 GEL per month, however, if the work-hours change, the remuneration is proportionally reduced:

⁵¹ Decree of the Government of Georgia on Social Assistance №145, 28/07/2006, Article 6, Para. 3. Legislative Herald of Georgia. Last seen 12 April 2023: <https://matsne.gov.ge/ka/document/view/10276?publication=45>

"Compensation for the full working rate is 300 (three hundred) GEL per month or proportionally determined daily allowance of the working rate, and is issued in a banking institution authorised to issue/distribute government allowances";

It follows from the text of the government decree that in case of part-time employment, the remuneration is likely to be hourly. Through various types of information materials (see the insert), the agency also reports that it has its own guidelines for the definition of full-time and part-time work⁵², although the program does not have an hourly rate of pay in the text of the decree. If we calculate according to an 8-hour working day and a 40-hour working week, the remuneration of one working hour is probably 1.9 GEL. Considering that the remuneration is given as a social allowance, it is understood that it is not taxed. Due to the fact that it was impossible to obtain even one social contract within the scope of the research, it is difficult to judge how clearly the text of the contract outlines that the work performed by the beneficiaries has the nature of a labor relationship and how much it is confirmed in its text that the labor norms must be respected according to the legislation of Georgia. There is also no public information about the acts that should have defined the scope and procedures of labor inspection monitoring⁵³. Up to this stage, it is also not known what individual or collective rights for the protection of labor rights the workers employed on the basis of the program have. Therefore, the remuneration established in the program will not be analysed as a counterweight to what type of work the beneficiaries do and under what conditions they have to work (Public employment programs and decent work, 2012). Instead, given the program's goals, the given rate will be analysed in light of the literature that discusses an appropriate rate of return.

What goals were set, and on what principle was the given remuneration rate established in Georgia? From international experience, we can distinguish between two models regarding the establishment of wages. A model that sets the wage margins dictated by the market (wage taker) and a model that sets the number of wages itself (wage setter) (Setting the appropriate wage rate in PEPs, 2012). In the case of the first, the pay is intentionally low; it is below the minimum wage so the program attracts only those in extreme need, not just any job seeker. In the second case, the program can change the market "regulation" and propose its own, relatively high standard. In the case of Georgia, where we do not have information about the actual minimum wage amounts in specific sectors, it is difficult to say exactly how the wages established by the public employment program relate to the minimum wage.

⁵² Facebook page of the Employment Support Agency, 2 March 2023. Last seen 12 April 2023:

<https://www.facebook.com/profile/100064812160306/search/?q=%E1%83%A1%E1%83%A2%E1%83%90%E1%83%9C%E1%83%93%E1%83%90%E1%83%A0%E1%83%A2%E1%83%A3%E1%83%9A%E1%83%98%205-8%20%E1%83%A1%E1%83%90%E1%83%90%E1%83%97%E1%83%98%E1%83%90%E1%83%9C%E1%83%98%20%1%83%92%E1%83%A0%E1%83%90%E1%83%A4%E1%83%98%E1%83%99%E1%83%98%E1%83%97>

⁵³ Social Justice Center addressed the Employment Support Agency in 2022 formally requesting public information about the procedures of involvement of the Labor Inspection in the Public Employment Program. This information was not provided to the organization.

Why is this important? Again, to define program goals. If a program sets wages above the minimum wage, its purpose is different from a program that sets wages below the minimum wage. By setting a salary lower than the minimum wage, the goal of the program can be interpreted as selecting the poorest population and providing them with additional social protection measures (income top-up) for crisis intervention,

What is the vacancy schedule under the public employment program?

People who express willingness to participate in the public employment program can be employed either full- or part-time. For example, a full-time schedule may include:

- 5 full working days a week, with a standardised 5-8-hour shift (or the days which the employer has set as working days);
- 7 days a week, - part-time, with a non-standard 3-4-hour shift;
- In case of flexibility, 4-5 working days a week, with an 8-hour shift;
- one 24 hour shift in every 4 days;

Schedule for a part-time job may include:

- 5 working days a week with a 4-hour shift (or the days the employer has set as working days);
- Working every other day with an 8-hour shift.

300 GEL is determined to be the allowance for participating in the public employment program full-time, while the allowance for a part-time contribution is set to be 150 GEL. If a citizen is engaged in public employment for 10 days instead of the predetermined 20, they will be awarded an allowance equivalent to 10 days work.

under the conditions of a small budget. Another factor that programs consider when determining wage levels is worker productivity. If a community service program has the ambition to deliver a specific project/service, it also considers quality. The result of excessively low wages is that the productivity of workers and the quality of work performed are low. The literature also identifies cases where setting a low fee may allow the state to increase program coverage, but this may involve too many people in the program for the number of projects available and, as a result, high absenteeism rates.

On the other hand, if the program imposes a wage higher than the minimum wage, it is more likely to affect long-term and high unemployment statistics. When a program itself imposes a new wage standard, it is likely that it is deliberately trying to influence wages on labor market, thus making the program a policy instrument to influence the market. In such cases, the program may de facto set a minimum wage below which no one would work, be it formal, informal or in various forms of precarious employment. In addition, in this

model, public employment programs are no longer a mechanism created for extreme needs, it already allows workers to choose between the program offered and other employment. When choosing such a program design, the main question is not "at what wage would the program attract only the extremely poor" and "at what wage would they agree to work", but "what is the reasonable amount at which a particular type of labor should be paid in a given economic context"; What is the income that should meet the basic needs of the worker and all this in a way that properly foresees what effect it will have on the labor supply as a whole.

Taking into account the general economic indicators and situation of Georgia (salary level, inflation, GDP per capita, economic growth rate, etc.), remuneration for public employments was set at a rather low level.

It is likely that in Georgia, priority was given to the large-scale coverage of the program, however, as explained above, this model is less focused on the quality of the work performed. **However, in Georgia, it does not seem that the state has taken into account the fact that in the conditions when public labor compensation is a supplement to the allowance of the socially vulnerable, the amount of the total benefit received by the beneficiary is likely to be higher than the actual minimum wage of certain sectors. This can make the worker's transition to the open labor market more difficult, i.e. make able-bodied people more dependent on social security programs, because in the open labor market people will find it difficult to find a job that pays more than this total income (living allowance plus public employment). Consequently, this may increase the demotivation of socially vulnerable beneficiaries to leave the system.**

Additionally, it was found that the program may attract families with several able-bodied members in it (some of whom are already employed). In such families, the public service program will become a source of additional income, while elsewhere, where there is a "deficit" of able-bodied members, it will not be possible to increase the income with the help of this program. We have already explained the problematic nature of distinguishing the "fit-to-work" category for the purposes of this program. Also, it was found that the program will lead to a high asymmetry between those with more employment opportunities and those without, which cannot be justified in any way. **It is welcome if the incomes of socially vulnerable people are increasing, but not when one of the main principles of social policy about fairness and redistribution remains neglected.**

Estimated duration of the program

Today, not only the duration of the program is unknown (the program has been designed for two years, it is renewed each year), but the public employment program in Georgia also does not specify what is the minimum number of days of work or the total duration of participation in the program, so that the conditions of the program are considered fulfilled, and the rating score of the families remains unchanged for a period of 4 years. Specifying clear and transparent terms and duration of the program is important for the formation of the decision about employment among the beneficiaries (The spectrum of public employment programs (PEPs), 2012). In addition, knowing the duration of the program is important so that the program budget does not appear as a limitless resource that can meet the demand of any volume. At this stage, the program operates in this manner: it will satisfy any number of workforce and for any duration if there is a demand for it. The Prime Minister himself speaks about the "unlimited" resource: "We may reach 100,000 this year, we have not set a limit. We will start with 50 and see how the process will develop".⁵⁴ In general, the idea of targeted selection of beneficiaries is to rationalise resources, and as it can be seen in the previous chapters, by distinguishing and classifying target groups among the able-bodied, socially vulnerable people, the state has not even set itself the task of rationalising resources for this program. Moreover, as mentioned in the previous chapters, the budget of the program did not exist at all in the state's 2022 budget plan, which is why it is also difficult to predict, on the one hand, what resources really existed in the budget of Georgia to meet the need for employment of all, and, on the other hand, to

⁵⁴ "Community work does not determine the receipt of an allowance for 4 years - Prime Minister", Netgazeti, February 14, 2022, Netgazeti. Last seen 11 April 2023: <https://netgazeti.ge/news/591285/>

what extent is the possible impact of presenting the budget as “unlimited resource” evaluated in terms of the program results.

It should also be said that in certain countries, public employment programs, due to the fact that their budgets are limited, include the principle of rotation. When the program is well paid, and the demand for it is high, the beneficiaries have a maximum number of days to work in the program, after which others take their place. In addition, the duration of participation in the program may be subject to rotation among family members. For example, a fixed number of working days per working-age member is set during the year (The spectrum of public employment programs (PEPs), 2012).

In determining the duration of the program (as well as in the case of determining the amount of monetary assistance administered within its framework), it is important to set specific goals and objectives of the program. If the goal is to gradually reduce the number of persons enrolled in the database of socially vulnerable persons, then there should be estimated dates when the system will verify whether the number of persons enrolled in this database has fallen below the desired mark. What is the ideal time frame in which the system will verify the effectiveness of its program design? On the other hand, if the program was planned for the construction of a specific state infrastructural project, such an indicator would be the completion of the construction and its deadlines would be clearly defined. If the program was created to affect the increased unemployment statistics in the post-pandemic reality, then an estimated period after the end of the pandemic, when the indicators will stabilise, should be established. Unlike the 2022 program, the 2023 program specified that the benefit of being exempt from the recalculation of ratings for a period of four years could only be used once, although it was otherwise unclear whether it would employ each beneficiary for four years or only temporarily.

Unfortunately, the program does not say anything about the estimated time of completion/graduation by the beneficiaries when employment in the open labour market will be a real possibility. In such a case, the indicator of the successful implementation of the program would be improved skills among its beneficiaries, open market employment statistics, formal and stable employment, etc.

Without all of these metrics, any discussion of program duration would be speculative. Perhaps the program serves the purpose of increasing income for families below the poverty line during the crisis period rather than responding to long-term goals in terms of economic activation of citizens or reduction of dependence on subsistence allowance. However, in order to measure the effects of the program, it is still important that the state is convinced of the effectiveness of social spending; To learn that the socioeconomic vulnerability of the recipients of this assistance is reduced, the crisis has passed and the program can be liquidated.

Conclusion:

From the present analysis, it can be seen that the public employment program not only does not select specific target groups from the total mass of socially disadvantaged people who are able to work, but on the contrary, by setting wages at the level that the program has set, it simply tries to have as much coverage as possible, thus, on the one hand, ignores the quality of the work performed, and on the other hand, aims to increase the income of the socially vulnerable, which, in turn, carries the risk of increasing dependence

on benefits. Given that the wage is a supplement to the social assistance already administered, the total amount can be so high that, instead of creating an incentive to work in the open market, it demotivates people to look for work in the open market and stop relying on the program.

Additionally, the program ignores the supreme principle of targeted social policy that social spending should be fairly distributed and the state's limited resources should be directed to groups with the highest social needs. The neglect of this main principle was demonstrated, firstly, by the problematic definition of the "able-bodied person" (which essentially misses job seekers who need state support to enter the labor market) and then by the inevitable preference of large families when using the program.

The following chapters show that the prime minister's ambition to include 50-100,000 citizens in the program in the first year was not met, however, as explained in the previous and present chapters, the fact that far fewer (29,322) people were included than the state had envisioned, does not mean that there were not many people in need of employment. Many have limited access to employment, many may not have been convinced of the stability of the program and found the income from the program insufficient or, due to the ambiguity of the terms, refrained from participating in the program for fear of losing social benefits. Consequently, salary and program duration are central issues in shaping employment motivation. Beneficiaries may be interested in extremely low wages if the program allows for long-term participation, but in this regard, the program does not set clear expectations for families. It will be difficult for families to understand how stable the job offer is, at what point the program will be considered complete, will be closed, and will require them to be employed in the open market.

4. How realistic is it to achieve the goal of gradual withdrawal from the social assistance system through this progra?

Let us go back to the 2016 World Bank report that notes that the idea of applying conditionality to able-bodied beneficiaries of social assistance with the aim to reduce their dependence on it, is risky until **developing a dynamic labour market and unemployment benefits in the country** (The Impact of Targeted Social Assistance on Georgian Labor Market, 2015). For now, the level of employment is decreasing on the labor market, creating new jobs on the open formal market is a slow process and unemployment is frequent due to unfavourable working conditions (low compensation, disregard of labour norms, etc.).

According to the 8-month data, out of 67 228 individuals interested in the program, 11 854 refused to participate⁵⁵. It may be assumed that in this very number of households, the program is successfully achieving its objective of the early reassessment of the TSA score (refusal of every option provided by the public employment program causes the reassessment of the TSA score). This amount of people make-up around 5% of the total number of able-bodied allowance beneficiaries (240 000), and their number is 2.7 times higher than of those who formalised their labour relations due to the impositions made by the program (4 492 socially vulnerable expressed the wish to formalize informal economic activity) and 2.2

⁵⁵ "8 months report of public employment" – October 31, 2022. Post TV, Employment Support Agency Facebook Page. Accessed April 12, 2023 <https://www.facebook.com/worknet.gov.ge/videos/681078159969532>

times less than those employed by the program (26 015). This is quite a significant number.⁵⁶ While it was never directly communicated, **the program will also achieve the objective of gradually reducing the number of socially vulnerable individuals through reassessments. However, as a result, socially vulnerable individuals will move to the open precarious labor market described above. Isn't it a risky decision?** The country does not have the conditions for switching from the unconditional targeted social assistance system to the conditional one. And still, the system that acted as a non-conditional cash transfer system for 16 years has just turned into conditional assistance. Likely, the public employment program will certainly yield some results with regard to the decreasing number of individuals registered in the socially vulnerable database. Yet at what cost?

As noted in the introduction, the number of beneficiaries of the living allowance program and the budget of this program have only been increasing for the past 6 years (in 2016 the total budget of the living allowance was 270 million, and 609 million in 2022)⁵⁷; however, what does the government offer to reduce the costs and the reliance of Georgian citizens on social allowances? What will be the actual cost of reducing the costs?

In general, the funding for the “Labor and Employment System Reform Programs” was only 6.9 million in 2021 and quickly increased with the introduction of the public employment program, reaching 48.9 million according to the 2022 budget. Meanwhile, the Employment Support Agency only ran three programs. Among those, the public employment program was the last to be launched and envisaged the highest costs. In 2022, 770 000 GEL was allocated for the subprograms to develop employment support services and 2 100 000 GEL for professional skills development for job seekers⁵⁸. Unfortunately, the 2022 budget execution report is not available⁵⁹. Therefore, it is unclear how much exactly the public employment program cost (since the decree did not specify the program budget, the total cost may only become available when the information on budget execution is publicised in Spring-Summer 2023). Yet, the data published by the LEPL Social Services Agency demonstrates that only in one month – December 2022 – the program cost 11 million⁶⁰. A 3-month report was published in 2023 showing that the program cost 12 million in January, 13 million in February and 13.6 million in March⁶¹. So far, the cost is only increasing.

What are the chances that the program reaches its stated objective in terms of employing able-bodied individuals outside the system? Are there enough jobs and compensation beyond the system? The program increases the income for the socially vulnerable, which requires the assessment on how justified it is to administer cash transfers while switching to a conditional targeted social assistance model. To what extent does this state expense complicate the task for the private employer to meet the demand of increased income in an open job market?

⁵⁶ The reason for selecting data of only 8 months is that, so far, there is no public information on the number of individuals that refused to get involved in the program and the number that chose the option of formalization during the year, which would enable the comparison of these numbers to the scale of employment through the program.

⁵⁷ Money transferred for subsistence allowance, statistics, LELP Social Service Agency. Last seen: 8 May 2023

⁵⁸ On the approval of the employment support program 2022, 17/02/2022, Legislative Herald of Georgia. Last seen 11 April 2023 <https://www.matsne.gov.ge/ka/document/view/5385740?publication=0>

⁵⁹ At the moment of the research the information about the actual expenses of the 2022 state budget was not summarized and publicly available.

⁶⁰ Money transferred for subsistence allowance, statistics, LELP Social Service Agency. Last seen: 8 May 2023

⁶¹ Ibid.

In general, when targeted social assistance becomes conditional, conditions for providing the assistance are determined by factors that are based on the principles of mutual responsibility and aim at increasing the beneficiary's responsibility in exchange for social assistance. In general, conditional cash transfers serve to decrease state expenditure and do not envisage additional cash transfers for fulfilling conditions. This was the condition added to our system in 2017 that required able-bodied, socially vulnerable individuals to register on an employment portal to confirm that they indeed were looking for the information on the announced vacancies. A similar condition is included in the 2022 program that offers professional skills development courses to able-bodied socially vulnerable individuals to reschedule rating score review in the short-term and get employed on an open market in the long-term perspective. Another international practice implies the requirement for the recipients of targeted social assistance to take children to school, get involved in vaccination programs, etc., to receive targeted social assistance.

On the other hand, public employment programs, taken separately, are implemented to increase the income level of families with high social-economic needs during long-term unemployment or crises while also using the same resources to create public good. In the case of Georgia, in addition to compromising the quality of the work done, the absenteeism is likely high in the program. It is also unclear which structural social-economic crises required launching this project. Since very little time was spent on creating the program (preparation of the required research, its design, relevant legislative acts), it would be right to assume that the program was created for urgent needs, such as a short-term intervention in response to a specific crisis. However, the program envisaged solving a lot more ambitious structural problems. Fulfilling these objectives may require a lot of time, necessitating monitoring and assessment. Any type of state program requires monitoring and assessment instruments, which entails the determination of relevant indicators and frequency of assessment, which up until now remains undetermined and untransparent⁶².

5. The analysis of the interviews with program beneficiaries

In September 2022 (six months after the execution of the program), employing the parliamentary oversight mechanism, one of the opposition parties – party “For Georgia”, called the Minister of Health, Zurab Azarashvili, for a hearing in the Parliament with the motive to hold the ministry accountable over the public employment Program. Before the Minister visited the Parliament, the Ministry shared the overall statistical data of the Program with the party For Georgia. The party members also shared several noteworthy facts about the Program with the media outlets. The party's most serious allegation about the program was high rates of absenteeism, some of the vacancies were fictitious, and those jobs did not serve the public good. In September 2022 MP Beka Liluashvili stated that according to the Ministry of Health data, 3 886 individuals were employed for the maintenance of cemeteries as a part of the public employment program

⁶² In November 2022, Social Justice Center requested public information from the Employment Support Agency on legal acts that would approve the sub-program monitoring methodology. However, the Social Justice Center did not receive the information.

and that there were already up to 1000 cemeteries maintained⁶³. This number is likely 12% of those employed under the program. In general, large areas of cemeteries are privately owned and are privately maintained. The online media Netgazeti reports:

“According to Liluashvili, Mestia municipality, which is the largest employer in this program, employs 221 maintenance workers at cemeteries – while there are a total of 156 populated areas in Mestia.”

“Even if there is one cemetery for each populated area – which is unlikely – I do not know what the remaining 70 custodians are maintaining”, – noted Beka Liluashvili .

According to him, prior to the launch of the program, Mestia Municipality’s cleaning service employed 500 individuals and an additional 966 through the program, when in total 9400 people are living in Mestia.”

Mestia Municipality certainly stands out by its high reliance on living allowance. If we look at the September 2022 Social Services Agency data in the Mestia region, 75% of the population receives subsistence allowance⁶⁴. Therefore, it is indeed likely that the public employment program had this many beneficiaries. Unfortunately, six month and one-year reports on the program execution are still unavailable for the public. Moreover, the information is unlawfully hidden by the Ministry of Health despite numerous attempts by the Social Justice Center to request public information.

With the quantitative statistical data not being shared, interviews with six program employees highlighted several interesting findings. They have been employed by the program for 4, 5, 7 and 12 months. Two of them work in the library as assistants; the rest are responsible for cleaning public areas. All of them are women. Some of them work in villages, while others work in the cities. Several respondents were randomly selected, and the information they shared on personal experiences is non-scientific yet represents the only anecdotal evidence of the program’s impacts. Selecting the non-scientific research method is also explained by the fact that using a qualitative method was deemed unsuitable for assessing the national-level intervention of this scale. Besides, a qualitative interview necessitates the consideration of the diversity of qualitative research categories when selecting respondents. Without quantitative data, it was impossible to identify the right categories of the beneficiaries.

The results of the analysis:

As it was noted in previous chapters, the Prime Minister had an ambitious plan to employ 50-100 000 individuals during the first year of the public employment program. However, according to them, only 30 000 citizens were employed in the program in its first year - some of them got involved initially, while the others joined several months after administering the program. Previous chapters described the flaws in the

⁶³ There are 3886 individuals employed for the cemetery maintenance positions, since March 1000 cemeteries were maintained - MP, Netgazeti, September 23, 2022. Accessed: May 8, 2023. <https://netgazeti.ge/news/631897/>

⁶⁴ Ibid.

design of the program, however, the Employment Support Agency's efforts are more interesting. They were proactively and intensely trying to attract citizens to the program.

One of the respondents recalls how she received the information on the program. It does not look like the program objectives were accurately communicated to the beneficiaries, creating doubts that state entities were aggressively trying to attract and allure beneficiaries. It may be assessed as pressuring citizens and creating exaggerated or futile expectations to get beneficiaries to agree to get involved in the program:

"This vacancy is close to your home, and you got to get employed there, they said, and we did not refuse. They said that if we go to the city, we would have transportation expenses and we would not be left with anything. They said it... and in general, they themselves try to find jobs closer to home."

Respondents' story shows the program administrators' categorical nature and attempts to limit somewhat their right to choose to get employed on the open market. The priority of finding a job closer to home is understandable for mothers. However, proximity to home was somewhat used as bait in the program, which will be discussed later when the beneficiaries' choices will be further analysed.

Interviews demonstrate that there is a high level of satisfaction with the program as the families' income has significantly increased. "This program was useful for everyone, it gave them a chance to catch a breath"; "I thought I was in a dream..." - note respondents. Increasing income in some families enabled them to surpass basic needs. Two quotes below belong to two different respondents:

"My child fell behind in English, he/she could not learn, it was difficult without additional tutoring, and I use the social assistance I receive for the child for him/her".

"My child goes to the music school for dance classes and also takes piano classes."

The most noteworthy conclusion that may be drawn from the information shared during the interviews is that introducing 300 GEL compensation for public employment, it offered better compensation than other employers offer on the open market and gave a choice to socially vulnerable able-bodied citizens to get employed on an open job market or deny opportunities there. According to one respondent, her husband was receiving a 250 GEL salary per month, and the family chose to get involved in the program for a 300 GEL compensation. Another villager reported that the sewing factory in the nearest city was offering the villagers funding for sewing courses, employment and transportation with twice as much salary as the program was offering, but she still chose the public employment program. The information in the quote below shows that one of the private enterprises is proactively trying to create jobs but cannot find the workforce, which may be because the public employment program has "hijacked" the potential workforce.

"There is a factory in the city, in Samtredia. If you want to get a job, salary is 600-700 GEL, but I have to be there from morning till evening, while here I sometimes go to my garden in front of my house, quickly look after kids, eat something and leave. There [I have to pay for] everything, food, transportation and I am left with this salary that I have now. So we stay here at this place, do not leave, but there are higher paying jobs. They tell us they will give courses and help with everything,

they promise they will teach us sewing, provide minibus, they also offered that, if there are enough people. But so far, there are not enough interested people.”

As described in previous chapters, when public employment program is planned to be an active policy for the labor market and when its objective is only the stimulation of the workforce, one of the primary principles that the state needs to take into account for administering the program and determining relevant compensation, is that the program must not impact market interactions, it must have a neutral role in these regards. If the compensation margin set by the program makes it a competitive employer among the open market actors, then the state also needs to calculate the effect it has over market relations.

One of the other respondents note that before the start of the program, their socially vulnerable family had the monetary income through employment, however, the compensation provided by the program turned out to be a better option:

“We pay the utility bills, internet, buy food, we were able to do this before as well when we were employed, but now we do not think of finding a job elsewhere, we work in the garden and this also helps us.”

It is unclear if the beneficiary’s employment was informal, part-time, unstable or formal, full-time and stable. Yet, the fact is that the members of this socially vulnerable family have not been economically inactive and are not the type of beneficiaries that the program aimed to identify. On the other hand, employment in the public employment program gives the involved individuals enough free time for agricultural work - which likely comes at the expense of missing public employment.

One of the respondents, who is also a mother of two, prefers to work at a geographically affordable and close location rather than get a relatively high-paying private sector job far from home: “Dishwashers and cleaning personnel in the restaurants work from morning till evening and their salary is 200 GEL higher, the most. Here we are closer to our families and are a lot more satisfied that we are close to homes,” - This example also demonstrates that the program takes the workforce away from the private employers on the one hand, however, supports women parents that need to care for the family members in addition to their jobs. The same respondent denies that she works part-time in the program; asserts that she works full time and receives compensation for the full-time work, but also notes that working closer to home enables her to interact with family members to take care of them while at work.

Another potential flaw of the program is that cleaning/maintaining certain areas (moreover, areas closer to homes) is classified as a public good. According to international practice, public employment is a lot more ambitious, even when it comes to cleaning/maintenance work - (tidying up and cleaning), if it is listed as a part of the public employment. And this is the case only when it comes to liquidation works after natural disasters or large-scale emergencies. For instance, the work includes cleaning up the areas after earthquakes or destruction by wars, cleaning public communication networks after natural disasters, etc. In Georgia, vacancies advertised for cleaning jobs under the program are the responsibility of state cleaning services – it is their daily tasks on the one hand; and on the other hand, it might not be adequate for the government to direct additional effort on cleaning, when there is a need for more significant public employment. Additionally, one of the respondents also notes that she was already cleaning up the area near her home without any compensation before the start of the program:

“They are paying us, and we also do work. People are satisfied. If you walk in the village, you will like it there; everything is clean. We were already doing that, but now they pay us so that we do it better.”

Overall, contrary to the principles directed by the international community, jobs created by the program have a somewhat negative effect on market relations and do not meet the main objective of creating public good.

Another problematic issue is the artificial and undesirable social-economic asymmetry among families. This problem also confirms the flaw in the program design that was discussed in the previous section. For instance, one of the beneficiaries note that there are differences in the program outcomes between large families (that have more than one able-bodied family member) and small families: “when both of us are employed, it [the income] is sufficient, and when there is only one employed in the family, I feel bad about them.” - says one of the respondents. So far, neither the local government (employer) nor the agency has the right to limit the number of individuals involved in the program from one family. The program must employ any number of individuals from a family, if they meet program requirements.

It is important to note cases when municipalities erroneously execute the program and misrepresent the conditions stated by the program. Unfortunately, local government representatives implementing the program, wrongly defined the program and limited the respondent from involving more than two members of the family in the program, even though the third member also expressed the desire to be part of the program:

“At that point my mother-in-law was not living in our house. Due to family issues she was away. I told my employer that she got back and asked to involve her in the program. I was told that there were already two of us employed from the family and adding the third one may have created problems. We were told that with increasing income we would lose the child support, that 150 GEL. Therefore, only two of us are employed and we are not dissatisfied.”

As noted in previous chapters, other countries’ experience also includes rotation principle, according to which members from one family get involved in the program on rotation bases, since everyone needs to be active economically and improving skills is equally important for the state. The program administered in Georgia does not have similar design, however, as the experience demonstrates, it would be desirable.

As for the motivation of the workforce: as discussed in previous chapters, one of the primary objectives of the program is to actively engage the able-bodied workforce so that socially vulnerable individuals are able to get jobs on the open market after being employed in the program and reduce reliance on state allowance - hence, gradually leave the social assistance system. Regardless, respondents of the research have different desires and expectations on the duration of the program and later on the employment opportunities. As the interviews demonstrate, representatives of relevant entities have not provided appropriate oversight and support to the beneficiaries to ensure that the plan for individual strengthening or their transition to open market has appropriate duration and is also successful.

When the respondents were asked about the duration of the program, at first they responded that they had guaranteed employment for four years. In response to the follow-up questions, they clarified that contracts are signed only for one year; however, the majority had the expectation that the contracts would

certainly be extended after one year - a desire that every respondent expressed. One of the beneficiaries recalls the case when the implementer of the program had false information on the duration of the program and signed a 4 year contract with her.

“When we first went there, we signed a four year contract. Then we were called back after one month and signed a one year contract, as a guarantee, as they said. We signed three copies. We were told one of them would be sent to Tbilisi and another one would be given to us, but we have not received it.”

It is clear that since the decree on the public employment program was completely renewed after one year, it is likely that the program vacancies are created only for one year and the work positions are only renewed in the beginning of the year. However, it is unclear why the Agency does not provide complete and transparent information to the beneficiaries, when this is one of the primary and the most important issues for motivating beneficiaries to get employed independently. The fact that the program duration is one year is also confirmed by one of the respondents. Since the person started work six months after the start of the year, the contract was signed not for 12 months, but for the remaining 6 months: “I’ve been employed in the program since June. I was told it is a 6 month program, but new contracts are signed at the end of December of every year. But I also know that this is a four year program.”

One of the responses that stood out proved that in the view of beneficiaries, no one has trustworthy information on the actual duration of the program: “We are told that no one knows the duration of the program and I do not know, we are working. We do not know if it is going to be for 4 years, 10, or they will tell us to leave soon.”

As noted in previous chapters, it is important that the beneficiary knows the exact duration of the program, so that the source of additional income provided by the program is not abruptly terminated and has predetermined period, when there is an expectation that the person finds job on an open market and also has appropriate support from the Employment Support Agency to indeed find similar vacancy. One of the respondents categorically refused leaving the program in 4 years, underlined the high social-economic need of the family and completely excluded the possibility of motivation to find a job on an open market, as if the employer in the program also expected similar loyalty:

“It will be one year on April 7, 2023, I have 4 years booked and do not plan to go anywhere so far, because I live with my parents, I am a single mom and want the program to continue.”

Some of the responses demonstrated a complete lack of trust towards the program and the fear and doubt that it may be terminated earlier than promised:

“I am hopeful for that one-year contract, but we still fear, we do not believe that it is happening to us. That we have this kind of stable work, but we still have trust in the contract and are hopeful.” - notes one of the respondents.

“The program may end even today, but we hope that they will not forsake people like that and will not take away the source and the income floor. A lot of people are satisfied, and it is also good for the government, people do not steal, do not rob. I do not think the program is for four years. I hope God will not forsake us, and neither will the government.” - says one of the respondents.

It is interesting to observe the expectations and interests of the beneficiaries involved in the program towards professional retraining, gaining new skills and opportunities for future employment. Asked if they are able to increase their professional skills and, therefore opportunities for future employment, one of the respondents notes that nothing like this is happening.

"I have worked in many places, I've worked as an assistant in a restaurant, as a baker, I don't know. What kind of skills can I gain here, in terms of planting the greenery, I already know how to plant and garden; as for cleaning and tidying up, I think every woman knows this. If I went to the city and worked in that sewing factory, I would now know how to sew and it would be good for me, but how can I increase my skills by cleaning, I already knew that. But I am satisfied with the work, I do not refuse this opportunity."

The end of the quote again demonstrates the beneficiary's wish to state the loyalty towards the program. It is noteworthy that similar rhetoric from the respondents was more intensive in the beginning of the interviews, when they deemed it necessary to express their gratitude not only towards the program, but also towards the government while speaking with the researcher: "We are very grateful for this government, I was unemployed, now I have a job and I am very grateful for the government for that." Another respondent noted: "Our country is really moving forward, I do not know, we are really satisfied [with the employment in the program]"; "People are really able to breathe freely and people really need to be satisfied with what is going on."

It may be concluded that the administrative-technical effort of creating jobs (involving municipal administrations in this process; allocating additional budget, etc.) is not accompanied by the effort to conduct individual and social work with citizens so that the citizens receive clear and neutral information on the conditions, goals and objectives of the program. This is important for individual strengthening of beneficiaries to ensure that program implementer does not abuse the power and program expenses are not wasted.

VII. Conclusion and Recommendations:

Program design has fundamental flaws that will cause problems in achieving the main goal of it, which is a gradual reduction in the number of TSA beneficiaries. Program design involves huge risk that it won't be able to properly motivate individuals relying on social assistance to find jobs on an open market: 1. Program leaves uncertainty what is the minimum duration for being involved in the program, so that the TSA scores remains unchanged for 4-years. Which means that it is uncertain at what stage the beneficiary must start looking for a job on the open job market - now or after 4 years. 2. The program leaves uncertainty among certain target groups (for instance formally self-employed or hired employee) on what amount of income is the guarantee for preferential treatment by the system and what is the amount above which the income leads to "sanctions" (similar to the practice before, when the impact of formal income on the TSA rating score was unclear).

The program ignores the need and procedures for separating out target groups so much so that it will certainly have abundant inclusion errors. Moreover, the program is not directed towards the families with the most need of employment (where the employment readiness is high, but so are barriers) and it will certainly have winners and losers. For instance, it will lead to new asymmetries in favor of those that live in large families versus the smaller families.

Interviews with the program beneficiaries demonstrated that the program has major flaws in the implementation aspect. For instance, incorrect communication causes abundant and false expectations among beneficiaries on how long the program will last and what are the expected outcomes from participation. Additionally, the amount of compensation established for the program is likely impacting the open job market and the design of the program may require the revision of the compensation in the near future. Besides, the program does not have ambitious plans to create significant public good with public employment. In some cases, it even implies maintaining private areas (for instance, maintaining cemeteries is a private/individual responsibility), which fundamentally opposes the concept. Moreover, the program requires more attention to ensure that the system does not limit the involvement of several members of one family simultaneously (before any limitations are introduced in these regards) and simultaneously to ensure that it does not benefit only large families. Lastly, for the beneficiaries to find jobs on an open market, the program must ensure they attain the required skills, which is missing today. Especially, when we see the cases of women beneficiaries involved in cleaning services, which does not help to overcome the dual vulnerability among women and implies stereotypical roles even in paid jobs.

Recommendations based on the given research:

Recommendations for increasing transparency and availability of public information:

- Employment Support Agency must publicize complete information on the results of the program, to include statistical information organized as a result of profiling the beneficiaries (concealing personal information); it should also include information on the employment places/organizations, their duration and locations, everything that is already signed through the contracts.
- Employment Support Agency must publicize legal acts pertaining to the public employment program, that should have been approved in the first year of program implementation by the decrees of the Government of Georgia and the Ministry of IDPs from Occupied Regions, Labor, Health and Social Affairs: 1. Subprogram monitoring methodology; 2. Additional administrative rules for subprograms; 3. Labor inspection involvement procedures in subprograms; 4. Standard conditions for social contracts; 5. Types and lists of public employment; 6. Work hour report form copies, if there are any.
- The Employment Support Agency must publicize quarterly reports prepared by the Employment Support Agency on public employment programs for the Ministry of IDPs from Occupied Regions, Labor, Health and Social Affairs.

Recommendations for improving the design of the program:

- If the public employment program is sustained and extended, the program must focus on creating public good - particularly building and improving new infrastructure. Put an end and eliminate the

practice of doing public employment on private estate and make the public employment registry (so-called electronic portal), that should have been created on the base of Employment Support Agency public.

- Program target groups must be specified/narrowed down, by taking into account: a. a category that requires additional income to cover basic needs in addition to subsistence allowance. b. small families that do not have potential workforce representatives and are socially and economically vulnerable. c. category of long-term unemployed individuals and those barriers that require state support among these groups.
- It needs to be clearly defined if the program ensures the protection of labor rights in accordance with the Labor Code of Georgia and the principles of “Decent Work”. Beneficiaries’ leverages and mechanisms need to be clearly defined for the protection of their labor rights in this program. While the procedures of labor inspection involvement are not yet known, establish appropriate guarantees that labor rights will not be violated in the program.

Recommendations on researching program outcomes:

- The research must be conducted on the impact of program compensation on the social welfare of the program beneficiaries on the one hand and on the open employment market on the other hand (impact on the average or minimum salary, supply of labor force, etc.);
- Analyze program effect on improving the skills among beneficiaries that are necessary for the employment on the open job market;
- Analyze the impact of the program in terms of increasing motivation among TSA beneficiaries that agreed to get involved in the program and those that refused to do so;
- What was the impact of the program on self-employed and standard/hired employees in terms of labor formalization during the first year, and on self-employed individuals at the following stages of the program, when the program no longer concerns hired informal workers and sets the ceiling for the income (equaling to the income for self-employed) for socially vulnerable individuals.
- Analyze social-economic and demographic data of the program beneficiaries to determine the proportion of long-term unemployed individuals (vs short-term unemployed ones), large families (vs small families), informally employed (vs formally employed in the past), part-time employees, women, persons with disabilities, youth, etc. that take part in this program.

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