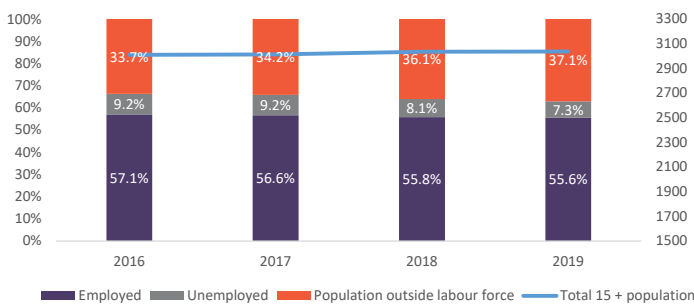Unemployment has remained one of the prioritised issues in Georgian economy since its independence. Moreover, Georgian economy was characterised with high unemployment rates even during periods of economic upturn prior to 2008 global financial crisis. COVID-19 is likely to impact job market and income of people employed, therefore, it is important to consider their pre-pandemic state. This bulletin overviews the unemployment and income figures of 2016-2019. The period of 2016-2019 is characterised with significant trends and issues such as:

- Growth in average monthly incomes;
- Slight decrease in unemployment rate[1];
- Increased share of hired individuals in labor force;
- Slight decrease of share of self-employed[2] individuals in labor force.

Distribution of total population aged 15+ by economic status (2016-2019)

Source: National Statistics Office of Georgia

In 2019 total population aged 15 and more reached 3.037 mln. people.

In 2019, compared to 2016, share of employed[3] individuals in total population (aged 15+) decreased by 1.5 percentage points to 55.6%. As a result, number of employed people dropped to 1.69 mln. people.

Over the four years share of unemployed[4] people in total population decreased by 1.9 percentage points and reached 7.3%, which accounted for 221 thousand people.

Moreover, in 2019, compared to 2016, share of population outside the labor force (economically inactive people) increased by 3.4 percentage points and reached 37.1%, which adds up to 1.125 mln. people.
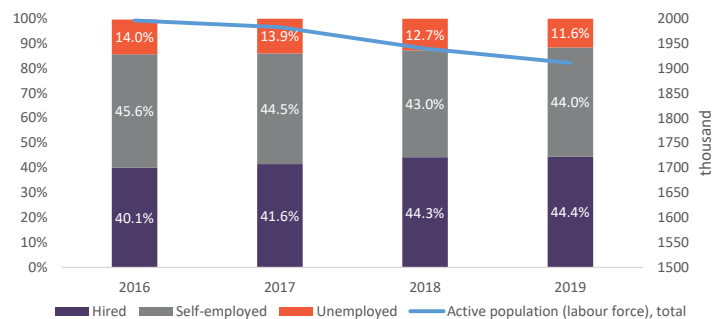
In 2019 economically active population (labor force) slightly decreased by 4.3 percentage points to 1.991 mln. people compared to 2016.

Period of 2016-2019 saw an increase in share of hired employees, resulting in reaching 44% of active population and number of 849.3 thousand individuals.

At the same time, share of self-employed individuals decreased from 45.6% in 2016 to 44% in 2019, reaching its lowest point of 43% in 2018. In 2019 number of self-employed workers was 840.4 thousand people.

In 2016-2019 share of unemployed people in the labor force had been gradually decreasing and in 2019 recorded 11.6%, which is 2.4 percentage points less than the figure of 2016 (14%).

Distribution of active population (labor force) by economic status (2016-2019)[5]

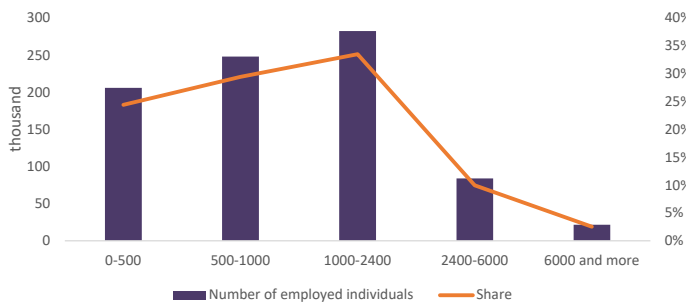Source: National Statistics Office of Georgia

Statistics by electronic informations system of "Revenue Service of Georgia" show the declared salaries of 842 610 individuals in November 2019.

According to results, the highest number of people (282 580) fits in the category of average monthly salary of 1000-2400 GEL, while the lowest number of people (21 615) have a monthly salary of 6000 GEL and more.

However, it is worth noting that combined share of those whose salaries were less than 1000 GEL was more than half (54%) of total number of individuals whose salaries were declared.

In addition, to emphasize outliers in this data, 19 559 workers in November of 2019 earned 0-100 GEL, while 95 people earned more than 100 000.

Monthly salary categories and shares of employed individuals (November, 2019)
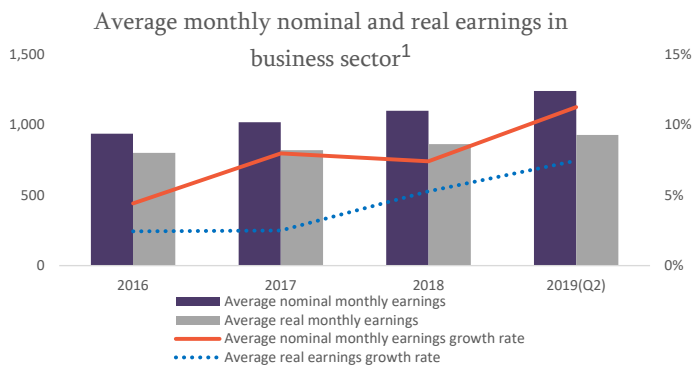
Source: "Revenue Service of Georgia"

[1]Unemployment Rate – the ratio of the unemployed population against the total economically active population, expressed as a percentage.
[2]Self-employed – an owner of a personal enterprise during the accounting period, to generate a profit or family income (cash or in-kind) or a person working for free in a family enterprise/holding.
[3]Employed – a person at the age of 15 or above, who worked 7 days prior to the interview process (for at least one hour) to generate income (salary, profit, or other compensation) or helped other household members for free, or was formally considered employed but for some reason did not attend work.
[4]Unemployed – a person at the age of 15 or above, who was not employed (even for one hour) 7days prior to the interview process, was looking for a job for the last 4 weeks time and was ready to start working within the next 2 weeks time.
[5]Distribution of active population (labor force) by economic status (2016-2019)-number of non-identified workers accounted for 0.3% in 2016, which causes a slight inaccuracy in calculations.

Average monthly nominal and real earnings in business sector[1]

Legend:
- Average nominal monthly earnings
- Average real monthly earnings
- Average nominal monthly earnings growth rate
- Average real earnings growth rate

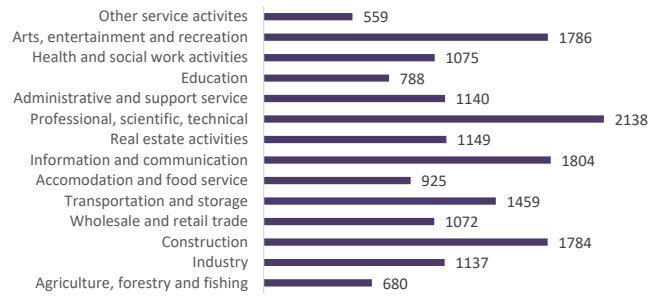Source: National Statistics Office of Georgia

It is important to consider the business sector as it will be the sector affected heavily by the COVID-19 pandemic. Moreover, second quarters of previous years represent the highest area of interest, as it is the time period when economic effects of pandemic will be more visible.

Average monthly nominal earnings in the business sector recorded a rapid increase from 938 GEL in 2016 to 1241 GEL in the second quarter of 2019.

Average monthly real[2] earnings increased from 801 GEL in 2016 to 929 GEL in the second quarter of 2019.
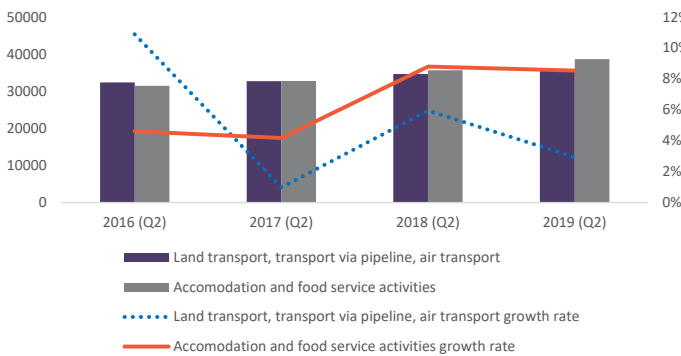
The highest growth of average real earnings as well as nominal earnings wes recorded from 2018 to the second quarter of 2019 (7% and 11% respectively).

The highest average monthly earnings were recorded in professional, scientifical, technical activites followed by information and communication. The workers pursuing these economic activities received on average 2138 and 1804 GEL respectively.

The lowest average monthly earnings were in other service activities and agriculture, forestry and fishing. The figures were 559 and 680 GEL respectively.

Total number of people employed in the business sector in the second quarter of 2019 was 713 899.

The highest shares of total employed individuals were in wholesale and retail (26.4%) and industry (17.9%). The lowest shares were recorded in other services (1.2%) and agriculture, forestry and fishing (1.6%).

Average monthly earnings of employees by economic activities GEL (Q2, 2019)

Activity	GEL
Other service activites	559
Arts, entertainment and recreation	1786
Health and social work activities	1075
Education	788
Administrative and support service	1140
Professional, scientific, technical	2138
Real estate activities	1149
Information and communication	1804
Accomodation and food service	925
Transportation and storage	1459
Wholesale and retail trade	1072
Construction	1784
Industry	1137
Agriculture, forestry and fishing	680

Source: National Statistics Office of Georgia

Number of employees and growth rates in tourism-related economic activities (Q2, 2016-2019)

Legend:
- Land transport, transport via pipeline, air transport
- Accomodation and food service activities
- Land transport, transport via pipeline, air transport growth rate
- Accomodation and food service activities growth rate

Source: National Statistics Office of Georgia

Economic activities associated with tourism will be impacted significantly by COVID-19 pandemic. Two economic activities can be emphasized - accomodation and food service activities[3] (hotels, restaurants, cafe-bars) and transport[4] (including land and air transport).

According to the National Statistics Office of Georgia, the number of people employed in transportation activities increased from 32 388 in the second quarter of 2016 to 35 663 in the second quarter of 2019.

The number of people employed in accomodation and food service activities increased from 31 446 in the second quarter of 2016 and reached 38 690 in the second quarter of 2019.

The biggest increase in number of people employed in transportation sector was recorded in 2016 (11%). The highest growth in accomodation and food service activities was in 2018 (9%).

To conclude, it is worth noting that the National Statistics Office of Georgia is changing its methodology from 2020 by not recording subsistence farmers as self-employed[5]. The figures will be significantly impacted and unemployment rates are likely to go up.

[1]Average monthly nominal and real earnings in business sector - National Statistics Office of Georgia does not provide a yearly statistics of nominal earnings for 2019 and the data implied in the graph represents second quarter od 2019.
[2]Real earnings - individual's earnings considering the impact of inflation. Average year=2010.
[3]Accomodation and food service activities - classified by NACE Rev. 2 "Statistical classification of economic activities in the European coomunity".
[4]Transport (land transport, air transport, transport via pipelines) - classified by NACE Rev. 2 "Statistical classification of economic activities in the European coomunity".
[5]Source - https://bm.ge/ka/article/metodologia-icvleba---tvitdasaqmebulta-didi-nawili-dasaqmebulebad-agar-chaitvleba/46344/

* Preliminary data

Basic Economic Indicators	2015	2016	2017	2018	2019
Nominal GDP (mln USD)	13,988.1	14,377.9	15,086.5	17,596.6	17,736.6*
GDP per Capita (USD)	3,754.9	3,857.3	4,046.8	4,722.0	4,763.5*
GDP Real Growth (%)	2.9%	2.8%	4.8%	4.8%	5.1%*
Inflation	4.0%	2.1%	6.0%	2.6%	4.9%
FDI (mln USD)	1,665.6	1,565.8	1,894.5	1,265.2	1,267.7*
Unemployment Rate (%)	14.1%	14.0%	13.9%	12.7%	11.6%
External Debt (mln USD)	4,314.9	4,515.7	5,177.4	5,434	5,741