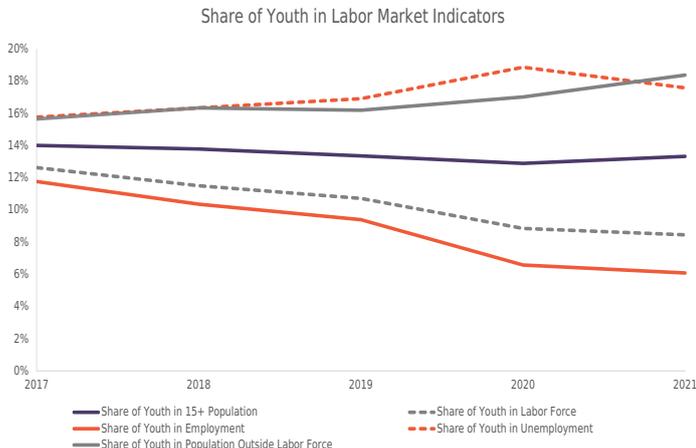


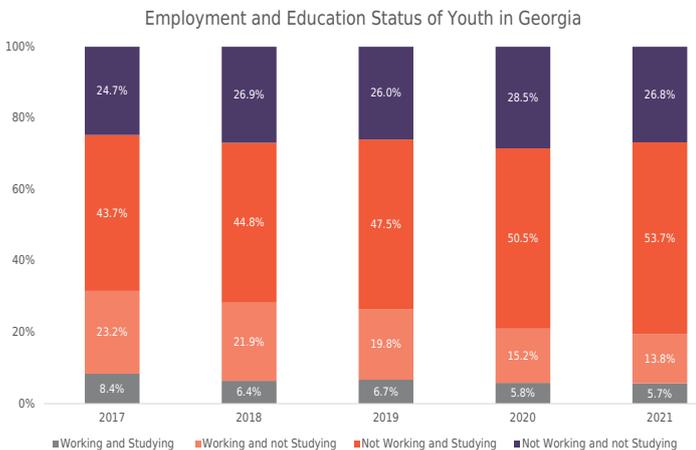
The successful participation of youth in the Georgian labor market is crucial for not only their own personal wellbeing, but also the prosperity of the country as a whole. Although the broad topic of employment is one of the most discussed issues at the national level in Georgia¹, the more specific matter of youth employment is afforded relatively little attention. Seeking to address this shortcoming, this bulletin focuses on changes in the Georgian labor market and relevant indicators for the age group of 15-24² in the period of 2017-2021.



Source: Geostat

To investigate youth employment thoroughly, it is essential to look closely at youth labor market indicators. Although general unemployment demonstrated a noticeable downward trend in Georgia in 2017-2019 (dropping by 4 pp)³, the youth unemployment rate increased steadily over the same period. Subsequently, youth unemployment grew dramatically in 2020 (+11 pp) compared to 2019, followed by a further rise in 2021 (+4 pp). The rapid increase could be attributed to the fact that young people are less likely to be experienced or highly-skilled, making them more vulnerable to the pandemic and lockdowns cutbacks. Another factor contributing to the relatively high unemployment rate among youth is their tendency to drop jobs more frequently than their older counterparts.

Together with rising unemployment over the covered period, the number of youth also reduced on the labor market. Specifically, the number of youth in the labor force decreased from 207,312 in 2017, to 129,718 in 2021 (decreased by 37.4%). Furthermore, in 2021, the employment rate among youth dropped to 18%, marking an 18pp decrease compared to 2017. To sum up, in Georgia, the youth labor market indicators were already on the decline during 2017-2019, and worsened further in 2020-2021 largely due to the COVID-19 pandemic.



Source: Geostat, PMC RC's calculations

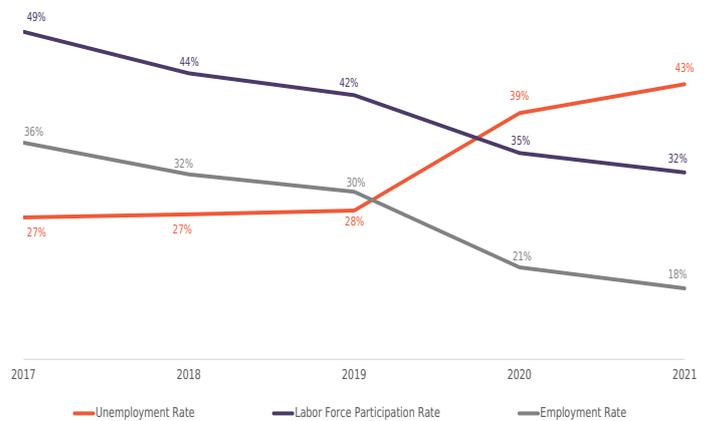
Comparing the youth NEET (not engaged in education, employment, or training) against other Eastern Partnership countries, Georgia had the second-highest figure in 2020 (behind only Armenia). Moreover, in 2020, Georgia's figure was three times higher than the EU average.⁵

To get a broad perspective on youth participation in the labor force, it is essential to analyze the share of youth (i.e. those aged 15-24) in Georgia's adult (i.e. 15+) population and labor force, as well as in the numbers of employed and unemployed people.

Although over the analyzed period, the share of youth in the 15+ population was stable (around 13-14%), its share in in Georgia's labor force steadily decreased. Indeed, it reached its lowest point in 2021 at 8.5%, marking a 4.1-percentage-point drop compared to the corresponding figure in 2017.

Furthermore, the share of youth in the 15+ population outside the labor force remained stable from 2017 to 2019. However, the corresponding figure increased thereafter due to the COVID-19 crisis. In 2019, the share amounted to 16.2%, and by 2021 it had reached 18.4%. However, the share of youth in the number of employed persons was affected most by COVID-19, decreasing to 6.1% in 2021, having previously accounted for 9.4% in 2019.

Youth Labor Market Indicators in Georgia



Source: Geostat

A substantial element of the youth in Georgia has been leaving the labor market, with most pursuing higher education. The share of youth studying but not working was recorded at 53.7% in 2021, representing a 10-pp increase compared to 2017. The highest increase in the former category (+3 pp) followed COVID-19 crisis in 2020. However, it should be noted that in 2020, Geostat changed its labor force survey methodology⁴ which might also have had a bearing on the rise in the number of youth studying but not working.

Meanwhile, a bigger shift was noticed in the covered period in the number of youth working and not studying, amounting to 13.8% by 2021 (marking a decrease of 9.4 pp compared to 2017). Hence, it could be said that by choice or necessity, youth has substituted working to studying over the analyzed period of 2017-2021. In addition, the share of youth not working and not studying increased by 2.1 pp over the analyzed period, amounting to 26.8% in 2021, meaning that every fourth Georgian youth was neither studying nor working.

Share of part-time employment among the 15-24 age group might illustrate in what instance the labor market creates employment opportunities for youth employment as young people usually are also engaged in educational activities.

The distribution of part-time and full-time employment among the 15-24 age group in Georgia illustrates that the former's share was much higher in the covered period. Moreover, on average, in 2017-2019, the share of part-time employment was 16.6%, while it was 9.8% in 2020-2021. However, it is worth mentioning, that the data from 2017-2019 and 2020-2021 is incomparable as the labor force survey methodology was changed by Geostat in 2020.

Comparing the share of part-time employment in the 15-24 age group to the exact figure for the EU illustrates that, in 2021, Georgia's figure was less than one-third of the EU average (31.9%). Meanwhile, the employment rate among the 15-24 age group in the EU in 2021 was 32.7%⁶, whereas in Georgia it stood at 18%. Ultimately, together with other factors, the low level of employment for the 15-24 age group in Georgia might be largely determined by the lack of part-time jobs being offered, by the conditions of part-time employment being unsatisfactory, and youth not generally being inclined to apply for jobs of this type.

Distribution of employed people in the age group 15-24 by economic sectors by NACE Rev.2 classification (%)					
Sector	2017	2018	2019	2020	2021
Agriculture, hunting and forestry; fishing	44.9	36.2	31	27.9	15.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	12.7	16.3	17.8	19.4	21.7
Manufacturing	6.3	6.9	6.5	8.3	9.8
Accommodation and food service activities	4.9	5.2	7.6	6.1	6.2
Construction	3.4	5.2	5.3	6.8	6.5
Public administration and defence; compulsory social security	5.3	4.4	5.5	3.1	8.7
Financial and insurance activities	5.6	4.5	4.1	4.1	6.1
Other	16.9	21.4	22.2	24.3	25.4

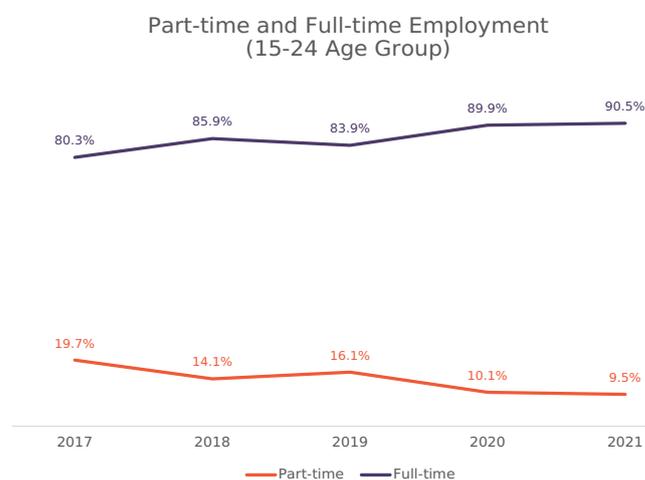
Source: Geostat, PMC RC's calculations

The analysis of the distribution of employed people in the 15-24 age group by occupied position revealed that, similar to economic sectors, the majority of youth were occupied in agriculture or a related field.

From 2017 to 2019, on average, 35.5% of employed youth were skilled agricultural, forestry, and fishery workers, followed by services and sales workers (on average 15.7%), and technicians and associate professionals (on average 10.6%).

After adopting the new methodology,⁷ the share of youth skilled agricultural, forestry and fishery workers in the 15-24 age group declined from 26.1% in 2020 to 13.6% in 2021.

Moreover, in 2021, services and sales workers exceeded the share of agricultural, forestry, and fishery workers. Meanwhile, the share of leading occupations increased. Though, the share of other occupations decreased from 15.8% to 13.6%.



Source: Geostat, PMC RC's calculations

To broaden our understanding of employment trends among youth in Georgia, it is important to analyze the economic sectors in which they are employed and the positions they occupy.

From 2017 to 2019, the majority of employed youth were employed in "agriculture, hunting and forestry, and fishing" (on average 37.4%), followed by "wholesale and retail trade and repair of motor vehicles and motorcycles," "manufacturing," and "accommodation and food service activities" (on average 15.6%, 6.6%, and 5.9% respectively).

After adopting the new methodology,⁷ in 2020, the share of "agriculture, hunting and forestry, and fishing" among those employed in the 15-24 age group was still a leading sector. The former was outstripped by "wholesale and retail trade and repair of motor vehicles and motorcycles" in 2021, amounting to 21.7%.

Furthermore, the share of youth working in "Public administration and defence; compulsory social security" was more than doubled in 2021 compared to 2020.

Distribution of employed people in the age group 15-24 by occupied positions by ISCO classification (%)					
Occupation	2017	2018	2019	2020	2021
Skilled agricultural, forestry and fishery workers	42.5	34.2	29.9	26.1	13.6
Services and sales workers	13.2	15.6	18.4	24.6	25.9
Technicians and associate professionals	9.3	12	10.5	10.5	12.9
Clerical support workers	8.8	11.3	11.3	6.4	11.3
Craft and related trades workers	5.2	8.6	8	9.2	10
Professionals	6.8	4.3	7.8	7.3	12.7
Other	14.3	14	14.2	15.8	13.6

Source: Geostat, PMC RC's calculations

Overall, in Georgia, youth engagement in the labor market in the covered period was low and worsened over time. More specifically, the youth labor force participation and employment rates decreased, while the unemployment rate increased. The unfavorable situation in the youth labor market during 2017-2019 was then exacerbated by the COVID-19 pandemic, which broke out in 2020. Moreover, Georgia has the second-highest figure in youth NEET (not engaged in education, employment, or training) compared to EaP countries, with its figure in this regard multiple times higher than EU countries. The low level of youth engagement in Georgia's labor market might be in part attributable to the difficulty in transitioning from education to employment, as well as insufficient part-time employment opportunities. Moreover, reportedly the jobs generally offered to youth are poorly paid along with other unsatisfactory conditions, making young people hesitant to enter the labor market.

1. <https://www.ndi.org/publications/results-august-2020-opinion-poll-georgia>.

2. The United Nations, for statistical purposes, defines those persons between the ages of 15 and 24 as youth. <https://www.un.org/en/global-issues/youth#:~:text=Who%20Are%20the%20Youth%3F,of%2015%20and%2024%20years>.

3. https://www.pmcresearch.org/publications_files/2018100808a26290.pdf.

4. According to changes made, subsistence farmers were no longer categorized as self-employed. Therefore employment rate considerably decreased in rural areas of the country, and the share of agriculture in employment shrank. <https://www.geostat.ge/ka/single-news/2081/dasakmeba-urmushevrobis-metodologiis-tsvilveba>.

5. https://ecstat.ec.europa.eu/en/how-do/dataset-ifa_gqgqecbi4ng-en.

6. The figures in 2017-2019 and in 2020-2021 are incomparable as the labor force survey methodology was changed by Geostat in 2020.

7. http://geostat.ec.europa.eu/en/how-do/dataset-ifa_gqgqecbi4ng-en.

Basic Economic Indicators	2019	2020	2021	2022 Q1	2022 Q2	2022 Q3
Nominal GDP (mIn USD)	17 470.7*	15 888.1*	18 700.1*	4 610.4*	5 999.7*	-
GDP per Capita (USD)	4 696.2*	4 274.6*	5 015.3*	1 249.9*	1 626.5*	-
GDP Real Growth (%)	5.0%	-6.2%*	10.4*	14.9*	7.1*	-
Inflation	4.9%	5.2%	11.8%	13.2%	13%	12.7%
FDI (mIn USD)	1 335.8*	572.0	1 152.8*	568.2*	351.8*	-
Unemployment Rate (%)	17.6%	18.5%	20.6%	19.4%	18.1%	15.6%
External Debt (mIn USD)	5 741	7 535	7 956	7 751	7 572	7 154
Poverty Rate (relative)	20.1%	19.7%	18.9	-	-	-

*Preliminary data



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