

Impact of the Pandemic on the Labour Market and Employees Positions

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1. Key Findings

The study has revealed negative impact of the pandemic in the direction of labour rights protection, as well as, employment and economic situation in general.

The following violations of labour rights became especially frequent:

- ◇ Dismissal without any notice, often even without written or oral informing;
- ◇ Coercion of employees to request termination of employment on the basis of personal statement;
- ◇ Refusal to provide employees with salary due to them and compensation provided by the law at the time of dismissal;
- ◇ “Letting go” on a leave without a pay or on a paid leave unilaterally, without taking into account the will of employee;
- ◇ Unilateral change of substantive terms of agreement, related to remuneration, working hours or workload;
- ◇ Refusing employees to work remotely, while their job description allowed it;
- ◇ Refusing to pay in the period of temporary incapacity, including, quarantine or self-isolation;
- ◇ Refusing to provide with transportation by employer in the terms of stop of public transport;
- ◇ Refusing to negotiate in regards with working conditions by the employer;
- ◇ Rejecting remuneration for idle time, while, this was caused by the employer’s fault;
- ◇ Discriminatory treatment against employees based on different characteristics (sex, age, trade union membership and etc.)
- ◇ Incompliance with labour safety standards in the terms of COVID-19;

The following shall be noted in the economic direction:

- Officially, number of unemployed has only increased by 5000, however employment has decreased by 54000. This is probably conditioned by the fact, that part of the unemployed were receiving compensation from the state in the moment of the survey and were not looking for a job., which is why Geostat assigned these people to those outside of workforce and not to unemployed.
- Number of employees in informal sector has decreased more than in formal sector.
- Majority of those left unemployed, are women. Out of 54000 reduced jobs, 42 000 (77%) are such jobs, where women were employed.
- As a result of the crisis, the most affected sectors are such ,where women are employed. For example, the service sector- hotels, restaurants, trade sector. Women employed in households-janitresses, nannies, caregivers, cooks and etc. were also left unemployed.

- Transition of educational institutions to online regime and closing of kindergartens increased the volume of childcare and household chores. As a result, already low level of economic activity of women was decreased from 43.1% to 40,4%
- During 2020 year, construction is a leader by number of the lost jobs (16.200), followed by accommodation provision (12.800) and education (7.500). The biggest loss according to percentage, 26.3% is identified in accommodation and food delivery activities, which can be explained by the minimization of tourist flows and restrictions related to restaurant business.
- In some of the fields of economics, reduction of number of employees was more, than reduction of the field itself, as a component of GDP. For example, the contribution of construction sector in GDP had increased by 4.5% comparing to indicator of the last year. While the number of those employed in this sector has been reduced by 16%. Number of employees were decreased by 4,9% in education sector, despite the fact that its income was not decreased.
- Such sectors of economics, which produce export products (industry) cope with Covid-19 pandemic more easily. And sectors providing services are still in difficult situation, which in turn affects the situation of employees.
- Significant increase of food prices has a negative impact on the purchasing power of employees and population as a whole. In 2020 year, the largest increase in prices was observed on food and non-alcoholic beverages. Including: sunflower oil (42%), beans (30%), milk and dairy products (20%).

2. Basic trends of labour rights violations under Covid-19

Pandemic and Labour Rights

Coronavirus pandemic begun in 2020 and posed enormous challenges to the world. After the first covid case detected in Georgia in February of 2020, from March 21 to the end of May, a state emergency was declared throughout the country, economic restrictions were imposed, number of economic activities were limited and the borders were closed. This situation had a direct impact on labour relations as well. In the very first days of the pandemic, labour rights violations facts became systematic, actually, in every field of the economy, largely due to spontaneous decisions of employers. Consequently, the number of employees applying to the Georgian Trade Unions Confederation has significantly increased.

Deterioration of labour rights, significant increase of discriminatory approaches and refusal to negotiate with employees have intensified social crisis, including at the production level, resulting in collective or individual labour disputes and numerous strikes in the terms of failure to achieve agreement between the parties.

In the terms of pandemic, employers were often justifying decisions made by them, resulting in violation of employees' rights by the so called 'force majeure' situation and interpreted it in an ungrounded and wide way. It is noteworthy, that dismissal by indication on force majeure took a place even in sectors, where work has not stopped despite the pandemic.

In this regard, it shall be noted, that Georgian legislation does not recognize specific definition of 'force majeure', however, its definition can be found in many court decisions, as follows- circumstances, which could not be avoided. It is an insurmountable force, an event, which allows the agreement (contract) term to be postponed (extended) or fully exempts parties of the responsibilities and obligations imposed under the agreement. As far as the force majeure makes impossible to duly perform the obligations, a force majeure situation means objectively existing circumstances, the existence of which precludes the fault of the party.

Accordingly, pandemic taken alone a priori does not mean an insurmountable force, therefore, it is necessary to assess whether there actually is an insurmountable force or not, individually on each specific case, as a result of a thorough study of the factual circumstances. In this process, special attention shall be paid to specifics of labour relations, which are characterized by subordination and imbalance of forces between the parties.

For the same reason, it is inadmissible to automatically distribute on labour relations the principle of application on force majeure circumstances existing in other types of contractual relations or changed circumstances of agreement established by the Civil Code.

Thus, pandemic shall not be automatically considered as a basis for termination of employment agreement and/ or waiving the obligations under labour agreement.

The Labour Code of Georgia is an organic law where the minimum standards are established at the imperative level, taking into account the situation of the employees as a weak party of the agreement. Exceptions to these rules are not provided in case of force majeure circumstances, however, there are mechanisms through which it is possible to regulate relationship if there exist relevant preconditions without violating the employees' rights.

Here, it is important to review the basic trends of labour rights violations.

◇ **Dismissal without any notice**

The employment agreement was terminated for many employees on the basis of economic situation caused by the pandemic. There were also cases, when employees were dismissed from job by indication of afore-mentioned reason, while, actually, there was no legal basis- economic situation, necessary for reducing the labour force. In many cases, employees were not informed in advance on termination of employment agreement.

Exhaustive grounds for terminating employment agreement are defined in the Article 47 (1) of the Labour Code of Georgia. They are the following:¹

- economic circumstances, and/or technological or organisational changes requiring downsizing;
- the expiry of an employment agreement;
- the completion of the work under an employment agreement;
- the voluntary resignation of an employee from a position/work on the basis of a written application;
- a written agreement between parties;
- the incompatibility of an employee's qualifications or professional skills with the position held/work to be performed by the employee;
- the gross violation by an employee of his/her obligations under an individual employment agreement or a collective agreement and/or of internal labour regulations;
- the violation by an employee of his/her obligations under an individual employment agreement or a collective agreement and/or of internal labour regulations, if any of the disciplinary steps under the said individual employment agreement or collective agreement and/or internal labour regulations has already been taken against the employee during the last year;
- long-term incapacity for work, unless otherwise determined by an employment agreement, if the incapacity period exceeds 40 consecutive calendar days, or the total incapacity period exceeds 60 calendar days within a period of 6 months, and, at the same time, the employee has already used his/her leave under Article 31 of this Law;
- the entry into force of a court judgment or other decision precluding the possibility of performing the work;
- a decision on declaring a strike illegal that was delivered by a court in accordance with Article 67(3) of this Law and that became final;
- the death of an employer who is a natural person, or of an employee;
- the initiation of liquidation proceedings against an employer who is a legal person;
- other objective circumstances justifying the termination of an employment agreement.

The Labour Code prohibits dismissal of employees on grounds other than afore-mentioned.

In order to terminate the agreement with employee, including, the consequences of pandemic, existence of any afore-mentioned grounds, confirmed by relevant evidence is necessary. As we have mentioned, pandemic itself is not a basis for termination of employment agreement. The employer has an obligation to substantiate the need to reduce workforce. Article 48 of the Labour Code obliges employer to notify employee in advance on

¹ Organic Law of Georgia, part 1, part 2, Article 48 of the Labour Code of Georgia

dismissal, including, dismissal caused by economic circumstances, and/or technological or organisational changes requiring downsizing on such circumstance.² In accordance with the decision # 2 / 18387-20 of March 15, 2021, Tbilisi City Court considered dismissal of employee N.M. during pandemic on June 01, 2020 as illegal and annulled order of dismissal, precisely, on the basis, that the circumstance, that pandemic caused such economic situation in the company, which made it necessary to dismiss employees was not confirmed.

◇ **Coercion of employees to request termination of employment on the basis of personal statement;**

Practices, when the personal statements of the employees are the basis for the termination of employment agreement are ongoing, however, initiator of writing the mentioned statement was employer, not employee.

In the major cases, the above-stated was conditioned by the employer's indication to the prospect of employment once again.

Pursuant to part 1 (d) of Article 47 of the Labour Code, basis for termination of employment agreement can be personal application, however, it should be noted, that in such case there shall be free expression of will, real desire of a person to terminate agreement.³ The aforementioned shall not be an opportunity for employer to be released from the procedures stipulated under the Code and to avoid issuance of the relevant compensation.

Moreover, coercion of a person into writing a resignation application on his/ her initiative is punishable act under Article 169 of the Criminal Code.

◇ **Refusal to provide employees with salary due to them and compensation provided by the law at the time of dismissal;**

There were seen cases, when upon dismissal of employees their own salary and compensations consequent to economic/ financial condition at the time of termination of agreement were not paid to them.

Pursuant to Article 44 of the Labour Code of Georgia, when labour relations with an employee are terminated, an employer shall make a final settlement within not more than 7 calendar days after the termination of labour relations, unless otherwise determined by an employment agreement or by law.⁴ Precisely in a mentioned term, employer is obliged to make final payment, which includes, remuneration of work- salary, as well as, unused leave or other remuneration.

Besides the afore-mentioned, pursuant to Article 48 of the Labour Code, where an employment agreement is terminated by an employer due to economic circumstances and/

² Organic Law of Georgia, part 1 (and part 2 of Article 48 of the Labour Code of Georgia

³ Organic Law of Georgia, part 1 (d) of Article 47 of the Labour Code of Georgia

⁴ Organic Law of Georgia, Article 44 of the Labour Code of Georgia

or technological or organizational changes, the incompatibility of an employee's qualifications and long-term incapacity for work, the employee shall be granted severance pay to employer in the amount of at least 1 month's remuneration in case of notifying 1 month in advance and in the amount of 2 month's remuneration when notifying 3 days in advance.⁵ The obligation to pay indicated compensation is imposed to employer in the time period stipulated under Article 44 of the Labour Code of Georgia, otherwise, according to paragraph 1 of the Article 41, an employer shall pay an employee 0.007% of the delayed sum for each day of any delayed payment.⁶

◇ **“Letting go” on a leave without a pay or on a paid leave unilaterally, without taking into account the will of employee;**

There are a lot of cases, when employees against their will, by indication of employers, submitted applications on using unpaid leave. In relatively rare cases, employers were forced to take paid leave. Pursuant to Article 31⁷ of the Labour Code of Georgia, taking leave by employee is a right of employee, not an obligation. Accordingly, “forcing employee in any forms to submit application on taking paid or unpaid leave and relevantly, taking leave, is unambiguously violation of imperative requirements of the Labour Code.

◇ **Unilateral change of substantive terms of agreement, related to remuneration, working hours or workload;**

There are especially frequent cases, when the reduction of employees\ remuneration is unilateral, as well as, as an increase of workload in the terms of reduction of workforce and accordingly, increase of working time.

Pursuant to paragraph 1 (f) of the Article 14 of the Labour Code of Georgia, the remuneration is essential term⁸ for an employment agreement, that can only be changed by agreement between the parties according to Article 20 (2) of the Labour Code of Georgia.⁹ The agreement shall be the result of the free will of the parties. In each specific case, taking into account current situation, the employer shall be aware of the consequences in advance, which may be caused by disagreement on new/ changed terms. As a result of analysis of these circumstances, taking into consideration economic situation of the organization, it shall be further assessed, whether the termination of the employment agreement is possible under Article 47 (1) (a) of the Labour Code (economic circumstances, that make labour reductions necessary). However, indication on this factor shall not become a basis for coercion of the employee to agree to reduction of the remuneration.

⁵ Organic Law of Georgia, paragraph 1 and 2 of Article 48 of the Labour Code of Georgia

⁶ Organic Law of Georgia, paragraph 4 of Article 44 of the Labour Code of Georgia

⁷ Organic Law of Georgia, the Labour Code of Georgia

⁸ Organic Law of Georgia, paragraph 1 (f) of Article 14 of the Labour Code of Georgia

⁹ Organic Law of Georgia, paragraph 2 (of Article 2 of the Labour Code of Georgia

Likewise remuneration, working hours and work to be done are essential terms of agreement, the amendment of which requires the consent of the employees. For the purposes of overtime work, there shall be a consent of employee and then reimbursement of overtime work at an increased rate.

◇ **Refusing employees to work remotely, while their job description allowed it;**

The government of Georgia, called on all employees to switch to remote work as much as possible, where it was feasible due to the specifics of the job by resolution #322 “on Approval of the Rules of Isolation and Quarantine”. In practice, there are often situations when employer, nevertheless, categorically asks employees to be physically present at work.

◇ **Refusing to pay in the period of temporary incapacity, including, quarantine or self-isolation;**

A problem has been identified, related to temporary incapacity period, including, refusal to give employees remuneration in the period of quarantine or self-isolation.

According to the order #87/6 of February 20, 2009 of the Minister of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, due to temporary incapacity, on the basis of sick-note, the employer shall provide assistance for the entire period of incapacity.

Pursuant to Article 47 (1) (i), temporary incapacity, if its term does not exceed 40 calendar days or the total incapacity period does not exceed 60 calendar days within a period of 6 months, shall not cause termination of employment agreement. Upon indicated norm, employer can terminate labour agreement under afore-mentioned grounds, if the incapacity period exceeds 40 calendar days or the total incapacity period exceeds 60 calendar days within a period of 6 months¹⁰, in addition, if the employee has used leave provided under the Code¹¹.

This is a period during which employee shall be fully compensated for non- fulfillment of work during employment period. Pursuant to Article 46 (2) (i) of the Labour Code, the employment is terminated, however, it shall be terminated on terms of full payment of remuneration.

◇ **Refusing to provide with transportation by employer in the terms of stopping public transport;**

Taking into account restrictions constituted in the country, a certain part of employees were deprived of opportunity to arrive at working places in the terms of stop of public transport.

¹⁰ Organic Law of Georgia, Article 31 of the Labour Code of Georgia

¹¹ Organic Law of Georgia, paragraph Article 47 (1) (i) of the Labour Code of Georgia

Herewith, in the conditions of in a miserably small salary, using private transport services (taxi) was associated with inadequately high expenses, which was not affordable for employees due to low remuneration. In many cases, employee refused to reimburse relevant expenses and in case of employees' failure to arrive at work, initiated disciplinary proceedings and created grounds for employees' dismissal.

◇ **Refusing to negotiate in regards with working conditions by the employer;**

In order to resolve unplanned changes of labour conditions and disputes related to them, employees and their organizations- trade unions frequently state initiatives to negotiate with employer. Although, in the most cases, employers avoid such negotiations, which is a violation of the Article 55 (4) of the Labour Code: 'where one of the parties propose an initiative to conclude a collective agreement, the parties shall bargain collectively in good faith'.¹²

◇ **Rejecting remuneration for idle time, while, this was caused by the employer's fault**

There are many cases of idle times of employees, which are not related to pandemic, but are caused by different types of actions (for example: carrying out repair works, delays in work due to incorrect management and etc.) by the employer. Due to the created situation, employees do not receive remuneration for the idle time. Such an approach contradicts to the paragraph 1 of the Article 43, which states, that unless otherwise determined by an employment agreement, an employee shall be fully remunerated during an idle time caused through the fault of an employer.¹³

◇ **Discriminatory treatment against employees based on different characteristics (sex, age, trade union membership and etc.)**

Based on the GTUC practice, we can state, that period of pandemic had especially severe impact on employed women, which were mainly in the list of the persons to be reduced.

Numerous cases of persecuting due to trade union membership and interrupting trade union activities were identified. Amid, systematic violation of employees' rights, trade unions operating in various enterprises became even more active, leading to extreme dissatisfaction from employers. Besides, there are attempts from employers of various forms of antiunion discrimination.

◇ **Incompliance with labour safety standards in the terms of COVID-19;**

¹² Organic Law of Georgia, paragraph 4 of Article 55 of the Labour Code of Georgia

¹³ Organic Law of Georgia, paragraph 1 of Article 42 of the Labour Code of Georgia

In the terms of COVID-19, special importance was given to taking preventive measures against spread of viral infections and strengthening periodic control against risk factors. For this purpose, a number of additional recommendations were adopted by the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia. Despite the above-mentioned, there were many cases, when employer did not provide employees with necessary primary means in the workplace. Under such conditions, employees had to create safe working environment at their expenses, which, of course had impact on their income.

The Labour Code of Georgia, Organic Law of Georgia on Labour Safety imposes an obligation on employer, to provide employee with the safest and healthiest working environment, which in reality is often neglected.

3. Impact of Covid-19 on Economics and Labour Market

Restrictions imposed in the beginning of pandemic^{14 15} had a great impact on economics of country. Tourism, retail, transport and construction sectors were especially affected. Economy of Georgia has been reduced by 6,2% during 2020 year. The biggest decrease was recorded in April, 2020, the beginning of pandemic- 16.6%. According to data of the second quarter of 2020, this decrease was 12.3%. Decrease of GDP, on its turn, has led to reduction in the number of employees in affected sectors.

Tourism sector, on which 35% of foreign currency inflow depends, has actually fully stopped, the half of trading stores were closed, transportation was also suspended. The crisis covered construction, manufacturing, real estate, leisure and entertainment sectors.

In 2020 the inflation rate was 5.2%. It shall be noted, that the largest increase in prices was observed on food and non-alcoholic beverages. Among them, the largest increase was identified on sunflower oil (42%), beans (30%), milk and dairy products (20%). Such increase on food prices has a significant negative impact on the purchasing power of employees and population as a whole.

Change of nominal GDP according to economics sectors, 2020 year compared to previous year.

¹⁴ N 322 Ordinance of the Government of Georgia of May 23 of 2020, on the Approval of Isolation and Quarantine Rules

¹⁵ Decree N164 of the Government of Georgia on the Approval of Measures to Prevent the Possible Spread of the Novel Coronavirus in Georgia and the Emergency Response Plan for Cases of Novel Coronavirus Disease

Supply of electricity, gas, steam and air-conditioning	-3,83%
Water supply; sewage system, waste management and activities of pollution cleaning	-13,07%
Construction	4,53%
Wholesale and retail trade; Repair of cars and motorcycles	1,94%
Transport and warehousing	-10,40%
Accommodation and food delivery activities	-40,58%
Information and communication	-0,01%
Financial and insurance activities	-2,49%
Activities related to real estate	2,27%
Professional, scientific and technical activities	-14,58%
Administrative and assistive service activities	-34,36%
State governance and defense; Mandatory social security	6,78%
Education	6,72%
Healthcare and social service activities	11,72%
Art, entertainment and leisure	-14,14%
Other service	20,02%
Households, as employer's activities; Production of undifferentiated good and services by households for personal use	20,51%

Source: National Statistics Office of Georgia. GDP by economic sectors. Calculations of author.

The situation has slightly improved in the beginning of 2021. However, economic growth was still negative in January and February. On the one hand, this was caused by the fact, that part of economics was still closed in January and on the other hand, by the fact, that crisis had not yet started in the same period of the last year. Accordingly, compared to the period before pandemic, situation in the beginning of 2021 is worsened. A positive trend emerged in March and April, when 4% and 44,8% growth was identified respectively. The high growth observed in April can be explained by the factor, that in April of the last year economics was decreased compared to standard. Although, total growth of the first 4 months was 8.1%, which is unambiguously positive event and if the growth continues at the same speed in the future, GDP of country will be higher in 2021 year, compared to 2019 year.

In January- April of 2021 year 12,8% growth was identified in foreign trade turnover. Among them, export was increased by 19,6% and import by 10,1%. Compared to the same indicator of 2019 year foreign trade turnover was decreased by 1,68% in January-February. Although, it is noteworthy, that export in this period is increased by 5,27% and import is decreased by 4,45%. Relevantly, indicator of negative trading balance is slightly improved. It may be said, that sectors of economics, which produce export products (industry) cope with Covid-19 pandemic more easily. And sectors providing services are still in difficult situation, which in turn affects the situation of employees.

Due to pandemic, in the 2nd quarter of 2020, compared to the same period of the last year, the average salary was decreased by 2,6% from GEL 1180 to GEL 1150. The largest decrease in salaries was identified in: the sector of art, entertainment and leisure(29,1%), administrative and assistive activities (23,5%), financial and insurance activities (17,3%), accommodation provision (12,2%) and construction (9,3%).

At a glance, the situation has improved in the end of the year, according to the preliminary data, average salary was GEL 1227 in 2020 year, which corresponds to 8,6% growth. However, here, it should be noted, that number of hired employees was significantly decreased, lost jobs were probably using the lowest paid labour. Loss of the lowest paid jobs means, that fewer people get income in the form of salary. Although, the category whose salary is relatively high, still get salary. This in turn leads to the growth of the average indicator of salary. But it does not mean, that salaries were increased in any of the sectors of economics. Therefore, the most relevant indicator for assessing pandemic impact on salaries is the second quarter of 2020 year, when a number of employees was not yet decreased. This is a period, when the first effects of economic and healthcare crisis have become known.

Women were employed in 77,7% of jobs lost. And women in Georgia have 36,2% lower salaries than men. 42 000 women have lost job during 2020 year. It should also be noted, that compared to 2019 the number of people employed in non-agricultural sector was decreased approximately by 5,3%. And number of informally employed people in this field was decreased by 15,5%. The reduction of informal sector may itself be caused by formalization of jobs, however, significant steps for its formalization have not been taken in 2020 year. Consequently, compared to the total number of employees, the larger reduction of share of informal employees can be explained by the factor, that informal sector has been more affected by losing the jobs. The reduction of employment in the lowest-paid employees- informal sector and women- caused increase of average salary in 2020 year. Cutting wages in the arts and entertainment sector is linked to restrictions of mass gatherings and tourist flow decline, which is also a reason for reducing wages in accommodation and food delivery sector. Due to economics decline, the population spent less money on non-primary consumption items and real estate, which, in turn resulted in reduction of income in construction sector and consequently, wages were reduced in this

sector. Many employees of bank, work on position of installment officer. Reduced demand from population decreases the volume of installments and mortgages, resulting in reduced wages and probably many such employees lost their jobs, which is evidenced by applying to trade unions by employees.

Education sector has relatively easily endured the second quarter of 2020, where the growth in 13% was observed. Although, this sector still remains as the lowest paid sector. In the mentioned quarter, average salary in education sector (GEL 743) was 36,4% lower, than the average salary at the national level (GEL 1150). Women's salaries in education sector were only GEL 721, while men's salaries in the same period amounted GEL 762.6. It should also be noted, that Geostat does not publish employment indicators according to gender and sectors, however, traditionally, employees of education sector are mostly women.

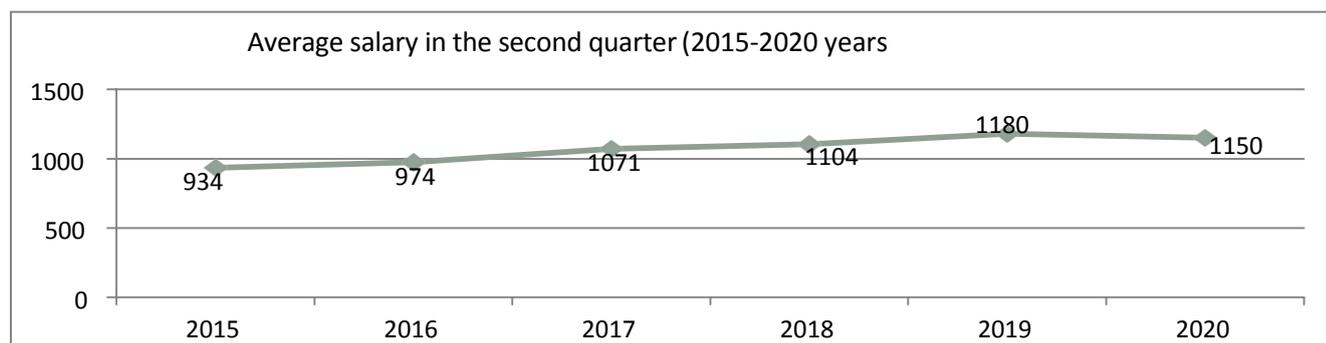
Change of average salaries in the second quarter of 2020 compared to the same period of the last year by sectors.

	2016_II	2017_II	2018_II	2019_II	2020_II
Total	4,1%	9,1%	2,9%	6,5%	-2,6%
Rural, forestry and fish farming	-10,4%	20,8%	9,2%	-10,5%	15,5%
Mining and quarrying	3,7%	5,8%	0,2%	16,8%	0,8%
Manufacturing industry	1,9%	7,0%	5,8%	11,1%	-2,2%
Supply of electricity, air, steam and air conditioning	13,2%	4,8%	-2,1%	2,9%	4,6%
Water supply; sewage system, waste management and activities of pollution cleaning					
Construction	4,5%	27,3%	-8,8%	0,2%	-9,3%
Wholesale and retail trade; Repair of cars and motorcycles	8,2%	6,2%	9,6%	8,0%	-6,5%
Transport and warehousing	-0,9%	7,5%	0,1%	12,4%	-5,6%
Accommodation and food delivery activities	14,7%	13,0%	7,8%	6,2%	-12,2%
Information and communication	-5,0%	10,2%	13,9%	5,3%	6,5%
Financial and insurance activities	0,5%	16,7%	1,9%	-0,4%	-17,3%

Activities related to real estate	-16,5%	1,3%	0,8%	6,4%	-0,4%
Professional, scientific and technical activities	13,3%	8,2%	4,2%	5,6%	-6,4%
Administrative and assistive service activities	-13,4%	1,1%	17,2%	16,7%	-23,5%
State governance and defense; Mandatory social security	2,5%	0,3%	-0,1%	5,3%	5,2%
Education	12,6%	6,2%	2,1%	7,0%	13,0%
Healthcare and social service activities	7,8%	5,6%	2,4%	6,7%	-2,7%
Art, entertainment and leisure	9,3%	6,9%	9,1%	15,3%	-29,1%

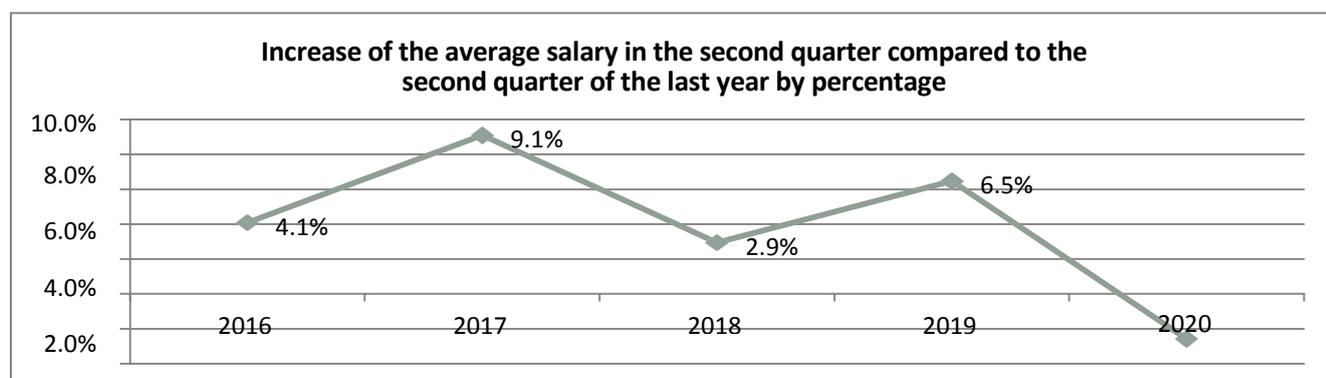
Source: National Statistics Office of Georgia. Employment/salaries. Calculations of author.

Average salary 2015-2020 years. 2nd quarter



Source: National Statistics Office of Georgia, employment/ salaries.

If the salaries have increased by 5,6% in the 2nd quarter of the last 4 years, salaries were decreased by 2,6% in the second quarter of 2020 year.



Source: National Statistics Office of Georgia, employment/ salaries

The state has introduced compensation for those affected by the economic crisis caused by the Coronavirus. 161,903 beneficiaries have received unemployment compensation allotted for employees by the state and 251,690 have received compensation for self-employed. Accordingly, 161 900 were suspended from their salaries at least for one month¹⁶. Although, this does not mean, that they have lost their jobs. Over time, part of them has returned to their jobs. For example, compensation was only given to 91 315 individuals.

According to Geostat- unemployment rate has increased by 0,9% in 2020, from 17,6% to 18,5%. Based on this data, number of unemployed has only increased by 5000, however employment has decreased by 54000. This is probably conditioned by the fact, that part of the unemployed were receiving compensation from the state in the moment of the survey and were not looking for a job., which is why Geostat assigned these people to those outside of workforce and not to unemployed. The workforce has decreased by 49,100 in 2020, which means, that individuals who lost the job fell outside of workforce.

Besides, the fact, that jobs were significantly reduced in informal employment shall also be taken into account. This is a category, that is not looking for a job by official ways and starts working in case if they find informal jobs. These individuals, despite the fact, that they are not actively looking for a job may be attributed to the secret unemployed.

The Impact of Pandemic on Women

It is noteworthy, that the most of those left unemployed, are women. Out of 54000 reduced jobs, 42 000 (77%) are such jobs, where women were employed. The same trend was observed during crisis of 2008 year in Georgia, when the vast majority left unemployed were women.

Despite the fact, that number of employed women was decreased by 42000, according to Geostat, number of unemployed women has not increased and on the contrary, has even decreased by 6,100. While unemployment in men has increased by 11,100.¹⁷ This means, that despite losing their jobs, women were not looking for a new job. Their already low level of economic activity was reduced from 43,1% to 40,4%. One of the reasons for decline of economic activity level of women is one more effect of pandemic, which is reflected in increased volume of domestic errands. Especially, in the activity related to childcare as educational institutions went online and kindergartens were closed. Women were forced to stay at home and engage in household chores.

It can be said, that the most affected sectors as a result of crisis are such ,where women are employed. For example, the service sector- hotels, restaurants, trade sector. Women

¹⁶ Official Facebook page of State Employment Agency

¹⁷ National Statistics Office of Georgia, 2020 year, salaries according to economic sector and gender

employed in households-janitresses, nannies, caregivers, cooks and etc. were also left unemployed.

Employment Rates by Sectors

During 2020 year, construction is a leader by number of the lost jobs (16,200), followed by accommodation provision (12,800) and education (7,500). If we assess afore-mentioned indicator by percentage, the biggest loss of 26.3% is identified in accommodation and food delivery activities, which can be explained by the minimization of tourist flows and restrictions related to restaurant business. A 16.3% decrease was observed in the activities related to real estate and number of people employed in the construction sector has decreased by 16%.

Number of Employees by Economic Sectors and Change Compared to Previous Year

Economic Sector	2019	2020	Change	Percentage Change
Rural, forestry and fish farming	247,4	246,3	-1,17	-0,47%
Industry	147,0	141,3	-5,77	-3,92%
Construction	101,4	85,2	-16,20	-15,97%
Wholesale and retail trade; Repair of cars and motorcycles	195,9	188,0	-7,85	-4,01%
Transport and warehousing	82,0	79,1	-2,86	-3,49%
Accommodation and food delivery activities	48,8	36,0	-12,82	-26,26%
Information and communication	19,0	19,7	0,69	3,63%
Financial and insurance activities	30,7	29,9	-0,84	-2,74%
Activities related to real estate	3,9	3,2	-0,63	-16,29%
Professional, scientific and technical activities	19,0	19,2	0,17	0,90%
Administrative and assistive service activities	22,4	19,6	-2,81	-12,58%

State governance and defense; Mandatory social security	93,2	94,5	1,33	1,43%
Education	153,4	145,8	-7,54	-4,92%
Healthcare and social service activities	60,2	62,0	1,73	2,88%
Art, entertainment and leisure	29,9	30,0	0,13	0,43%
Households, as employer's activities; Production of undifferentiated good and services by households for personal use	17,9	15,0	-2,85	-15,95%

Source: National Statistics Office of Georgia. Employment/salaries. Calculations of author

Comparison of created added value and number of employees by the sectors:

Sector of Economics	Percentage change of GDP	Percentage change of number of employees
Construction	4,53%	-15,97%
Wholesale and retail trade; Repair of cars and motorcycles	1,94%	-4,01%
Transport and warehousing	-10,40%	-3,49%
Accommodation and food delivery activities	-40,58%	-26,26%
Information and communication	-0,01%	3,63%
Financial and insurance activities	-2,49%	-2,74%
Activities related to real estate	2,27%	-16,29%
Professional, scientific and technical activities	-14,58%	0,90%
Administrative and assistive service activities	-34,36%	-12,58%
State governance and defense; Mandatory social security	6,78%	1,43%
Education	6,72%	-4,92%
Healthcare and social service activities	11,72%	2,88%
Art, entertainment and leisure	-14,14%	0,43%

Households, as employer's activities; Production of undifferentiated good and services by households for personal use	20,51%	-15,95%
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Source: National Statistics Office of Georgia. GDP. Calculations of author

In some of the fields of economics, reduction of number of employees was more, than reduction of the field itself, as a component of GDP. For example, the contribution of construction sector in GDP had increased by 4.5% comparing to indicator of the last year. While the number of those employed in this sector has been reduced by 16%. The situation was the same in the activities related to real estate and wholesale and retail trade. Also education sector, income of which was not decreased, but nevertheless it had reduced number of employees. As for accommodation and food delivery activities, whose turnover was reduced by 40.5%, here, number of employees was only reduced by 26.3%, which means, that sector retained employees as much as possible. Maximum retention of employees was also carried out in the activities related to administrative and assistive service and professional, scientific and technical activities; It can be said, that service sector, which has suffered the most was the least prone to reduction of jobs. This can be partially explained by the fact, that the service sector can more easily switch to remote work.

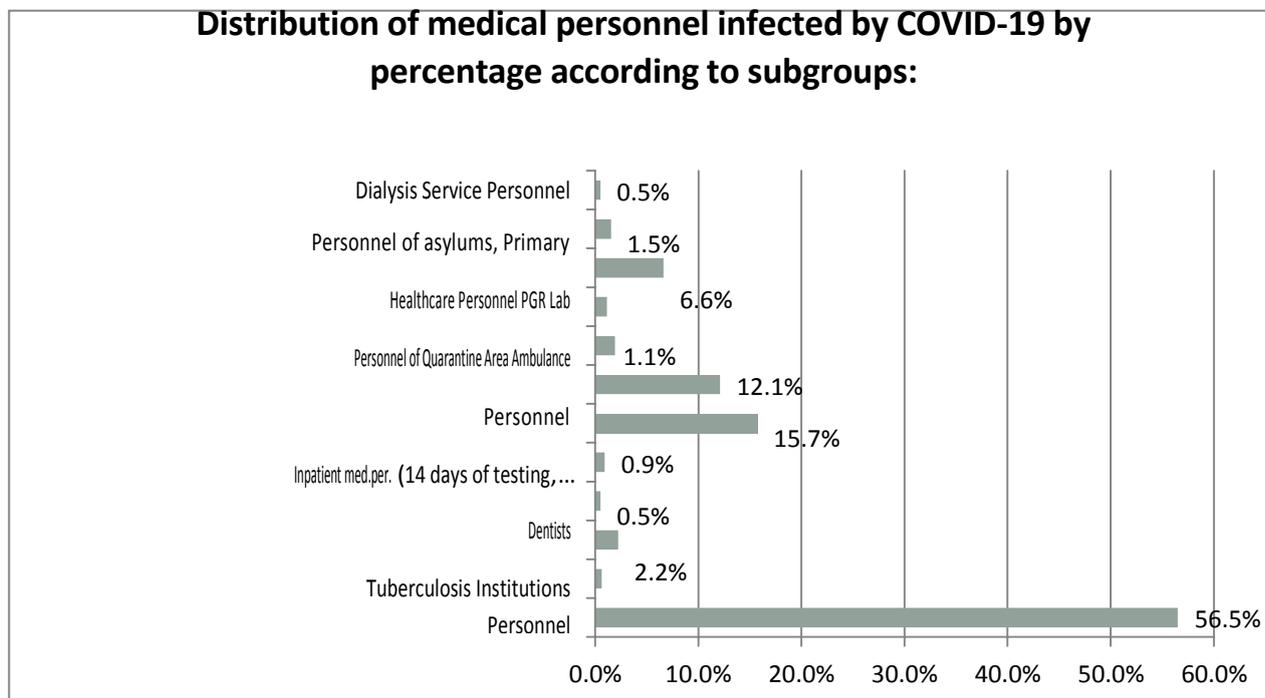
The Impact of Pandemic on Healthcare Workers

The pandemic had the greatest impact on working terms of healthcare workers. Significance of healthcare workers has doubled in times of crisis, as they are the backbone of healthcare system. Representatives of healthcare sector try to help others at the risk of their own lives and health. For this, these people deserve at least decent working conditions.

The medical personnel are the most vulnerable group against virus, they are in contact with infected patients on a daily basis and risk of infection is high. Besides, doctors have to work in stressful environment and busy schedules, psychological pressure exaggerates the fear, that they will get infected and infect their family members and friends afterwards.

At the end of 2020 year, when the National Centre for Disease Control and Public Health released report, 6% of infected was medical personnel. 15500 medical professional were infected during COVID-19.

The distribution of infected medical personnel according to subgroups of the activity is the following:



Source: Report of National Center for Disease Control and Public Health, 5th revision. The data reflects the results of medical testing of December.

As it can be seen from diagram, more than a half of cases of infecting medical personnel was reported in staff of fever, inpatient, COVID and online clinics.

Due to the important role of healthcare workers, their timely provision with necessary equipment is required for their safety. As the representatives of Health, Pharmaceutical and Social Care Workers' Independent Trade Union have stated, certain problems related to equipment existed in the beginning of pandemic, which were later resolved.

Working conditions of doctors are not less important, than equipment. Overfatigue is the reason why doctors frequently get infected. Tense schedule, constant contact with serious patients and stress as a result of patients' deaths put doctors in a difficult psychological state. Risk of making a mistake increases such conditions. Therefore, it is necessary for the government to take measures which will unload hospitals and reduce workload of doctors and medical staff in general. Timely and continuous training of medical staff is also important.

Like in the rest of the world, shortage of the medical staff was problem in Georgia as well. The government refused to return retired doctors to fill this gap and choose graduate students of the medical faculty. This decision is justified by the fact, that the population of retirement age is a risk group of the virus. Although, it should be noted, that only part of the students were employed in a paid work, while the other part engaged in unpaid

volunteering activities. Such activity is not regulated by the labour legislation. The matter related to using students and their rights was not discussed with social partners either.¹⁸ Similar issues shall preferably be discussed with social partners, so the students shall have relevant working conditions and guarantee of rights protection.

The authorities shall also pay attention to the fact, that employees in such emergency mode were specially trained to work in pandemic conditions

In response to Covid-19, many medical workers face problems, such as, overtime work and lack of breaks. Healthcare workers have to work in atypic and stressful environment during emergency situations.

International Labour Organization Guidelines determine criteria on decent work in **the services of public emergency**,¹⁹ that must be met by such services in relation with employees.

The Convention (N149)²⁰ of International Labour Organization “on Nursing Personnel” and its accompanying recommendation (No.157) set standards for decent working time specially for nursing personnel. These standards are related to the issues such as: working hours, including regulation and compensation of overtime hours, weekly leave, maternity leave, sick leave and social security. According to recommendation (No.157), making exceptions from standard working hours are only possible during special emergency. And in accordance with annex of recommendation, overtime shall be only voluntary, unless it is necessary while caring for a patient and enough volunteers could not be found.

According to the International Labour Organization Guidelines **on decent work in public emergency services**: ‘the work schedule shall be designed to provide sufficient personnel for all periods of time, including night and weekends, as well as, to provide break resting for emergency personnel, including, for the purpose of carrying out their family responsibilities. Where the general legislation does not provide maximum working hours per week, minimum daily rest hours, break hours in emergency services, special legislation, regulations or agreements shall be adopted to protect employees from excessive working hours’.

Besides, according to the guidelines, maximum working hours per week, minimum daily and weekly constant rest period shall be provided in legislation. Break hours used during shift shall be considered as a working hours. And ‘when in a shift or any different period, which is

¹⁸ International Labour Organization (ILO) is based on the principle of tripartism. Representatives of employees, employers and the state are involved in its decision-making process. These three parties are called social partners. The Tripartite Commission for Social Partnership in Georgia has been operating at the national level since 2013.

¹⁹ ILO, 2018 Guidelines on decent work in public emergency services.

²⁰ ILO C149 - Nursing Personnel Convention, 1977 (No. 149)

not a regular working hour, during which employer requires from employee to be on standby regime for specific service requirements or to be at specific location, such waiting time shall be deemed as working hours, unless other compensation mechanisms exist. Employer is responsible for informing employee on such policy'.

Such principles do not apply to personnel of emergency services in Georgia and they, like all other employees are only covered by general labour legislation. It is important to apply the afore-mentioned convention and guidelines while organizing working conditions of healthcare workers in Georgia.

The Impact of Pandemic on Informal Employees

From the very beginning of the pandemic, the Georgian Trade Union Confederation called on the authorities to automatically consider the period of coronavirus infection as a reasonable excuse for being absent at work. The government timely responded on that issue and in case of infecting, employees are given sick note. Such an approach is important, as on one hand, employees retain income necessary for covering the increased costs of living and on the other hand, employee applies to medical facility on the early stage of infection and risk of spreading the virus is reduced. Here it shall be noted, that this principle is valid only for hired employees. For the self-employed, which make 30.7% of employed according to the new methodology, source of income is money earned by them, accordingly, their income is not provided during the period of infection. Simultaneously to economic restrictions the government set up compensations to help employees. However, these compensations apply only to those who lost jobs as a result of restrictions imposed by government or in case of self-employment - lost income. And self-employed who **do not have opportunity to earn income during infection**, remain outside the scope of attention. Accordingly, motivation of these people not to be left without income, increases the risk of spreading the virus. At the same time, official employers have an obligation to control condition of their employees by measuring the temperature or other means, which is not controlled in the case of self-employed. According to data of Geostat, informal employees, except for agriculture sector account for 34.7% of total employment, which is particularly high rate.

The steps made by the state towards the formalization is mostly directed to simplifying business production and encouraging formal self-employment. Although, the state is less likely to be trying to create such social security mechanisms and labour conditions in formal employment, that would push informal employees to formalization.

The losses caused by the informal economics are reciprocal: on the one hand, the state budget loses important part of tax revenues and on the other hand, informal employees do not have minimum labour standards, do not enjoy their rights under labour legislation and do not have social security guarantees. It is important for the state to have formulated vision on how to formalize informal employment. First of all, it should be through the way of

creating additional social security and not through coercive measures. Convention No189 of the International Labour Organization refers to the rights of the domestic workers, which is not yet ratified by Georgia. Ratification and implementation of the afore-mentioned convention would help consolidation of the protection of labour rights of those employed in the families, mainly in 'care economy'.

Informal employees are the most frequently found in the following sectors: trade, construction, repair of cars and household goods; transport ;education; providing personal services, employment in households and etc.

The economic crisis caused by pandemic was relatively less painful for agricultural works, as they produce primary consumption goods, while in the early period of pandemic there was increased demand on food.

Majority of self-employed, who lost their income were those employed in the non-agricultural sector. Almost **250 000 self-employed were registered in order to receive compensation**. Up to 100,000 of them received compensation quite quickly (May-June). The applications of remaining 150 000 were reviewed individually. Given that GEL 75 million was allocated to the program and only GEL 30 million could be used by compensating 100,000 self-employed, after several months, government made a decision and issued compensation to all those who applied. This decision was made due to the fact, that confirmation of self-employment fact by document was impossible for the major part, as the most of them were informally employed.

This crisis has clearly revealed the problems of informal employees, that they face or may face in the future. The state compensation, that was received by self-employed was one-time allowance, unlike to the hired employees, for whom the compensation was issued during 6 months. **In total, the compensation of hired employees was 4 times higher than the compensation of the self-employed.**

Even in the period before crisis, informal workers did not have an enviable situation in the terms of labour conditions and rights, as well as, social security. Informal employee is deprived of all the benefits provided by the Labour Code- he/she does not have possibility to take a leave and maternity leave, can not use sick leave, does not have an opportunity to get reimbursement for overtime work, does not have regulated working week and usually does not have written employment agreement. Employees often do not know their labour rights, especially it is true for those employed in informal sector. Probably, even employers are not aware of these rights, who are mostly natural persons²¹ and have little knowledge in labour law.

In addition, such informal relationship is mostly short-term and it complicates enforcement of employees' labour rights. Existing of formal employers for such individuals is necessary

²¹ 60 840 self-employed clients work at home

precisely because of it, where employment agreement shall be concluded with employer and the latter shall be liable for enforcing all labour rights.

As for social guarantees, in this respect, there is no enviable situation for formal employees employers as well, which is less stimulating for informal employees to move to formal sector. There is no unemployment benefit in the country, which could be one of the biggest protection mechanisms for unstable sectors, where labour relations are short-term and quite fragile. Factually, there is no minimum salary for the private sector.²² Pension reform does not stimulate formalization of employment, since only accumulative scheme exists, where is no redistribution component.

4. Anti-crisis Social Plan of Government

Simultaneously to declaring the state of emergency, the government took steps in several directions in order to overcome the crisis:

- ◇ Started subsidizing of credit interests of tourist businesses in order to encourage them;
- ◇ Taxes to be paid in consecutive 4 months were rescheduled for businesses related to tourism;
- ◇ Overpaid value added tax (VAT) was returned to business in its double sum;
- ◇ Agreement was concluded with the banks, according to which, 3 month grace period was active for all the loans of physical entities;
- ◇ The state started insurance of prices of 9 the most demanded products in order to maintain prices of several products for citizens (these products are: rice, pasta, sunflower oil, flour, sugar, wheat, milk powder, buckwheat and beans);
- ◇ Pension for 1 month was issued for pensioners in advance;
- ◇ The state funded 3 months utility bills for the majority of population; the state made a decision to finance utility bills for more 4 months in regards with the second wave of pandemic; this program entered into force in November of 2020.
- ◇ Restructuration program for businesses has been launched;

According to forecast of the World Bank, published in October, 2020 reduction of Georgia's GDP was to be 6%.²³ Besides, according to the same report, 400 000 Georgian citizens are at a risk of income reduction and 160000 are at a risk of poverty. Therefore, proper implementation of social policy by the state is vital to prevent further deepening of poverty level in the future.

²² Minimum salary in the private sector is only GEL 20

²³ World Bank, PRESS RELEASE NO: 2021/ECA/30 Georgia's Economy Projected to Contract by 6 Percent this Year, Before an Uncertain and Gradual Recovery in 2021-2022

Social Assistance

Post-crisis plan of the government implied issuing compensation for the most affected population. In accordance with post-crisis plan, subsidies were set out for a period of 6 months for individuals who lost a job or were on unpaid leave. Self-employed and informal employees, who lost income, received one-time allowance.

Employers who did not stop issuance of salary, were exempted from income tax payment for 6 months for up to GEL 750 if the salary was not more than GEL 1500.

The circle of people, receiving subsistence allowance has been expanded for 6 months. This allowance is intended for the families living below the poverty line and families, who have 3 and more children under 16 years, as well as, people with severe disabilities or children with disabilities were added to this list.

Criteria for receiving assistance is also related to economic situation of the family, which was temporarily simplified.

The state financed utility bills for a total of 7 months. Children under age of 18 received GEL 200 assistance for the first of September. The afore-mentioned programs for employed, self-employed and those living below the poverty line was re-activated from the first of January, 2021 for a term of 6 months.

Compensation for Hired employees

The state launched a 6-month term program for hired employees who lost their jobs. According to the program, hired employee, **who lost the job after the first quarter or was sent on unpaid leave**, received GEL 200 for 6 months.

This program had many shortcomings, which were pointed out by the GTUC repeatedly, namely:

1. Issuance of compensation depended **on submitting information by employer**, which was not frequently done by employer.
2. **There was no sanction** for the employer in case of failure to submit this information. In contrary to this, a fine was set out for the companies, that submit incorrect information and based on this information, the program will pay assistance to a person who did not deserve it. Accordingly, companies were motivated to not to submit information at all in order to avoid sanction.
3. There were cases, when employee **got salary given behind time** (salary of March was transferred in April) or received indebtedness of the previous period, which made employee to lose allowance.
4. Part- time employment or **employment for even 1 day** and reimbursement was the basis for excluding employee from the list of allowance recipients.

5. People, who were not dismissed from company, or could not be present at work due to objective circumstances and do not receive salary, remained without allowance. For example, such are persons over the age of 70 and ones with chronic disease who were recommended to stay at home by the state.
6. **Companies who have completely ceased** their activity and accordingly, dismissed all employees, physically were unable to complete the form, which was the basis of issuing allowance.
7. Compensation applied only to those, who lost their jobs in April and May and **does not include individuals, who lost their income in the consecutive months of the crisis**. Employees of many companies may fall in this list, where company still paid salaries from its own savings , however, if it could not resume work on full load in the following months, it would have to dismiss employees. This is especially related to those employed in tourism sector, where flow of foreign tourists has been stopped for a long period of time. The state partially corrected shortcomings indicated by the trade union by issuing compensation not only to those, who were working in the first quarter of 2020 and lost the job afterwards, but also to those who were working after the July of 2019 and lost jobs in 2020. In addition, program which was active till July lasted until August. Besides, compensation was given to individuals, who got transferred money on bank account in the form of salary even in a small amount (up to GEL 10).

Compensation for the Self-employed

The second important issuance was directed to assist the self-employed. Namely: **informal employees and self-employed, who lost their income, if confirmed**, received one-time allowance in the amount of GEL 300. GEL 75 million was allocated from the budget for this program.

Program set different requirements for people carrying out different activities. Self-employed registered in revenue service, could relatively easily get a compensation, while non-registered employees were obliged to submit additional documentation.

There were quite a few shortcomings for non-registered self-employed in the ordinance of government, which made it difficult and in some cases completely impossible for these individual to receive allowance. This was particularly conspicuous for non-registered (informal) employees. These problems include:

1. **A person, who worked as a nanny, craftsman, janitress or on other similar types of work-** received compensation only in the case if could submit a certificate from service provider registered as a taxpayer or intermediary company, through which he/she was contacted to employer before the April 1 of 2020.; This type of employment in Georgia is almost entirely done through acquainted people and nobody uses official intermediary companies. Here, we are talking about informal

employment and accordingly ways of employment are informal. Therefore, such employees were left without compensation. It should be noted, that the vast majority of informally employed people in the households are women, which means, that the large gap existing between the incomes of women and men shall also be further widened.

2. **A person trading on the market counter**, which is not a registered taxpayer in the revenue service- must submit certificate issued by the organizer of the market stating , that this individual was working on his/ her market's territory in the first quarter of 2020 and was paying relevant rent/ lease; here, self-employed was totally depended on the good will of market administration to issue such document. Market administration was completely unprepared for the program, on the one hand, they did not know what types of documentation to issue for employees and on the other hand, they did not have any interest in doing do, which means, that employees were depended on the good will of market administration. The Georgian Trade Union Confederation has undertaken assistance in registration for those working on several markets. The representatives of the Confederation negotiated with market administration on issuing relevant certificate for employees. They were also registering traders in the base of compensation recipients on the place by their own technical means. As a result of this assistance, several hundred of market traders received state compensation, which they would not be able to receive due to lack of technical skills or indifferent attitude from the employers.
3. **A person, who rented his/ her residential premises via electronic portals of flat rental** (Airbnb.com, Booking.com and etc.)- shall have submitted a bank statement showing the income received from relevant company); Those individuals, who rented apartments not on a daily basis or without using electronic portal, could not receive allowance. This allowance is unequivocally targeted at individuals who rent their apartments to foreign tourists. But, in Georgia a lot of families are oriented on domestic tourism and relevantly, do not use electronic portals. Accordingly, program excluded such individuals.
4. **A person, who produced souvenirs and brought them in souvenirs' shop, or a person who sold agricultural products in the bakery/ restaurant-** shall have submitted relevant primary tax document (purchase act, delivery-acceptance act); majority of peasants and farmers sold their products via market vendor, who, himself/herself was informally employed and therefore could not issue any document. This means, that these people were left without assistance.

The Georgian Trade Union Confederation was actively pointing out on such shortcomings to the authorities. In addition, the number of applicants desiring to participate in program was quite large and reviewing applications individually needed huge human resource. Eventually, the government reversed its decision and

compensation of self-employed was given to anyone, who applied on losing oncome of self-employed, whether he/she had certificate issued by legal entity or not.

Subsistence Allowance

According to the Government's decision, during 6 months averagely GEL 600 allowance was given to families, who have:

- Rating points from 65000 to 100000 (70 000 families- 190000 citizen). Budget expenditure- GEL 45 million. Before pandemic, families with less than 65 000 points were receiving allowance. Here, we are talking about family allowance, therefore, each family received GEL 100;
- Rating points from 0 to 100000 and have 3 and more children under age of 16 (21 000 families. 130000 citizens). Budget- GEL 13 million;
- Persons with severe disabilities and children with disabilities (40 000 citizens_ GEL 25 million.

In addition, it was announced, that system of social assistance will be revised- granting points and the amount of financial assistance.

It is clear, that bigger part of the population was left without income in post-pandemic period. Also, if we take the forecast of the World Bank into consideration, according to which additionally 160000 Georgian citizens will be below poverty line, it is desirable, that number of subsistence allowance recipients stays wider in the future than it is today.

Also, one of the right step can be differentiation of people by rating scores so that, the poorest and the most vulnerable class can get relatively bigger allowance.

5. Recommendations

- ◇ **Developing law for remote work regulation or making relevant amendments/ addition to the Labour Code.** The pandemic has clearly demonstrated necessity of remote work and relevant regulations. Remote work is characterized by different specifics. Amendments related to remote work shall be included in the Labour Code. First of all, it is necessary to define the concept of remote work under the Labour Code. Besides, recognition of all the rights defined under the labour legislation shall be done with special record for the remote employees, so that, employers are not misled and remote employees are not placed in an unequal position comparing to other employees.
- ◇ **Strengthening social dialogue on every level.** Social dialogue is especially important for improving and developing social situation. Georgia ratified Convention N144²⁴ related to tripartite consultation of ILO in 2017 year. In order to implement the

²⁴ ILO C144 - Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144)

afore-mentioned convention, is necessary to continue social dialogue on national, as well as, regional and sectoral levels. State policy shall be aimed at encouraging conclusion of bilateral collective agreements. The social disbalance in the country, high level of unemployment, and lack of instruments of social and labour market policy are the issues, review of which, acquires great importance in the light of pandemic and crisis caused by it.

- ◇ **Intensification of the role of labour inspection.** Granting additional function to labour inspection from 2021 is a step forward and it is expected, that these changes provide protection of employees' right in a higher degree in the future. Although, improvement of inspection functioning is still possible and for it is necessary that inspection adds staff and have more regional offices, in order to, fully be presented throughout the country. Therefore, in order to fully functioning labour inspection, the state shall ratify conventions N81 (on labour inspection) and N 155 (on Occupational Safety and Health). Ratification of the afore-mentioned conventions provides sustainability of positive steps taken and its progressive development.
- ◇ **Reducing gender inequality.** The crisis has once more exposed gender disbalance existing on labour market. The problem, that was already acute, was exaggerated by the fact, that more women were excluded form workforce and moved into household chores. It is important, that state pays more attention to the issue of gender equality, thus reducing vulnerability of women on labour market. The steps, that can reduce gender inequality include: decent pay for maternity leave, guarantees of compatibility of family and job, introduction of methodology of labour cost evaluation, investments in care economy, full reimbursement of maternity leave in public, as well as, private sector. Ratification of Conventions N 183 (on Maternity Protection), 190 (on Violence and Harassment), N 156 (on Workers with Family Responsibilities) and 189 (on Domestic Workers) will be a step forward in achieving this goal.
- ◇ **Formalization of informal employment.** The crisis was one of the most painful for informal workers. 34.7% of those employed in non-agricultural sector is informal employee. Their labour rights are not protected, they do not have minimum social guarantees. In order to avoid similar difficulties in the future is necessary from the state to take steps, which can create motivation for formalization their activity and formalization shall be voluntarily, not forced. Therefore, this process shall take place in the light of constant social dialogue in order to avoid neglecting employees' rights. The steps necessary for painless formalization are the following: tax concessions for such sectors, where is mostly informal employment; introduction higher standards of labour rights and strict control over their protection in the formal sector; conducting informational campaigns about labour rights, so that all employees have information on their rights granted by the Labour Code; Introduction/ improvement of minimum standards of social security- introduction of subsistence allowance, increase of

minimum age to adequate benchmark, consideration of solidarity elements in the pension system and etc.

- ◇ **Progressive income tax.** The crisis is particularly painful for population of the countries, where there is a high level of inequality in incomes. Georgia is the one of the most inequal countries in the Europe in terms of income (Gini Coefficient 0.37). Under such conditions, part of the middle class, whose incomes are declining will move below the poverty line and for high-income population, whose share is very little, the crisis will remain almost unnoticed. On the one hand, progressive income tax will increase the state budget and possibility to finance social program by the state and on the other hand, tax reduction for low-income population will have direct impact on their incomes. Besides, it is desirable, that individuals with income below living wage shall be exempt of income tax.
- ◇ **Unemployment benefit.** By carrying out 6-months assistance program for unemployed, the state has practically gained experience in administering unemployment benefits. This program is short-term and ends after 6 months. Although, the crisis will have long-term effect. This program had a significant positive impact on maintaining the well-being of population at the beginning of crisis. Existence of unemployment benefit can provide sustainable development of the state population. Ratification of Conventions N102 ²⁵and N131 facilitates the implementation of unemployment benefit and social security standards in general.
- ◇ **Retraining of unemployed.** In order to avoid long-term negative results of the crisis, given that thousand of the citizens have lost jobs, it is necessary to retrain workforce made available. Employers in the country often point out, that they cannot find qualified staff on certain jobs. So, nowadays, retraining of unemployed and adaptation with current situation is most important.
- ◇ **Inclusion of low-wage employees in the program of salary subsidy.** During crisis, under the terms of the non-existence of minimum wage, the role of the state in terms of protection of low-wage employees is significantly increasing. Employers dismiss employees, because they cannot pay their salaries. If the state ensures payment of the part of the salaries of low-paid employees, jobs, which are at a risk of loss, cab be retained. The expansion of this program could, on the one hand, stop the process of falling employees under the poverty line and on the other hand, the process of losing jobs.

²⁵ ILO - Social Security (Minimum Standards) Convention, 1952 (No. 102)