

# Poverty & Equity Brief

Europe & Central Asia

## Georgia

April 2023

Poverty declined rapidly between 2010 and 2015, mainly driven by the improved labor market opportunities, pensions, social assistance, and agricultural sales. Since 2016 the progress of the poverty reduction stagnated, with almost two percent increase in the national absolute poverty rate due to the COVID-19 pandemic in 2020 and the economic contraction. The International poverty rate measured against the upper middle-income class poverty line (\$6.85/day, expressed in 2017 PPP) also increased by 4 percentage points, affecting 58.3 percent of Georgians in 2020. The Government of Georgia introduced fiscal policy measures to help mitigate the impacts, including targeted social assistance to the poor families.

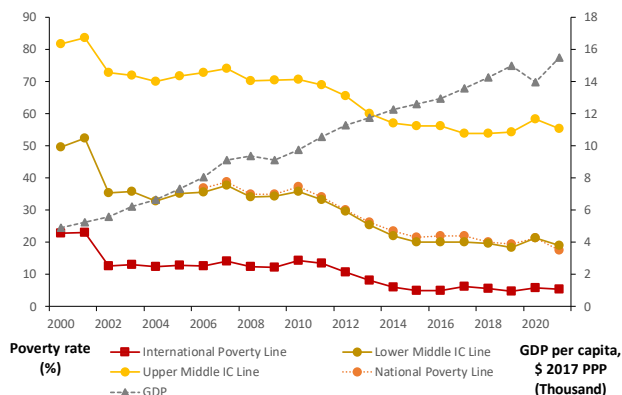
Between 2016 and 2021, Georgia observed a positive shared prosperity premium of 1.08 and slightly positive annualized growth in mean consumption of the bottom 40 during this period (0.2). Inequality measured by the Gini index based on the regionally harmonized consumption aggregate has been decreasing since 2017, from 37.9 in 2017 to 34.2 in 2021.

Strong economic recovery in 2021 and 2022 expected to be translated into poverty reductions. High inflationary pressure may affect the poor and vulnerable disproportionately, with potential longer-term impact on the accumulation of human capital and other productive assets. Adequate coping mechanisms, fiscal policies, and social safety nets could be fundamental in mitigating losses and reactivating inclusive growth.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	649.0	17.5	2021
International Poverty Line 2.5 in Georgian lari (2021) or US\$2.15 (2017 PPP) per day per capita	203.4	5.5	2021
Lower Middle Income Class Poverty Line 4.2 in Georgian lari (2021) or US\$3.65 (2017 PPP) per day per capita	706.7	19.1	2021
Upper Middle Income Class Poverty Line 7.9 in Georgian lari (2021) or US\$6.85 (2017 PPP) per day per capita	2,053.3	55.4	2021
Multidimensional Poverty Measure		5.5	2021
SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		0.20	2016-2021
INEQUALITY			
Gini Index		34.2	2021
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.08	2016-2021
GROWTH			
Annualized GDP per capita growth		3.62	2016-2021
Annualized Consumption Growth per capita from Household Survey		-0.89	2016-2021
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.33	2016-2021

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

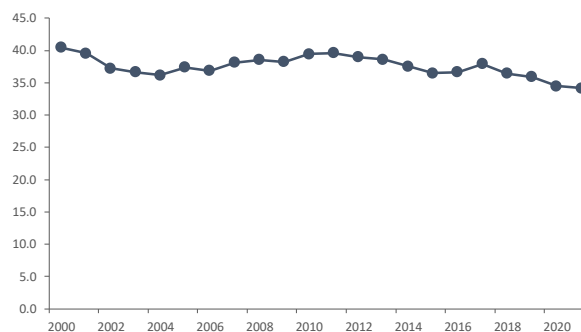
## POVERTY HEADCOUNT RATE, 2000-2021



Source: World Bank using HIS/ECAPOV/GMD

## INEQUALITY TRENDS, 2000-2021

### Gini Index



Source: World Bank using HIS/ECAPOV/GMD

## KEY INDICATORS

	International Poverty Line (%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population				N/A
Rural population				N/A
Males				N/A
Females				N/A
0 to 14 years old				N/A
15 to 64 years old				N/A
65 and older				N/A
Without education (16+)				N/A
Primary education (16+)				N/A
Secondary education (16+)				N/A
Tertiary/post-secondary education (16+)				N/A

Source: World Bank using HIS/ECAPOV/GMD

Notes: N/A missing value, N/A\* value removed due to less than 30 observations

Multidimensional Poverty Measures: 2021	(% of population)
<b>Monetary poverty (Consumption)</b>	
Daily consumption less than US\$2.15 per person	5.5
<b>Education</b>	
At least one school-aged child is not enrolled in school	1.1
No adult has completed primary education	0.0
<b>Access to basic infrastructure</b>	
No access to limited-standard drinking water	5.4
No access to limited-standard sanitation	8.9
No access to electricity	0.0

Source: World Bank using HIS/ECAPOV/GMD

## POVERTY DATA AND METHODOLOGY

The national poverty methodology uses an absolute poverty line based on the cost of basic needs methodology. The National Statistics Office of Georgia (Geostat) reports the absolute poverty rate, as well as relative poverty (using thresholds of 40 and 60 percent of median consumption). The current absolute poverty line was based on 2015. Geostat calculates a welfare aggregate based on consumption expenditures and rescaled using adult equivalencies. Prices are deflated across regions and time. Consumption expenditures are collected through the Household Income and Expenditure Survey (HIES)—formerly Integrated Household Survey (IHS)—a nationally representative survey that collects quarterly household consumption, income, and other socio-demographic indicators. In 2017, the IHS became the HIES and the sampling frame was updated to match the 2014 Population Census. Geostat also updated the IHS weights and recalculated national poverty rates for 2004–2016, accordingly. The latest available data is for the HIES 2021. The World Bank's international poverty rates are based on the "dollar a day" methodology designed to reflect how the world's poorest countries define a minimum threshold of living standards, applicable across time and space using a sample of relative price levels within and across countries. The rate of international poverty is a headcount of the poor in a given country based on this international threshold, translated into local currencies and adjusted for temporal and spatial price differences. The welfare aggregate used for international poverty uses the per-capita scale and it is adjusted for international comparability for a purchasing power parity factor (PPP). In 2022, the World Bank adopted new thresholds for the international poverty lines, expressed in 2017 PPP. The 2017 PPP factor for Georgia is 0.92, increasing from 0.84 in 2011 PPP. The quality of data for monitoring welfare in Georgia is high, and surveys are run annually in which households are interviewed quarterly.

**Note on new global poverty lines:** Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See [pip.worldbank.org](http://pip.worldbank.org).

## HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.