TARGETED SOCIAL ASSISTANCE IN GEORGIA

SOCIAL IMPACT OF THE PROGRAM AND POTENTIAL OF POVERTY ALLEVIATION

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Targeted Social Assistance in Georgia

Social Impact of the Program and Potential of Poverty Alleviation

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Summary of the Main Findings

The purpose of this study was to critically analyze the methodology of the Targeted Social Assistance (TSA) program and evaluate the potential of the program to overcome poverty in the country. During the research, it was revealed that the TSA program is characterized by so-called inclusion and exclusion errors. Inclusion errors occur when a household that does not have an objective need receives assistance, while exclusion errors occur when a household with an objective need cannot receive assistance. Exclusion errors are particularly pressing because they conflict with the program's goal of helping the most economically vulnerable populations. To reduce exclusion errors, the methodology has been changed many times since the program was launched. However, despite these changes, there are still issues that the welfare assessment formula does not take into account (e.g., utility costs, land ownership issues, etc.).

In addition, it should be noted that a significant part of households below the poverty line did not request social assistance at all during the past years, which is due to their lack of trust in the program. As a result of all the above, it is clear that the potential of the program to cover the poorest population is limited.

The research also determined that, although the TSA provides important support for recipient families, it is insufficient to overcome poverty. On the contrary, social agents and experts participating in the research unanimously point out that recipients' dependence on the TSA is high. This dependency is largely due to the poor labor market. Given the dominance of low-paying and unstable jobs in the labor market, many benefit recipients opt for guaranteed social assistance over formal employment.

The paper concludes that there are two ways out of the current situation. The first approach involves maintaining the status quo, which entails continuing the constant revision of the formula to reduce exclusion errors. However, given that "the formula can never be perfect", it is advisable to consider alternative policy developments. Specifically, the use of affluence testing instead of means testing to assess the economic status of the population is a method successfully employed in a number of developed and less developed economies.

Introduction

According to assessments by international partners, compared to similar programs in Europe and Central Asia, Georgia's Targeted Social Assistance program is one of the best in terms of covering the poorest citizens.[1] Despite this, there is a debate within the local community about the program's methodological flaws and, more generally, its effectiveness.

After the old-age pension, the TSA program is the largest social protection program in terms of both expenditure and population coverage. As of November 2023, 375 286 families (1 206 980 individuals) are registered in the program's database, representing 35.2% of all families in the country and 32.4% of the population.[2] As will be stated later in the report, the number of people registered in the program, as well as the number of aid recipients, is increasing year by year. Therefore, it is not surprising that there is widespread public interest in this program.

The purpose of this study was to analyze the shortcomings in the methodology of the program and, more generally, to assess the program's potential to end poverty in the country. The research was carried out using document analysis, in-depth expert interviews, and focus group methods. During the research process, statistical data published on the website of the Social Service Agency, as well as additional data that were requested, were also analyzed.

The report is structured as follows: Chapters one and two provide the main features of the program design and an overview of the household assessment methodology. The third chapter discusses the phenomenon of dependence on social assistance and the possibilities of lifting recipients out of poverty. The final (fourth) chapter presents a discussion on alternative mechanisms of social assistance, concluding with a brief summary.

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1 Baum, et.al., Continuous Improvement: Strengthening Georgia's Targeted Social Assistance Program, 2016.

2 Statistical information of the Social Service Agency, https://cutt.ly/swDQRp2N.

1. A Brief Overview of the Targeted Social Assistance Program

The Targeted Social Assistance program was launched in Georgia in 2006 and until now it is the main tool of the government to assist poor households. The program uses the Proxy Means Testing – PMT to assess the socio-economic status of households. The formula used in the PMT assesses various factors that determine well-being, such as – quality/condition of housing, number of family members and their employment status, as well as health status of members, ownership of real estate, expenditure on utility bills, and so on.[3] Based on these indicators, special software calculates the household welfare score (see Box 1).

Box 1: Calculation methodology of welfare score

The household welfare index (so-called *welfare score*) is the ratio of consumption and needs indices.

The consumption index is based on the monthly consumption of the household as an indicator of the level of well-being. In turn, it uses such predictors as socio-demographic characteristics, type of settlement (city/rural), ownership of real estate, declared income, etc.

As for the needs index, it calculates the needs of household members according to their age, gender, physical condition, and social status. If the score obtained by the ratio of these two indexes does not exceed 65 000, then the family, which consists of persons living above 16 years of age, is assigned monetary assistance (allowance).

Source: Baum et.al. 2016

The amount of cash assistance is differentiated according to the welfare score. Its maximum amount per person per month is 60 GEL, and the minimum – 30 GEL per month (see Table 1), which is significantly lower than the subsistence minimum (252.3 GEL per month). In addition, in May 2015, by the decision of the government[4], the child

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3 UNICEF, Georgia Social Protection System Readiness Assessment, 2020.

4 Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, July 1, 2023, Socially vulnerable children will receive 200 GEL as monthly assistance. https://cutt.ly/4wDQTCXS.

benefit was introduced. In particular, all households whose score is less than 120 000 receive an additional 200 GEL per month for each child (person under 16).

Table 1: Financial aid according to the received points

Welfare score	Benefit amount per household member	Child benefit
< 30 001	60 GEL	200
30 000 – 57 000	50 GEL	200
57 000 – 60 000	40 GEL	200
60 000 – 65 000	30 GEL	200
65 000 – 120 000	0	200
> 120 000	0	0

Source: Econometria Consultores, 2020

Link to other social services/benefits

In addition to the allowance, families receiving assistance also have access to a number of non-monetary benefits. In particular, they benefit from a relatively better package of universal health insurance than the rest of the population. Local authorities offer them additional cash and direct support (e.g. free meals, a certain list of medicines, grants for students, firewood, subsidized utility bills) and services (services for people with disabilities, activities outside school for children, public transport subsidizing the cost). The type of municipal benefits/services the family has is determined by the welfare score. Respectively, the municipal benefits system is closely linked with the welfare score.[5] According to the research by the Social Justice Center, the budgets of 62 out of 64 municipalities exclusively or partially take into consideration the number of points for providing monetary or non-monetary assistance to socially vulnerable families. The amount of points required to receive assistance is not uniform and depends on the choice of the municipality.[6]

To be included in the TSA system, an applicant must have a personal identification document (or passport) and a residential address. 5 steps are required to register and join the system:

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5 UNICEF, Georgia Social Protection System Readiness Assessment, 2020

6 Social Justice Center, Mariam Janiashvili, "The Role of Targeted Social Assistance in the Social Protection System and Its Connection with Other Social Support Services", p. 50, 2023.

- At first, an applicant submits a formal application to the local office of the Social Service Agency.
- The Social Service Agency is obliged to send a social agent to the household to carry out an assessment within one month of receiving the application.
- In the third stage, the data obtained by the social agent is loaded into the respective program, which automatically cross-checks the data with other systems connected to it (eg, tax register, public register, etc.).
- In the fourth step, the program calculates the household welfare score, which determines how much assistance the family can receive.
- At the last, fifth stage, the social agent returns to the household and signs a contract between the beneficiary and the Social Service Agency.

Appeals and feedback

If the social agent doubts the accuracy of the information provided by a family, the Social Service Agency can schedule a repeated visit with the applicant. It should be noted that if the welfare score exceeds the legal threshold, then the Social Service Agency does not make an additional visit to the family to inform them of the results of the assessment. The applicant must either ask the Agency or assume that the application has failed to meet the conditions. Which has a negative effect on the applicants' trust in the system.[7]

If the family appeals the assessment they received, the Social Service Agency is obligated to send a social agent within two weeks for a reassessment. During this reassessment, the social agent verifies the information already collected. If the applicant can demonstrate that some data has been entered incorrectly, then the social agent re-evaluates and, accordingly, the score is re-generated. If this time the score is below the set limit, then the family will be able to receive the allowance. Households that have doubts about the adequacy of a received score can apply for a re-evaluation only after a year, except in cases when there is a change in the composition and socio-economic status of the family members.[8]

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7 UNICEF, Georgia Social Protection System Readiness Assessment, 2020.

8 Ibid.

2. Inclusion and Exclusion Errors in the Program

Like all needs-based systems, targeted social assistance programs are subject to inclusion and exclusion errors. The first of these reflects a situation when a household that does not have an objective need for assistance receives assistance, and the second indicates a situation when a household with an objective need cannot receive assistance.

The issue has been a topic of intense discussion in Georgia since the inception of the program. Consequently, the scoring methodology has undergone multiple changes and refinements. The current methodology was approved in December 2014 and has been implemented since January 2015 (see Appendix 1). After the implementation, 11 content-related and technical changes were made in the methodology. Among these changes, the changes in equivalence ratios are particularly noteworthy. In order to determine the household index with the existing methodology, it is necessary to determine the total number of equivalent adult members in the household. A healthy man aged 30 to 39 is considered an equivalent adult.[9] For each member of the household, depending on the person's gender, age, physical, and social condition, an equivalence coefficient is determined – that is, a number that expresses the level of need of a specific family member in relation to a standard adult.[10] So, for example, the equivalence factor for a man aged from 30 to 39 is 1 because he represents a reference adult. A ratio greater than 1 indicates that the person has more needs than the reference adult, and less than 1 means that the person has fewer needs than the reference adult. For example, the coefficient of a woman aged 30 to 39 is defined as 0.93 – that is, it is considered that the needs of a healthy woman of the same age are comparatively less. The ratio is higher than 1 in the case of other vulnerable groups such as children (the ratio is even higher for orphans and children with disabilities), pregnant, nursing and single mothers, single pensioners, persons with disabilities, and people who require permanent treatment for a life-threatening illness (See Appendix 1).[11]

Vulnerable groups indicated in the equivalence table, according to the original methodology, included the category of internally displaced persons, however, during the subsequent revision process, this category was removed from the table, based on the opinion that displacement itself did not represent vulnerability, and a displaced person/family should be evaluated in the same way as a non-displaced family, according to the

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9 Decree No. 758 of the Government of Georgia dated December 31, 2014 "On approval of the methodology for assessing the socio-economic status of socially vulnerable families (households)", 2014.

10 Ibid.

11 Ibid.

existing methodology.[12] Also, this table does not include the category of persons with moderate disabilities, because, according to the representative of the Social Service Agency, this group was not considered to need prioritization for the given program, due to the lightness of the barriers they face.[13]

According to Decree N 758 of 2014 of the Government of Georgia[14], changes were made in the equivalence table, in particular, the coefficient for the category of single pensioners was reduced. As noted in the evaluation conducted by UNICEF and the World Bank, one of the main goals of the revision of the methodology in 2014 was to redistribute the aid from "non-child" families to the families with children.

This is what led to the decision to reduce the ratio for the category of single pensioners, because before the reform they were the dominant group among the recipients of assistance. The methodology change in 2014 resulted in the inclusion of more families with children who became newly eligible for the program, while single, non-working pensioners experienced increased exclusion (became newly ineligible). According to experts, this result was not unexpected. However, considering that the group of pensioners remaining outside the system was quite large, the government developed the so-called compensatory measures, when the coefficients were once again revised to incorporate a certain group of single pensioners into the system.[15]

It is also worth noting that with the change in the methodology implemented in December 2014, household appliances were removed from the indicators for assessing the state of the household, and more weight was given to utility expenses to counterbalance this.[16] This change was prompted by the observation that the issue of equipment possession/non-possession allowed for an artificial influence on the score. For example, an applicant could hide certain techniques during the assessment, as well as outdated/non-functioning techniques would unfairly push the score higher.

The introduction of these changes gradually improved the rate of coverage for the poorest families within the framework of the program. According to the United Nations Children's

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12 Interview, Kakachia.

13 Interview, Gvaramadze.

14 Decree No. 758 of the Government of Georgia dated December 31, 2014 "On approval of the methodology for assessing the socio-economic status of socially vulnerable families (households)", 2014.

15 Interview, Kakachia.

16 Decree No. 380 of July 30, 2015, of the Government of Georgia "On Approving the Methodology for Assessing the Socio-Economic Status of Socially Vulnerable Families (Households)"; Amendments to Resolution No. 758 of December 31, 2014, of the Government of Georgia.

Fund, in 2019, 48% of families in the poorest quintile[17] and 71% of families in the lowest income decile[18] received assistance.[19] It is interesting that during the last period, the share of both registration in the system and the share of aid recipients in the total population has been steadily increasing (see Table 2). Against this background, it is unsurprising that the proportion of the population below the absolute poverty line is decreasing. While further research is necessary to establish a definitive cause-and-effect relationship between these variables, the data presented suggest that cash transfers exert a stabilizing effect on poverty.

Table 2: Targeted Social Assistance and Poverty Statistics in Georgia

	The number of the beneficiaries registered in the targeted social assistance database	Share of registered beneficiaries in relation to the total population (%)	Number of beneficiaries receiving assistance	Share of aid recipients in relation to the total population	Share of the population living below the absolute poverty line
2018	946 297	25.4%	435 450	11.7%	20.1%
2019	951 566	25.5%	442 112	11.9%	19.5%
2020	922 573	24.7%	431 902	11.6%	21.3%
2021	1 020 375	27.4%	532 242	14.3%	17.5%
2022	1 097 489	29.4%	648 176	17.4%	15.6%

Source: Statistics on Targeted Social Assistance are from the website of the Social Services Agency: www.ssa.moh.gov.ge; Statistics on the poverty line are from the website of the National Statistics Service: www.geostat.ge

2.1. Why Is Full Coverage of the Poor Population Unachievable?

According to a recent study by UNICEF,[20] the demand for social assistance in Georgia is notably high. According to 2017 data, 15.2% of households in Georgia requested social assistance (both TSA and other types). About half of them (8.6%) applied directly for the TSA program, while the rest applied to other organizations or applied for both.[21]

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17 Quintile – If we divide the population into 5 income groups, each group, taken separately, represents a quintile.

18 Decile – If we divide the population into 10 income groups, each group, taken separately, represents a decile.

19 UNICEF, A Detailed Analysis of Targeted Social Assistance and Child Poverty, 2019.

20 Ibid.

21 Ibid.

The satisfaction rates for submitted applications differ significantly between the TSA and other types of assistance. Only one out of every six applicants for the TSA was fully satisfied with the outcome, and one out of every twelve applicants felt that their request was partially met.[22]

This likely explains why, in 2017, 33% of households below the general poverty line (defined as having a consumption per adult equivalent of less than 165 GEL) did not request targeted social assistance.[23] The primary reason families refrain from applying is the lack of hope in being granted a request, or having been previously denied such a request (69%). Additionally, 12% stated that difficulties in applying arose from issues such as disorganized documentation, lack of knowledge about the application process, or language barriers. Another 12% provided various reasons or found it challenging to respond. It is noteworthy that only 8% indicated that they did not require assistance or found receiving it humiliating.[24]

According to the same study, when comparing the socio-demographic parameters of those who did not request assistance despite their poverty with those who received assistance, it was found that the former category was more likely to include impoverished individuals residing in rural areas, particularly in Kakheti, Kvemo Kartli, and Samtskhe-Javakheti. Additionally, this group is more likely to comprise internally displaced persons, households with retired members, ethnic Armenians or Azerbaijanis, and households with employed members. Interestingly, experts and social agents involved in the study did not believe that internally displaced persons (IDPs) and ethnic minorities are less covered by the program. However, it is unfortunate that there are no additional studies or data available to corroborate this assertion.

Furthermore, individuals without a residential address[25] (roofless individuals) were excluded from the system for an extended period. Subsequently, the methodology was adjusted to allow the address column to indicate a specific location where a person takes shelter or sleeps regularly (e.g., an entrance to an apartment building). However, homeless individuals who do not have such a specific location are still excluded from the program. At this stage, unfortunately, there are no statistics available on homeless people in Georgia, which limits our ability to assess the scale of the problem.

A second significant reason why poor households are not fully covered arises from the

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22 Ibid.

23 Ibid.

24 Ibid.

25 It is necessary to provide a residential address when filling out the declaration.

design of the program itself. It is logical to assume that a household with a well-being score at the established threshold (e.g., 65 000 points) and a household with a score slightly exceeding the threshold (e.g., 66 000 points) are not in significantly different socio-economic situations. However, according to the current design, the first family will be considered eligible for receiving a monetary allowance, while the second family will not. This issue is inherent in all point-based systems, leading to the adoption of grading, where lower scores receive more assistance. However, this approach does not entirely resolve the problem, as there will always be a threshold beyond which a family does not qualify as in need of assistance.

Hence, it is unsurprising that, according to the assessment conducted in 2020[26], it was determined that score manipulation occurs precisely at the border of the two thresholds (65 000 and 100 000 points). These thresholds are particularly significant because, with a score exceeding 65 000 points, the family would cease to receive financial assistance, while exceeding 100 000 points would result in the loss of child support.[27] The assessment reveals that families with a score exceeding 65 000 on the initial assessment are more inclined to request a reassessment in anticipation of a lower score. Often, after repeated assessments, they indeed receive a relatively lower score, a phenomenon termed "manipulation" in the study. The interviews conducted as part of this study provide insight into how applicants artificially influence the score in practice. For example, one of the social agents observed that it was common practice for households to limit the use of heating devices during winter to avoid recording high consumption and subsequently high utility bills, which would increase the score.

Another common practice of artificially influencing the score is to conceal the presence of able-bodied and working-age men in the family. Social agents observe that it is common for applicants to "disappear" men from their family members:

> *"Many individuals have resorted to official divorce proceedings and presenting such documents, or they choose not to officially register their marriage. However, it is important to note that our evaluation focuses not on formal status, but rather on who actually resides within the family, which becomes apparent during our visits."*
>
> *Focus group participant, coordinator of social agents*

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26 Econometria Consultores, Impact Evaluation of Targeted Social Assistance in Georgia, 2020.

27 This analysis was conducted prior to the adoption of the new resolution, which involved raising the score threshold to 120 000 points.

The social agents participating in the study also acknowledge that "the formula will never be perfect," and there will always be a risk that some individuals will undeservedly receive assistance while others in need will fail to receive it. They particularly emphasized the issue of utility bills, which significantly impact the score. As previously mentioned, the 2014 revision removed the technical equipment column from the declaration, shifting the emphasis to utility expenses instead:

> *"If the utility cost is low, they receive fewer points. We write in the declaration how much money was paid, not what was consumed, which actually reflects what kind of equipment the family has. In winter, the municipality provides 106 GEL for electricity (subsidy). That family did not pay less because they consumed less, but because part of it was covered by the state, and we do not consider the state money. This results in an automatically lower score being calculated."*

> *Focus group participant, coordinator of social agents*

Accordingly, there may be two families with similar economic status, one of which is included in the municipal subsidy program while the other is not. Their welfare scores will differ, which understandably creates a sense of injustice among the beneficiaries.

Social agents highlight additional challenges related to utility costs. Specifically, they note that a high utility cost does not automatically indicate a family's good economic standing. On the contrary, a family without a natural gas heater may have to rely on electric stoves for heating, which is significantly more expensive. There are also families with members who have health issues requiring the regular use of medical equipment, further increasing utility costs. Such families may spend half of their total income on utilities out of necessity, not due to affluence.[28] Additionally, it should be noted that more affluent families often possess modern, energy-efficient appliances, resulting in lower utility expenses. Ironically, the system may interpret this as an indicator of poverty.

Similarly to utilities, social agents consider it unfair that the presence of any type of parquet flooring in a household raises the score: "Both newly installed parquet and thrice-repainted, deteriorating parquet with gaps are considered parquet, which is indeed an injustice."[29] However, according to their explanation, this error is planned to be corrected and will likely be changed soon.

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28 Interview, social agent.

29 Interview, social agent.

According to experts, the existing formula's significant emphasis on land ownership is also problematic. Owning a plot of land does not necessarily imply that a household cultivates it or receives an adequate income from it. Often, there may not even be an able-bodied person in the family capable of cultivating the land.[30]

It is important to note that the vulnerability assessment formula is currently undergoing revision. According to the Social Services Agency, the changes being made to the formula will enable the government to address the aforementioned flaws in the methodology.[31]

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30 Interview, Gugushvili.

31 Interview, Gvaramadze.

3. Dependence on Social Assistance and Poverty Alleviation Potential

The studies conducted in Georgia consistently highlight the crucial role of Targeted Social Assistance in supporting impoverished families and significantly mitigating poverty levels. For instance, findings from the 2017 Child Welfare Survey reveal that excluding TSA from family expenditures would lead to a notable increase in extreme poverty rates. Specifically, the extreme poverty rate among children would surge from 6.8% to 12.9%, and among pensioners from 3.7% to 5.6%. Furthermore, if TSA and child benefits were not included, the situation would worsen, with extreme poverty among children rising to 13.1% from the baseline of 6.8%.[32]

In contrast, limited research exists regarding the potential of beneficiaries to overcome poverty through the TSA program. Specifically, there is a scarcity of studies examining the extent to which households can achieve economic empowerment and uplift themselves from poverty while participating in such programs. According to data from the Social Services Agency as of June 2023, a substantial proportion of families receiving assistance have been enrolled in the system for extended periods. Notably, 47% of these families have been involved for five years or more, with 11% having a history of 15-16 years in the program (refer to Figure 1). These statistics underscore a concerning level of dependency among program participants.

Figure 1: Distribution of families involved in the program based on the duration of receiving benefits
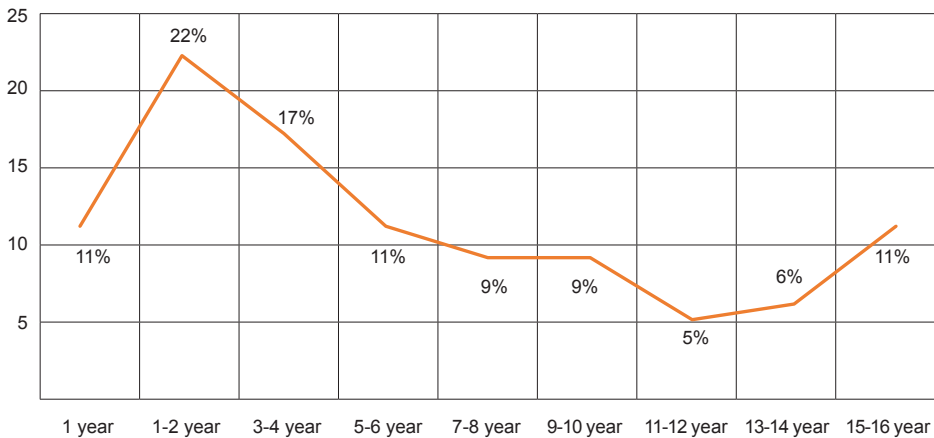
Source: Social Services Agency, June 2023

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32 UNICEF, The Welfare Monitoring Survey, 2017, https://cutt.ly/FwDQGQ2Z

The existing reality is aptly summarized by one of the social agents engaged in the research, who stated that the program: "While it undeniably provides significant support to recipient families, it does not eradicate their poverty; rather, it perpetuates it."[33] The primary reason for this perpetuation is the dependency on social assistance. Respondents participating in the research unanimously concur that this dependency is indeed prevalent, and the primary factor contributing to it is not solely the monetary allowance, but also the non-monetary benefits and services tied to the well-being score:

"Financial aid was also very important, but those services that are connected to this program are very important too. It helps these people and they no longer have to sell their houses when they go to a hospital. There has always been more interest in receiving health care services than in receiving money. The municipal programs are also intertwined with this program."

Focus group participant, coordinator of social agents

For this reason, beneficiaries often lose motivation to seek employment, as many jobs in the country offer salaries comparable to the assistance they receive through social welfare programs.

"When faced with the choice between a 600 GEL job and social assistance,[34] individuals naturally lean towards the latter, especially considering the additional services it entails. Consequently, a significant portion of the population has become economically inactive and unable to participate in the workforce."

Focus group participant, coordinator of social agents

3.1. Dependence on Social Assistance

The impact of dependence on social assistance is corroborated by numerous studies conducted in Georgia. For instance, a 2015 assessment by the World Bank revealed that targeted social assistance had a detrimental effect on women's motivation to seek employment. Specifically, women residing in households receiving benefits were 7% to 11% less likely to be economically active[35] than women in households not receiving

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33 Interview, social agent.

34 Note: refers to a conditionally acceptable allowance for a family of a certain composition.

35 "Economic activity" refers to the state wherein a person is actively seeking employment and is prepared to commence work within the following week.

benefits. This effect was not observed for men. Furthermore, the analysis indicated that the adverse impact on motivation was particularly pronounced among young women and those who are married or have children (World Bank, 2015).[36]

A 2020 evaluation conducted by the United Nations Children's Fund affirms the adverse influence of targeted social assistance on formal employment for both women and men. According to the report, households with a score below 65 000 have a probability of having a formal job below 10%. However, as the score surpasses 65 000, the likelihood of securing a formal job increases. This implies that when a family experiences a reduction or loss of assistance from the system (as its welfare score rises), it becomes more incentivized to engage in the formal labor market.[37] The report also notes that families below the 65 000 point threshold have just 100 GEL less income than those directly above the threshold, indicating that families prefer to give up some income in order not to raise their score and jeopardize their participation in the program.

According to the same report, receiving social assistance not only adversely affects formal employment but also impedes the development of human capital among beneficiaries. For instance, teenagers residing in families receiving welfare expressed significantly lower confidence in their likelihood of attaining a bachelor's degree compared to their counterparts not receiving welfare. According to the authors, this suggests that teenagers receiving TSA are more inclined to invest in their future human capital rather than perpetuate reliance on welfare benefits.[38]

The second report by UNICEF draws a somewhat different conclusion. The authors analyze the socio-economic characteristics of the population receiving social assistance and those not receiving it, based on the 2016 Integrated Household Survey. During the analysis, the employment status of individuals receiving targeted assistance is compared with that of non-recipients. Figure 2 illustrates that the proportion of wage earners among welfare recipients is considerably lower (10%) compared to the rest of the population (27%). This finding aligns with previous research outcomes and insights retrieved from interviews. Recipients are more likely to be self-employed (39% vs. 34%), retired (15% vs. 12%), unemployed (10% vs. 8%), and persons with disabilities (5.6% vs. 1.1%).

However, it is important to note that the disparity in the proportion of unemployed individuals between recipients of assistance and the rest of the population is merely 2 percentage points. Consequently, the authors of the study deduce that the prevalent

36 World Bank, Impact of Targeted Social Assistance on the Labor Market in Georgia, 2015.

37 Econometria Consultores, Impact Evaluation of Targeted Social Assistance in Georgia, 2020.

38 Ibid.

notion suggesting that assistance negatively impacts motivation for formal employment is not substantiated. Rather, they suggest that the issue lies more in the low qualifications of assistance recipients and the prevalence of vulnerable groups among them.[39]

Chart 2: Economic status of social assistance recipients and the rest of the population

Source: UNICEF, 2019
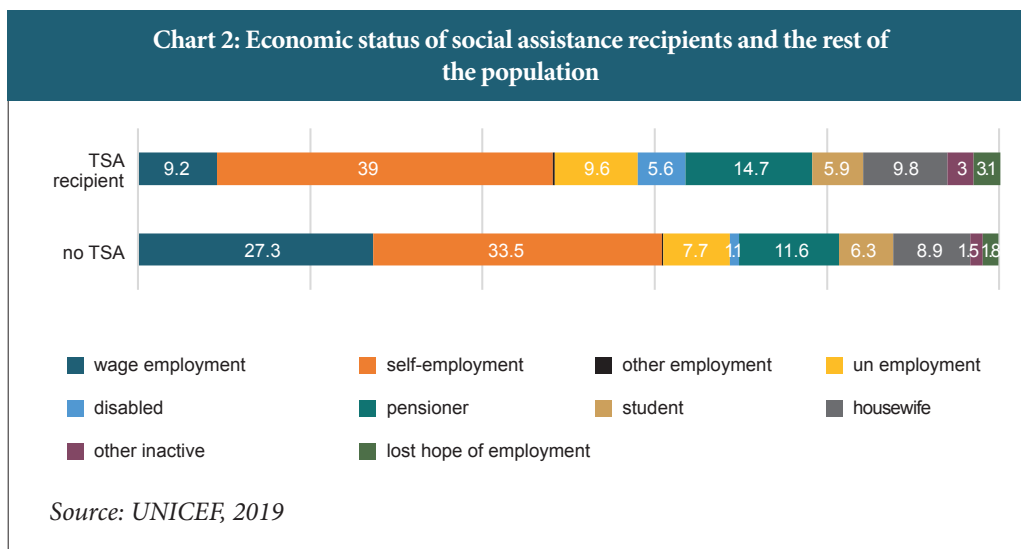
Based on the research findings, it can be inferred that unemployment poses an equally significant challenge for both recipients and non-recipients of social assistance. However, it is important to note that these results do not discredit findings from other studies indicating a lack of motivation to find employment among aid recipients.

3.2. Can Employment Lift People Out of Poverty?

The issue of dependence on social assistance is concerning on its own, but it becomes even more pertinent to inquire whether families would have the capacity to lift themselves out of poverty if barriers to employment in the formal labor market were removed. Regrettably, the current state of the Georgian labor market does not offer a promising outlook in this regard. Moreover, as depicted in Figure 2, a portion of aid recipients hold formal employment positions, but remain within the assistance program. As previously outlined in the report, nearly half of the families receiving assistance have been enrolled in the program for five years or more. According to social agents, they cannot recall instances where families exited the program due to achieving economic independence. There are beneficiaries who hold formal jobs earning 500-600 GEL, yet the system still deems them in need of assistance following assessment.[40]

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39 UNICEF, A detailed analysis of targeted social assistance and child poverty, 2019.

40 Interview, social agent.

As outlined by the experts engaged in the research, a key issue lies within the wage policy of the country. The absence of a "true" minimum wage often renders employment ineffective as a pathway out of poverty.

> *"A wage earner teeters on the brink of poverty when 4-5 family members are not employed. Insufficient funds can be amassed to cater to the needs of all family members. Consider kindergarten teachers who frequently seek our assistance; their salaries range from 300-400 GEL. This scenario underscores how the state's remuneration leaves individuals in a social condition that falls below the poverty line."*

Interview, social agent

The minimum wage in Georgia was legislatively established in 1999 and has remained unchanged since then, still set at 20 GEL per month. Hence, in practical terms, the country lacks a true minimum wage. According to statistics, the average salary in Georgia for the second quarter of 2023 was 1 804.5 GEL.[41] However, for a clearer picture of the labor market, it's essential to consider the median salary, which stood at 1 040[42] GEL in 2022 (equivalent to 57% of the average salary). The situation worsens when examining median wages in key employment sectors: for instance, the median wage in wholesale and retail trade was 950 GEL, and in the Horeca sector, it was 875 GEL. According to the Georgian Fair Labor PLatform, a living wage in Georgia— sufficient to afford necessities like food, education, healthcare, housing, transportation, and more—is estimated to be 1 770 GEL. Currently, the median salary only amounts to 58% of the living wage.

According to the 2016 report by the State Audit Service,[43] 46% of social allowance recipients in that year were able-bodied citizens, a fact known to state agencies. In order to decrease the "dependence on social assistance", several measures have been implemented in recent years. For instance, in 2017, a definition for "non-working able-bodied member of family" was established, along with the requirement that such individuals from families receiving assistance must be registered in the unified database of jobseekers.[44]

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41 National Statistical Service of Georgia, Wages, https://cutt.ly/twDQJfcZ.

42 Ibid.

43 State Audit Office, Reducing Social Assistance Dependence of Able-bodied Beneficiaries Receiving Social Allowance, 2016.

44 Decree No. 270 of the Government of Georgia dated June 1, 2017 "On measures to reduce the level of poverty in the country and improve the social protection of the population" regarding amendments to Decree No. 126 of the Government of Georgia dated April 24, 2010.

From 2021 onwards, the public employment program was initiated, targeting able-bodied individuals receiving TSA.[45] Participants in this program have the option to select from four offers: participation in the public employment program, employment in the open labor market, enrollment in the training-retraining program, or formalization of existing informal activities. Upon inclusion in any of these programs, the family is granted a "4-year guarantee," during which its score will not undergo re-evaluation. However, if an individual opts out of all sub-programs, their household will undergo an automatic re-scoring within one year.[46]

The public employment program aims to integrate individuals into low or medium-skilled jobs that do not necessitate specialized knowledge or competencies. These employment opportunities may be full-time or part-time, with compensation capped at a maximum of 300 GEL per month. However, a significant challenge persists in transitioning program participants from public works to the broader open labor market, as the government has yet to outline a concrete plan for this transition. Given that most participants lack formal skills training and the program does not include a teaching component, it is improbable that they will develop the competitiveness required for employment in the open labor market upon the expiration of their four-year guaranteed period.

In conclusion, the commissioned statistical analysis[47] by UNICEF underscores that the existing program lacks evidence of effectively reducing poverty levels among the population. This outcome aligns with the aforementioned program shortcomings. Moreover, the substantial portion of poor households – approximately one-third – that do not attempt to enroll in TSA further constrains the program's potential for poverty alleviation.

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45 Decree No. 17 of the Government of Georgia of January 16, 2023 "On the approval of the 2023 state program of employment promotion".

46 Social Justice Center, Tatuli Chubabria, Anatomy of the Public Employment Program: Program costs, objectives and results in one year, 2023.

47 Econometria Consultires, Impact Evaluation of Targeted Social Assistance in Georgia, 2020.

4. Beyond the Needs Assessment Approach

The decision to adopt the PMT method for assessing needs in the introduction of targeted social assistance in Georgia was influenced by the high prevalence of the informal economy in the country.[48] This circumstance made it challenging to employ a direct approach to needs assessment, which relies on either verified income from the population or self-declared income (verified or unverified methods). Consequently, the indirect method of the needs assessment was chosen, evaluating household economic status through parameters or indicators associated with poverty, serving as proxies for income verification.[49]

According to experts involved in the study, while the model initially adopted in the early 2000s may have had legitimacy and addressed immediate needs, over time, the system grew unwieldy and became unsustainable. They argue that continual revisions to the formula can only go so far and that there are inherent limitations to its use. This issue has been well-documented in the literature. As mentioned earlier, the needs assessment method possesses both strengths and weaknesses. Its weaknesses are apparent in the inability of a fixed algorithm to adequately account for the diverse economic circumstances of thousands of households and accurately reflect their needs. Consequently, there will always be errors in both inclusion and exclusion. Similar criticisms apply to direct needs assessment methods as well.[50]

Based on the discussion above, it becomes intriguing to examine various approaches to poverty identification. In theory, both direct and indirect needs assessment methods are categorized under the umbrella of targeting, where the objective is to identify individuals or households most in need. Classically, the contrasting approach to targeting is universalism, which perceives access to services or benefits as a fundamental entitlement for the entire population. Universalism is implemented in various forms across different countries. For instance, it might entail universal benefits tailored to specific groups, such as the universal child benefit in the UK. Alternatively, it could involve universal access to services, as seen in Scandinavia, where tax-funded health and childcare services are accessible to all citizens, irrespective of income. Indeed, the concept of Universal Basic Income (UBI) represents perhaps the most comprehensive expression of universalism to date. UBI proposes providing a fixed amount of benefit to all citizens, regardless of their socioeconomic status or employment status. Its universal character lies in the fact

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48 Baum, et.al., Continuous Improvement: Strengthening Georgia's Targeted Social Assistance Program, 2016.

49 Gassmann et.al., Position paper on targeting options for social assistance programs, 2019.

50 Ibid.

that it belongs to "everyone". Typically, the only conditions that can be imposed here are citizenship or residency in a particular country and age (18+). In addition to avoiding errors of inclusion and exclusion, this kind of "universality" has other advantages. For example, citizens no longer have to pay additional costs in order to receive the benefit (e.g. visit the relevant agency, fill out an application, etc.). and the workforce will have less interest in hiding informal economic activity, as it will not prevent them from receiving the benefit.[51] Indeed, one of the primary criticisms of Universal Basic Income is its high cost. However, on the other hand, the main argument against this approach is that it is very expensive to implement. At the same time, monetary resources that may be spent on financing the wealthy strata of the population can be considered unjustified.

"Affluence testing" can be used as a way out of the problem. It operates on a similar principle to needs assessment but with a reversed logic. This approach is based on the same logic as the needs assessment, but instead of trying to "find" the poor and then apply help to them, the system tries to "detect" the richest/affluent and exclude them from receiving aid. Similar to needs assessment, capacity assessment can be done using direct or indirect testing methods.[52]

Even in the context of assessing capabilities, it's feasible to gradate assistance based on income levels. For instance, families surpassing a predetermined threshold could be excluded from aid, while those with moderately low income might receive a reduced amount of assistance. This approach, known as "clawback," entails increasing the assistance amount as income levels decrease. A similar approach is used, for example, by Great Britain, which transformed universal child benefits into this form of support over time. In this system, the transfer amount gradually decreases for households surpassing a certain income threshold. The primary objective of this gradation in transfers is to conserve resources.[53]

It is interesting to note that there are certain prerequisites for implementing capacity assessment in Georgia. In particular, the tax system imposes an additional type of tax (e.g. property tax) on persons whose annual income is more than 40 000 GEL. Accordingly, this benchmark is taken as the upper limit of income above which an individual with income can be considered "rich".

Undoubtedly, for an overarching reform of the social protection system, it's crucial to consider not only the administration of monetary benefits but also the population's

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51 Gassmann et.al., Position paper on targeting options for social assistance programs, 2019.

52 ILO, World Social Protection Report, 2020.

53 Ibid.

access to social services. Within the framework of this study, it was revealed that both the people receiving assistance and independent experts negatively assess the connection between the well-being score and the access to services. This poses the risk of individuals losing access to services if their score is inaccurately assessed. Extending the opportunity assessment method to both monetary benefits and social services could address this issue. There are already partial implementations of this approach, notably in the health sector, where the government has decided that the universal healthcare program no longer covers those who benefit from private insurance.

Conclusion

In conclusion, the targeted social assistance program in Georgia serves as a vital lifeline for the country's poorest citizens. However, it grapples with methodological shortcomings and a lack of public trust, resulting in many impoverished families remaining excluded from its benefits. As the respondents involved in the study note, the program is a great relief for the families who receive it, but it does not help them escape from chronic poverty. Moreover, data reveals that a significant portion of aid recipients remain entrenched in the program for extended periods. Studies conducted on this matter consistently suggest that the program lacks the capacity to effectively combat poverty.

In order to eliminate the existing shortcomings, another revision of the welfare assessment methodology is currently underway, **in particular, it is important that during the revision, the weights of the points assigned to utility costs, parquet condition, and land ownership should be revised.** However, as professionals working in the field point out, the Formula will never be perfect, and therefore, there will always be errors in inclusion and exclusion in the system. **Therefore, it is important to start discussing alternative methods of assessing the socio-economic status of the population, which may be based not on needs, but on capabilities.**

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Appendix N1.

Methodology for Assessing the Socio-economic Status of Socially Vulnerable Families (Households)

Article 1. General Provisions

1. To assess the level of well-being of families wishing to register and/or registered in the unified database of socially vulnerable families (hereinafter – "family" or "household"), the index of well-being of the household is used, the structure of which is determined by Article 2 of this methodology.
2. The family welfare index is calculated on the basis of data recorded by the authorized representative of the family in a special questionnaire (hereinafter – the family declaration) of the Social Services Agency (hereinafter – the agency) of the legal entity under public law under the state control of the Ministry of Labor, Health and Social Affairs of Georgia (hereinafter – the Ministry). The index is drawn based on the data recorded and other data that the administrative bodies and/or other competent bodies/institutions provided for in subparagraph Article 1a of this resolution provide the agency.
3. In the declaration of the family, all the values of the characteristics of the family, which are used in the calculation formula of the well-being index (Yi,j quantities given in the description of the structure of the household well-being index) are recorded.

Article 2. Structure of the Household Welfare Index

1. Household welfare index – "I" is calculated by the formula:

$$I = \frac{C}{N}$$

Where:
a) C is the household consumption index;
b) N is the household needs index.

2. The lower the welfare index, the lower the level of household welfare.

Article 3. Calculation of Consumer Index

Household consumption index is calculated by the following formula:

$$C = exp\left(K_0 + \sum_{i=1}^{10} C_i\right) - C_0$$

Where:

a) K_0 – is a constant coefficient;
b) C_1 – agricultural property (land) index;
c) C_2 – agricultural property (livestock) index;
d) C_3 – movable property index;
e) C_4 – income index;
f) C_5 – utility costs index;
g) C_6 – demographic index;
h) C_7 – education and employment index;
i) C_8 – territorial index;
j) C_9 – basic housing condition index;
k) C_{10} – other real estate index;
l) C_0 – monetary social assistance received (or acceptable) by the family or any of its members during the past period – "social allowance" (in the amount of "social allowance" consideration should be given to the rule approved by Decree No. 145 of the Government of Georgia of July 28, 2006 (the version valid until January 1, 2019)) or other monetary social allowance, the issuance of which may be terminated in case of receipt of "social allowance" in accordance with the applicable legislation; or other financial assistance, the granting of which depends on the rating score.

Decree No. 4 of the Government of Georgia of January 18, 2019 – website, 22.01.2019

Article 4. Calculation of Agricultural Property (Land) Index

$C_1 = K_{1,1} \ln(1 + Y_{1,1})$ Agricultural property (land) index is calculated by the following formula:

Where:

a) $K_{1,1}$ – is the coefficient;
b) $Y_{1,1}$ – the area of agricultural and agricultural land available to the household (ha).

Article 5. Calculation of Agricultural Property (Livestock) Index

Agricultural property (livestock) index is calculated by the following formula:

$$C_2 = \sum_{j=1}^{3} K_{2,j} \ln\left(1 + Y_{2,j}\right)$$

Where:

a) $K_{2,j}$, j=1,2,3 are coefficients;
b) $Y_{2,1}$ – total number of cows and buffaloes in the household;
c) $Y_{2,2}$ – the number of beehives in the household;
d) $Y_{2,3}$ – number of poultry in the household.

Article 6. Calculation of Movable Property Index

The movable property index is calculated by the following formula:

$$C_3 = \sum_{j=1}^{2} K_{3,j} \ln\left(1 + Y_{3,j}\right)$$

Where:

a) $K_{3,j}$, j =1,2 are coefficients;
b) $Y_{3,1}$ – the number of light, passenger, or truck cars (non-Soviet production) in the household;
c) $Y_{3,2}$ – the number of tractors (except minitractors), combines, and seeding machines in the household.

Article 7. Calculation of Income Index

The income index is calculated by the following formula: $C_4 = K_{4,1} \ln\left(1 + Y_{4,1}\right)$

Where:

a) $K_{4,1}$ is the coefficient;

b) $Y_{4,1}$ is the sum of $Y_{4,11}$, Y4,12, $Y_{4,13}$ and $Y_{4,14}$:

b.a) $Y_{4,11}$ – In the second month before the month of filling out the family declaration, the total personal income of all family members (including salary and all other payments) (except state pension, social package, subsistence allowance) and the sum of 1/12 of the family's other total cash income in the last 12 months;

b.b) $Y_{4,12}$ – the sum of the minimum values between the state pension received by each family member in the previous second month and 180;

b.c) $Y_{4,13}$ – the sum of the minimum values between the social package received by each family member in the previous second month and the social package provided for by the edition of the rule approved by the Decree No. 279 of July 23, 2012, of the Government of Georgia, effective until January 1, 2019;

b.d) $Y_{4,14}$ – The sum of the minimum values between the social allowance received (or to be received) by each family member in the previous second month and the social allowance provided for by the edition of the rule approved by Decree No. 145 of the Government of Georgia of July 28, 2006, effective until January 1, 2019.

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Decree No. 4 of the Government of Georgia of January 18, 2019 – website, 22.01.2019.

Article 8. Calculation of Utility Cost Index

The utility cost index is calculated by the following formula:

$$C_5 = K_{5,1} \ln\left(1 + Y_{5,1}\right)$$

Where:

a) $K_{5,1}$ – is the coefficient;

b) $Y_{5,1}$ – the amount paid for electricity, natural gas, water, and cleaning, during the last 12 months, which is calculated from the second month before the month of filling the family declaration.

Decree No. 255 of the Government of Georgia of June 9, 2016 – website, 13.06.2016.

Article 9. Calculation of the Demographic Index

The demographic index is calculated by the following formula:

$$C_6 = \sum_{j=1}^{5} K_{6,j}\, Y_{6,j}$$

Where:

a) $K_{6,j,j}$ =1,2,3,4,5 – are coefficients;

b) $Y_{6,1}$ – natural logarithm of the number of household members;

c) $Y_{6,2}$ – the share of able-bodied members aged 18 to 65 in the family (able-bodied members mean persons who do not belong to the following categories: bedridden; Lad cannot move and/or needs assistance; A person with a severe disability (group I); A person with a significant disability (group II));

d) $Y_{6,3}$ – $Y_{6,3}$=1, if the family member has at least one adult child who lives as an independent family, $Y_{6,3}$ =0 otherwise;

e) $Y_{6,4}$ – $Y_{6,4}$=l, if the representative of the family is a man, $Y_{6,4}$=0 – otherwise;

f) $Y_{6,5}$ – $Y_{6,5}$=1, if at least one child aged 0 to 15 years lives in the family, $Y_{6,5}$ =0 otherwise.

Decree No. 4 of the Government of Georgia of January 18, 2019 – website, 22.01.2019.

Article 10. Calculation of the Education Index

The education index is calculated by the following formula:

$$C_7 = K_{7,1}Y_{7,1}$$

Where:

a) $K_{7,1}$ – is the coefficient;

b) $Y_{7,1}$ – the share of members with higher education among family members aged 22 to 65 inclusive.

Article 11. Calculation of the Territorial Index

The territorial index is calculated by the following formula:

$$C_8 = \sum_{j=1}^{11} K_{8,j}\, Y_{8,j}$$

Where:

a) $K_{8,j,\,j}$ = 1,2,..,11 are coefficients;

b) $Y_{8,1}$ – Shida Kartli indicator ($Y_{8,1}$=1, if the household is in Shida Kartli, and $Y_{8,1}$ =0 otherwise);

c) $Y_{8,2}$ – Samtskhe-Javakheti indicator (Y8,2=1, if the household is in Samtskhe- Javakheti, and $Y_{8,2}$ =0 otherwise);

d) $Y_{8,3}$ – Adjara indicator (Y8,3=1 if the household is in Adjara, and $Y_{8,3}$=0 otherwise);

e) $Y_{8,4}$ – Guria indicator (Y8,4=1, if the household is in Guria, and $Y_{8,4}$=0 otherwise);

f) $Y_{8,5}$ – Samegrelo-Zemo Svaneti indicator ($Y_{8.5}$=1, if the household is in Samegrelo-Zemo Svaneti, and $Y_{8.5}$=0 otherwise);

g) $Y_{8,6}$ – Imereti indicator ($Y_{8,6}$=1, if the household is in Imereti, and $Y_{8,6}$ =0 otherwise);

h) $Y_{8,7}$ – Mtskheta-Mtianeti indicator ($Y_{8,7}$=1, if the household is in Mtskheta-Mtianeti, and $Y_{8,7}$ =0 otherwise);

i) $Y_{8,8}$ – an indicator of Racha-Lechkhumi and Kvemo Svaneti ($Y_{8,8}$=1, if the farm is in Racha-Lechkhumi and Kvemo Svaneti, and $Y_{8,8}$ =0 otherwise);

j) $Y_{8,9}$ – Kakheti indicator ($Y_{8,9}$=1, if the household is in Kakheti, and $Y_{8,9}$=0 otherwise);

k) $Y_{8,10}$ – Kvemo Kartli indicator ($Y_{8,10}$=1, if the household is in Kvemo Kartli, and $Y_{8,10}$ =0 otherwise);

l) $Y_{8,11}$ – the indicator of the mountainous region provided by the "List of mountainous settlements" approved by Decree No. 671 of the Government of Georgia of December 30, 2015 ($Y_{8,11}$=1 if the household is in a mountainous region and $Y_{8,11}$=0 otherwise).

Decree No. 255 of the Government of Georgia of June 9, 2016 – website, 13.06.2016

Article 12. Calculation of the Condition Index of the Main Place of Residence

The condition index of the main place of residence is calculated by the following formula:

$$C_9 = \sum_{j=1}^{3} K_{9,j}\, Y_{9,j}$$

Where:

a) $K_{9,j,j}$=1,2,3 are coefficients;
b) $Y_{9,1}$ – natural logarithm of the housing area occupied by the household;
c) $Y_{9,2}$ – natural logarithm of the total number of rooms occupied by the household;
d) $Y_{9,3}$ – floor material in the residential part of the dwelling occupied by the householder: $Y_{9,3}$=1, if the floor material is "parquet", Y9,3 =0 otherwise.

Article 13. Other Real Estate Index

Other real estate index is calculated by the following formula:

$$C_{10} = \sum_{j=1}^{2} K_{10,j} \, Y_{10,j} + \sum_{j=3}^{4} K_{10,j} \, \ln(1 + Y_{10,j})$$

Where:

a) $K_{10,j,j}$=1,2,3,4 are coefficients;
b) $Y_{10,1}$ – $Y_{10,1}$=1, if the family owns a dwelling other than the main dwelling (apartment, house, or cottage), Y10,1=0 otherwise;
c) $Y_{10,2}$ – $Y_{10,2}$=1, if the family does not own a garage, cellar/storage, house or building/workshop, barn, basement, cellar, commercial area, $Y_{10,2}$=0 otherwise, i.e. if the family owns at least one of the listed ones;
d) $Y_{10,3}$ – the total area (sq.m) of another dwelling (apartment/house) owned by the household;
e) $Y_{10,4}$ – the total area (sq.m) of another dwelling (cottage) owned by the household.

Article 14. Tables of Coefficients

1. In the formula for calculating the welfare index, the coefficients in different types of settlements are different. Four types of settlements are distinguished:
a) the capital;
b) big cities (Kutaisi, Rustavi, Batumi, Poti, Gori, Zugdidi, Sokhumi);
c) another urban type of settlement, which is presented in Table No. 1:

Table N1

1	Abasha		38	Mestia
2	Adigeni		39	Mtskheta
3	Ambrolauri		40	Ninotsminda
4	Aspindza		41	Ozurgeti
5	Akhalgori		42	Oni
6	Akhali Atoni		43	Ochamchire
7	Akhalkalaki		44	Sagarejo
8	Akhaltsikhe		45	Samtredia
9	Akhmeta		46	Sachkhere
10	Bagdati		47	Senaki
11	Bichvinta		48	Sighnaghi
12	Bolnisi		49	Tkvarcheli
13	Borjomi		50	Tkibuli
14	Gagra		51	Ureki
15	Gali		52	Kareli
16	Gardabani		53	Keda
17	Gudauri		54	Kobuleti
18	Gulripshi		55	Kazbegi
19	Gurjaani		56	Kvareli
20	Daba Stephantsminda		57	Shuakhevi
21	Daba Khelvachauri		58	Chokhatauri
22	Dedoplis Tskaro		59	Chkhorotsku
23	Dmanisi		60	Tsageri
24	Dusheti		61	Tskhinvali
25	Vale		62	Tsalenjikha
26	Vani		63	Tsalka
27	Zestaponi		64	Tsnori
28	Tetri Tskaro		65	Tskhaltubo
29	Telavi		66	Chiatura
30	Terjola		67	Kharagauli
31	Tianeti		68	Khashuri
32	Kaspi		69	Khobi
33	Lagodekhi		70	Khoni
34	Lanchkhuti		71	Khulo
35	Lentekhi		72	Java
36	Marneuli		73	Jvari
37	Martvili			

d) Village-type settlement (including the villages included in the city of Tbilisi: Agaraki, Akhaldaba, Bethania, Gldani, Didgori, Dideba, Didi Lilo, Digomi, Varketili, Vedzisi, Zahesi, Telovani, Tkhinvala, Kveseti, Kiketi, Kojori, Nasaguri, Okrokana, Patara Lilo, Tabakhmela, Fonichala, Koshigora, Shindisi, Tsavkisi, Tsenubani, Tskneti).

2. Values of coefficients for different types of settlements are determined in Table No. 2:

Table N2

	Coefficients			
	Capital	Big city	Another urban-type of settlement	Village-type settlement
K0	2.306	2.665	3.883	3.713
K1,1	0.000	0.000	0.000	0.083
K2,1	0.000	0.000	0.000	0.229
K2,2	0.000	0.000	0.272	0.091
K2,3	0.000	0.000	0.054	0.039
K3,1	0,148	0,256	0.442	0.246
K3,2	0.000	0.000	0.000	0.344
K4,1	0,251	0,196	0.047	0.149
K5,1	0,275	0,302	0,218	0,176
K6,1	0,057	0,257	0.409	0.129
K6,2	0,122	0,064	0.000	0.000
K6,3	0.000	0.000	0.172	0.124
K6,4	0.000	0,120	0.000	0.073
K6,5	0.000	0.000	0.000	0.078
K7,1	0,176	0,129	0.191	0.206
K8,1	0.000	0.000	0.000	-0.121
K8,2	0.000	0.000	0.194	0.000
K8,3	0.000	0.000	0.281	0.100
K8,4	0.000	0.000	0.000	0.000
K8,5	0.000	0.000	0.265	0.000
K8,6	0.000	0.000	0.143	0.069
K8,7	0.000	0.000	0.371	-0.082
K8,8	0.000	0.000	0.636	-0.194
K8,9	0.000	0.000	0.000	0.000
K8,10	0.000	0.000	0.000	-0.247
K8,11	0.000	0.000	-0.281	0.000
K9,1	0,073	0.000	0.000	0.000
K9,2	0.000	0,148	0.000	0.109
K9,3	0,127	0.000	0.000	0.000
K10,1	0.000	0.000	0.120	0.000
K10,2	0.000	0.000	-0.225	-0.065
K10,3	0.022	0.023	0.000	0.037
K10,4	0.000	0,028	0.000	0.070.“;

Decree No. 316 of the Government of Georgia of June 5, 2018 – website, 05.06.2018.

Article 15. Calculation of household needs index

1. To determine the household needs index, the total number of equivalent adult members in the household should be determined.

2. A standard adult is a healthy man aged 30-39.

3. The total number of equivalent adult members in the household is calculated as follows: for each member of the household based on his/her gender, age, and physical and social condition, the equivalence coefficient is determined: the number e_i, which expresses the level of need of the i-th member of this family in relation to the standard adult.

4. Equivalence coefficients are given in Table No. 3:

Table N3

№	Category	0-3	4-6	7-12	13-17	18-29 Man	18-29 Woman	30-39 Man	30-39 Woman	40-59 Man	40-59 Woman	60+ Man	60+ Woman
								Gender-age group					
1	Health	1,24	1,16	1,04	1,21	1,04	0,93	1,00	0,92	1,04	0,95	1,13	1,04
2	Child with Disabilities	1,58	1,59	1,50	1,70	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	Person with Severe disabilities (Group I)	0	0	0	0	1,64	1,50	1,60	1,50	1,56	1,50	1,50	1,50
4	Person with Significant Disabilities (group II)	0	0	0	0	1,56	1,41	1,51	1,41	1,47	1,41	1,41	1,41
5	Single pensioner/ beneficiary of social package	0	0	0	0	1.99	1.76	1.94	1.74	1.88	1.71	1.8	1.8
6	Pregnant woman	0	0	0	1,32	0	1,11	0	1,11	0	1,11	0	0
7	Nursing mother	0	0	0	1,21	0	1,08	0	1,09	0	1,13	0	0
8	Single mother	0	0	0	1,44	0	1,14	0	1,14	0	1,14	0	0
9	Orphan (not having mother or father)	1,37	1,2	1,04	1,21	0	0	0	0	0	0	0	0
10	A person who needs permanent medical/ outpatient treatment for a life-threatening disease		1,58	1,46	1,68	1,58	1,42	1,53	1,40	1,49	1,38	1,43	1,38

5. If a family member simultaneously belongs to several categories defined by Table No. 3 of this methodology, then he/she will be assigned the coefficient that has a higher value.

6. The total number of equivalent adult members in the household (E) is equal to the sum of the equivalence coefficient of each of its members:

$$E = \sum_{i=1}^{n} e_i$$

7. The household need index is calculated by the following formula:

$$N = {}^{E}\times B_{n}\, b$$

Where:

a) n is the number of household members;
b) β=0.2 – cohabitation effect indicator;
c) E – number of equivalent adults in the household;
d) B – the minimum cost of the consumption basket (175 GEL).

Decree No. 380 of the Government of Georgia of July 30, 2015 – website, 03.08.2015.
Decree No. 424 of the Government of Georgia dated August 12, 2015 – website, August 14, 2015.
Decree No. 616 of the Government of Georgia of December 29, 2016 – website, 30.12.2016.
Decree No. 316 of the Government of Georgia of June 5, 2018 – website, 05.06.2018.

Article 16. Calculation and use of household rating score

1. In the formulas defined by Articles 4-13 and Article 15 of this methodology, the data corresponding to the $Y_{i,j}$ values recorded in the family declaration, the corresponding values for the $K_{i,j}$ coefficients from Table No. 2 (Article 14), and the values of e_i from Table No. 3 (Article 15). As a result, the family welfare index is obtained by comparing the consumer and need indices.

2. A ranking score of family (Q) is calculated by the following formula:

$$Q = \max(10 \cdot \mathrm{int}(10000 \cdot I), 1000)$$