

Echo of Financial Crisis in Georgia **/Gender Profile /**

Gender issues remain imperative under the circumstances of economic and financial crisis or even in times of stability. Most of the global financial and economic crisis implications occurred in case of women are sharpened in the period of economic and political cataclysms in Georgia.

As a result of economic reforms that happened in Georgia, economic growth rate has increased, but it has not been followed by considerable reduction of poverty. A significant disparity between the soaring GDP and stagnating poverty levels shows that economic reforms did not have significant influence on the welfare of the population. However, the demographic situation has deteriorated drastically, labour migration has increased and gender segregation of the labour market has deepened. At this particular level of the market economy achievement of the social justice in the country remains challenging.

Despite significant growth of GDP in 2003-2007 drastic social disparities were not reduced. According to the expert opinion, there are a number of reasons for high poverty level in Georgia: lack of investment in agriculture and its low efficiency; modest level of education among Georgian farmers; absence of targeted social assistance, inflation and increasing prices on groceries products. As well as there are numerous external factors, from which worthy for indicating are: closure of Russian market which was the most accessible one for small Georgian entrepreneurs for many years, as well as natural calamities which incurred serious damage to the population.

The Georgian economy has been significantly affected both by the conflict with Russia in August 2008 and by the international financial crisis as well. The August conflict undermined investor and consumer confidence noticeably, put stress on public finances, damaged all kind of infrastructure and put pressure on the banking system due to the large deposit withdrawal. The intensification of the international financial crisis has considerably negative influence on the currency and foreign investments, affected the quality of the loan portfolio and the recovery of bank deposits while the international financial markets remaining closed. Furthermore banks decreased crediting significantly and remained very restricted. Double blow harmed the country.

The combination of the war and the wave of refugees it caused, the global crisis, political tension, the halt of investment and problems in process of producing goods for export - all these issues severely harmed the economy and constrained the Georgian government to slash the state budget.

The financial and economic crisis of 2008 had gender-specific impacts in Georgia as well as in many other countries. It should be especially emphasised that the economic policy of government has been focused not as much on poverty eradication as on creation of a transparent and deregulated business environment conducive to foreign investment and promotion of domestic entrepreneurship. This situation placed a disproportionate burden on women, particularly on migrant poor women from rural areas.

The crisis and poverty have different influence over the various social strata, women and men, poor and rich. The crisis results in jobs loss, which in its turn results in increased value of unpaid labour at households. Since through such manual labour people produce natural products and services, substituting consumer goods having disappeared from the markets, unpaid labour compensates for goods and services received as a result of market relationships. Its main burden is carried by women. They have to spend more time in the household to receive what they could earlier get as a paid service (children's education, healthcare, nutrition and other family chores).

Economic activities restriction in most population caused shortening of their incomes. Increased number of unemployed people was observed in different sectors of economic such as construction, banking, tourism and service industries. Male unemployment decreased rapidly in the crisis period compared to women unemployment, known that mostly men were involved in above mentioned industries.

Women and men have been affected almost equally: men's unemployment increased by 3,5 percent, while women's by 2,9 percent.

Table: 1
Distribution by Economic Status of the female population age of 15 and older, %

	2007		2008	
	Women	Men	Women	Men
Unemployment rate (percentage)	12,6	13,9	16,1	16,8
Economic activity rate (percentage)	55,0	73,3	53,5	73,4
Employment rate (percentage)	48,1	63,1	44,9	61,1

State Department of Statistics of Georgia, www.statistics.ge 2009

Yet a mere 0.2 percent of Georgian women are owners of large businesses, whereas 20.9 percent of small businesses are owned by women. Small business was recognized by the Georgian authority as one of the main priority in country's development, but the development of small business in Georgia had impeded many obstacles, including the lack of institutional support from the State. There is a very small number of women among owners of large enterprises. In terms of small businesses, women hold 57 facilities out of 341 in the agricultural and food processing industry; 1,254 facilities out of 3,897 in trade; 2 out of 164 in the oil industry; 85 facilities out of 396 in the healthcare sector and 41 facilities out of 396 in the social sphere.

Generally number of registered unemployment cases is very small, which makes it difficult to define the exact number of jobless woman. Employment services had not much effect in reality and their activities to reduce the risk of unemployment had practically no results; Social policy directions of the State which would focus on woman employment problem resolving in society and in families, were completely ignored.

More than half of the economically active women in Georgia are engaged in agriculture sector. Agricultural development is expected to play one of the key roles as a strong poverty-compensating factor for the food-insecure and thus highly vulnerable part of population. But lack of investment in this sector impeded agro-business development in Georgia. Ongoing trade liberalization processes in the country hampered social and economic status of women. Impact on inequalities and poverty is an important issue related to the potential consequences of EU-Georgia free-trade agreement. In fact trade may have both positive and negative impacts on poverty and inequalities. On the one hand trade liberalization may result in output and wage increase and contribute to human resources development. Trade liberalization may also result in increased disparities between workers, sectors and regions. In reality if trade liberalization in Georgia resulted in lowered agricultural prices and workers displacement from countryside to cities, inequalities between workers and urban-rural disparities would increase.

Poor population in rural areas have less access to credits. During last year credits have been issued to 55 thousand creditors by microfinance organisations, such as Constanta, Finca Georgia, Cristal, Credo, etc. The majority of consumers were women. But of course this fragment attempt is not enough. Women employed in agriculture especially experience pressure of bank credits limited duration and their high interest rates, which makes their work less efficient. To improve the situation, State policy should focus towards creation of a strong credits and subsidies system, which would make it possible for land and real estate to serve as collateral. Furthermore in

investing and issuing credits in the field of agriculture, equal attention should be paid to marketing activities and price stimulation. These measures would ensure the increased level of manufacture and development of a household economy.

Transition to a free trade regime in terms of the EU and the US assistance may also be a very important incentive for the private sector development. It will push potential investors to consider high-quality goods production in Georgia which on the other hand would allow to be competitive in the European and American markets. If the question of transition to a free trade regime with support of the US is still in its embryonic stage, Georgia will need to change its labour code to make it compatible with the European standards in order to obtain this privilege from the EU whilst also passing brand new antimonopoly and consumer-rights protecting legislations.

In 2008-2009 bank loans in Georgia decreased by 76 percent in agriculture, industry and construction and by 36 percent in health care. Both women and men were equally affected by this crisis. Due to the credit portfolio reduction and prices enhancement on financial resources, women became in more disadvantaged position to receive loans for supporting their small business. According to the data in circumstances of mass unemployment, 52% of the employers fail to find the personnel of required specialty and qualification.

Labour forces are not currently being re-trained in compliance with modern qualification and specialization requirements. Recruiting of personnel is especially problematic with respect of qualified personnel with higher education (27% of the interviewed organizations), while low qualification personnel is readily available.

The majority of unemployed women are well-educated professionals with considerable qualifications who are suffering from continuing disqualification due to long pauses in their careers /3-5 years/ caused by labour market and country's economic situation of course. According to 2008 data 37 % of unemployed women have education gained in university. Most often people with only secondary education are employed.

Table: 2
Distribution of Unemployment by Education
Share in the Total Number of Unemployed, %

	2006		2007		2008	
	Women	Men	Women	Men	Women	Men
Primary general education	0.1	0.3	0.1	0.3	0.1	0.0
Basic general education	1.0	3.5	1.6	3.1	1.8	3.1
Secondary general education	11.0	20.9	9.2	22.4	11.3	20.5
Preliminary professional training	3.8	4.6	3.4	3.7	1.8	2.1
Secondary professional training	10.0	5.8	9.0	7.1	10.0	6.9
High education	17.0	21.9	16.4	23.5	20.0	22.4
Total:	43.0	57.0	39.7	60.3	44.9	55.1

State Department of Statistics of Georgia, www.statistics.ge , 2009

Vocational/professional education in Georgia has fragmented, temporary, sort of campaigning character. From this point of view, gender equality state is even more severe. Fact that women are being paid less than men is a result of their outdated education and comparably low productivity of labour. With this state it is necessary to develop practical trainings and continuous education programmes for women, and their subsequent introduction before supplying.

Despite recent increases in women's educational attainment, women continue to earn less money than men in the Georgian labor market-even when they have the same education and work experience as men do. The gender gap in salaries is not significantly related to the women's professional level, as it is in a straight line related to inter-sector salary differences.

There is a peculiar status pyramid at work in Georgia, resulting in lower positions for women. The vertical segregation so called "glass ceiling" even more increases income gap between women and men. An analysis of different sectors of economy shows that women usually occupy the lower position in a company or organization. It should be admitted that in last period this attitude has been changed owing to young women employers.

Table: 3
Average monthly nominal salary of employed
by means of economic activity and sex, GEL

	2007		2008	
	Women	Men	Women	Men
1 Total economics	240,2	475,6	367,7	678,4
2.Agriculture	102,8.	177,1	175,8	217,5
3. Mining & quarrying	727,6	645,0	795,1	811,4
4. Manufacturing	246,4	411,0	354,1	585,6
5. Electric energy, gas and water supply	470,5	559,0	679,1	766,7
6. Constructions	341,0	503,2	512,2	606,6
7. Trade	254,2	445,5	399,2	601,9
8. Hotels & restaurants	181,4	329,5	252,9	473,9
9. Transport, communications	407,5	519,5	531,7	711,2
10. Financial intermediation	878,1	1190,4	1195,1	1508,9
11. Real estate operations	316,4	447,8	423,8	597,3
12. Public administration & defence	467,0	622,2	701,1	918,2
13. Education	142,1	191,4	232,4	286,3
14. Health & social work	181,6	298,0	263,0	460,6
15. Other community, personal services	207,3	324,5	338,1	428,7

State Department of Statistics of Georgia, www.statistics.ge 2009

In Georgia double burden of women is widespread, i.e. women's work at home and paid employment. From the gender picture of the employment, it is clear, that women have to search employment outside the family to ensure increased income of the families. Such double burden is a result of insufficient financial resources brought in by men to meet family needs, which forces women to be active on labour market on the one hand, and on the other hand, attempt to establish her social status. As the figures above show, women are employed equally to men in the labour market, though they are subject to vertical inequality in the reimbursement of their labour.

Massive drain of labour resources from Georgia is justified by the fact that remittances sent by the labour migrants to their families in Georgia is the only source of their daily subsistence, and plays a vital role in overcoming poverty. Volume of remittances is increasing by each year. In 2007 only it amounted to USD 837 million, which exceeds 15 times the corresponding indicator in 2000. Remittances from workers living abroad have declined since the beginning of 2009 due to the economic slowdown, in particular in Russia which still accounts for two-thirds of the source of remittances. This negative impact is partially compensated by the large-scale international financial support, counting about 4.55 billion USD over three years, pledged in October 2008. The IMF emergency 18-month stand-by programme of USD 750 million that

started in mid-September 2008 (augmented by additional USD 424 million and extended by 14 months in August 2009) also helped with the stabilisation process after the conflict.

Georgia has adopted a variety of measures to stimulate renewed economic growth and mitigate the impact of global crisis on women's and men's' lives. Each of these measures should have gender dimensions as well, however in reality it is not considered. Macroeconomic policy of the country should develop in a way to give women opportunity of promotion and self-realization that will be reflected in the overall wellbeing of the population.

Thus there is a need to introduce special amendments to the labour code to be in compliance with EU requirements. One of the important changes in labour code will be introducing a law that includes the case when an employee is discharged by employer, he/she to be compelled to provide an explanation why this has been done. This will give the employee the possibility of suing the employer in court if will be necessity. Amendments also need to be made to the maternity leave, to the regulations on working hours, etc.

Furthermore policy responses to the financial crisis must take gender equality perspectives into account to ensure, for example, that women as well as men can benefit from employment creation and investments in social infrastructure. State budget expenses of previous years mainly considered male employment, high-priority fields were defence, public order and security. Expenses in these fields exceed the expenses assigned to education, healthcare and social protection. In 2008, financing of these fields has been slightly equalized. The same trend remains in 2009-2010. There are signs that some investment and effort is going into marketing Georgia's agricultural potential, as well increasing tourism, where majority of women are working.

It is urgent to increase women employment in the country. Investors who will work in the economic sector and bring new technology in future will assist the high economic growth in the country. Main goals of the Georgian governments for the years 2008-2012 are ensuring well-being of the population, social security and complete territorial and civil reintegration. But for the purpose of recovering well-being of the population, the efforts of the government first of all will be directed for providing effective economic growth and on the other hand towards implementation of large-scale social programs.

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