

UNEMPLOYMENT, POVERTY, AND INCOME INEQUALITY IN GEORGIA: MAJOR SOCIO-ECONOMIC CHALLENGES

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ABSTRACT

Despite substantial economic reforms and periods of economic growth, Georgia continues to face serious socio-economic challenges related to unemployment, poverty, and income inequality. These issues remain among the most significant barriers to sustainable and inclusive economic development. High unemployment rates, especially among young people and rural populations, contribute to labor migration, economic insecurity, and social vulnerability. At the same time, poverty and unequal income distribution continue to limit social mobility and economic opportunities for large segments of the population. This article examines the primary causes and consequences of unemployment, poverty, and income inequality in Georgia. Particular attention is devoted to recent statistical indicators from 2022–2025, structural weaknesses within the labor market, regional disparities, inflationary pressures, and the unequal distribution of economic resources. The paper also analyzes the relationship between economic growth and social welfare in the context of Georgia's transition economy. Furthermore, the article discusses policy recommendations aimed at improving employment opportunities, reducing poverty, and promoting inclusive economic growth. The study concludes that sustainable socio-economic development in Georgia requires comprehensive structural reforms, investment in education and human capital, regional economic diversification, and effective social protection policies.

Keywords: Unemployment, poverty, income inequality, economic policy, social inequality.

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აბსტრაქტი

მიუხედავად არსებითი ეკონომიკური რეფორმებისა და ეკონომიკური ზრდის პერიოდებისა, საქართველო კვლავაც უმუშევრობასთან, სიღარიბესთან და შემოსავლების უთანასწორობასთან დაკავშირებული სერიოზული სოციალურ-ეკონომიკური გამოწვევების წინაშე დგას. ეს საკითხები მდგრადი და ინკლუზიური ეკონომიკური განვითარების ერთ-ერთ ყველაზე მნიშვნელოვან ბარიერად რჩება. უმუშევრობის მაღალი დონე, განსაკუთრებით ახალგაზრდებსა და სოფლის მოსახლეობაში, ხელს უწყობს შრომით მიგრაციას, ეკონომიკურ დაუცველობას და სოციალურ დაუცველობას. ამავდროულად, სიღარიბე და შემოსავლების არათანაბარი განაწილება კვლავ ზღუდავს სოციალურ მობილობას და ეკონომიკურ შესაძლებლობებს მოსახლეობის დიდი ნაწილისთვის. ეს სტატია იკვლევს უმუშევრობის, სიღარიბისა და შემოსავლების უთანასწორობის ძირითად მიზეზებსა და შედეგებს საქართველოში. განსაკუთრებული ყურადღება ეთმობა 2022-2025 წლების ბოლოდროინდელ სტატისტიკურ მაჩვენებლებს, შრომის ბაზარზე არსებულ სტრუქტურულ სისუსტეებს, რეგიონულ უთანასწორობას, ინფლაციურ ზეწოლას და ეკონომიკური რესურსების არათანაბარ განაწილებას. ნაშრომი ასევე აანალიზებს ეკონომიკური ზრდასა და სოციალურ კეთილდღეობას შორის ურთიერთობას საქართველოს გარდამავალი ეკონომიკის კონტექსტში. გარდა ამისა, სტატიაში განხილულია პოლიტიკის რეკომენდაციები, რომლებიც მიზნად ისახავს დასაქმების შესაძლებლობების გაუმჯობესებას, სიღარიბის შემცირებას და ინკლუზიური ეკონომიკური ზრდის ხელშეწყობას. კვლევა ასკვნის, რომ საქართველოში მდგრადი სოციალურ-ეკონომიკური განვითარება მოითხოვს ყოვლისმომცველ სტრუქტურულ რეფორმებს, განათლებასა და ადამიანურ კაპიტალში ინვესტიციებს, რეგიონულ ეკონომიკურ დივერსიფიკაციას და ეფექტურ სოციალური დაცვის პოლიტიკას.

საკვანძო სიტყვები: უმუშევრობა, სიღარიბე, შემოსავლების უთანასწორობა, ეკონომიკური პოლიტიკა, სოციალური უთანასწორობა.



INTRODUCTION

Since gaining independence after the collapse of the Soviet Union, Georgia has undergone significant political and economic transformation. Market-oriented reforms, privatization, liberalization of trade, and integration into the global economy contributed to macroeconomic stabilization and periods of economic growth. International institutions frequently recognize Georgia for its business environment and economic liberalization policies. However, despite these achievements, important socio-economic problems remain unresolved. Among the most serious challenges facing the Georgian economy are unemployment, poverty, and income inequality. Although economic growth indicators have improved during recent years, the benefits of growth have not been distributed equally throughout society. Large segments of the population continue to experience financial insecurity, unstable employment, and limited economic opportunities. Unemployment remains a central issue within the Georgian labor market. Youth unemployment, informal employment, and underemployment continue to affect many citizens, especially in rural regions. Furthermore, labor migration has become an important socio-economic phenomenon, as many Georgians seek employment abroad in order to improve their living conditions and support their families through remittances. Poverty also continues to affect vulnerable social groups despite government assistance programs and economic reforms. Inflation, rising living costs, and unequal regional development contribute to persistent financial difficulties among low-income households. Income inequality further complicates socio-economic development. Economic resources and investment opportunities remain concentrated mainly in Tbilisi and several urban centers, while many rural regions experience lower levels of infrastructure development, employment opportunities, and public services. The purpose of this article is to examine the major causes and consequences of unemployment, poverty, and income inequality in Georgia using recent statistical data from 2022–2025 and to discuss possible policy recommendations for achieving more inclusive and sustainable economic development.

RESEARCH METHODOLOGY

This article employs a qualitative and analytical research methodology based on the examination of academic literature, statistical reports, economic studies, and institutional publications related to Georgia's

socio-economic development. The study relies primarily on secondary data collected from the National Statistics Office of Georgia (Geostat), the World Bank, the International Monetary Fund (IMF), the United Nations Development Programme (UNDP), the Asian Development Bank (ADB), and the Organisation for Economic Co-operation and Development (OECD). Additional academic literature concerning labor markets, poverty, and income inequality was also analyzed. The research methodology includes descriptive analysis, comparative analysis, and interpretation of macroeconomic and social indicators from 2022–2025. Particular attention is devoted to unemployment rates, poverty indicators, employment statistics, and the Gini coefficient as a measure of income inequality. The objective of the methodology is to provide a comprehensive understanding of the structural socio-economic challenges facing Georgia and to identify potential strategies for reducing inequality and improving social welfare.

UNEMPLOYMENT IN GEORGIA

Unemployment remains one of the most significant socio-economic problems in Georgia. Although the country has experienced economic growth in recent years, labor market development has not been sufficient to create stable and productive employment opportunities for the entire population. According to the National Statistics Office of Georgia, the unemployment rate in Georgia decreased from 17.3% in 2022 to 16.4% in 2023 and further declined to 13.9% in 2024. In 2025, the unemployment rate remained approximately unchanged at 13.9%. Employment indicators improved during the same period. In 2025, approximately 1.4 million people were employed in Georgia, including about 961,000 hired employees and 426,000 self-employed individuals. However, many employment opportunities remain concentrated in low-productivity sectors and informal economic activities. One of the major causes of unemployment is the mismatch between educational qualifications and labor market requirements. Many graduates possess theoretical knowledge but lack practical skills demanded by employers. Consequently, businesses often experience difficulties finding qualified workers while many young people remain unemployed. Youth unemployment remains particularly problematic. Individuals aged 15–19 continue to experience the highest unemployment rates in the country. Limited industrial development and the dominance of low-productivity service sectors also

contribute to employment instability. Another important issue concerns regional disparities. Tbilisi offers considerably more employment opportunities than rural and mountainous regions. As a result, internal migration toward urban centers has increased over recent years. Labor migration abroad remains a major socio-economic phenomenon. Many Georgian citizens seek employment opportunities in European countries, Turkey, and Russia. Remittances sent by migrants contribute significantly to household incomes and foreign currency inflows; however, migration may also create demographic and labor-force challenges.

Table 1. Unemployment Rate in Georgia (2022–2025)

Year	Unemployment Rate (%)	Number of Unemployed (thousand persons)
2022	17.3%	267.9
2023	16.4%	261.7
2024	13.9%	227.0
2025	13.9%	224.0

Source: GeoStat (2025); National Bank of Georgia (2025).

POVERTY IN GEORGIA

Poverty continues to represent a major challenge despite improvements in macroeconomic indicators and government social assistance programs. Economic growth has reduced poverty rates in recent years, but financial vulnerability remains widespread among low-income households. According to Geostat, the share of the population living below the absolute poverty line decreased from 15.6% in 2022 to 11.8% in 2023 and further declined to 9.4% in 2024. In 2025, the absolute poverty rate decreased further to 7.1%. Despite these improvements, poverty remains significantly higher in rural regions than in urban areas. In 2024, rural poverty reached 11.9%, compared to 7.8% in urban settlements. In 2025, the rural poverty rate decreased to 9%, while the urban poverty rate reached 6%. Several factors contribute to poverty in Georgia. Unemployment and low wages remain among the most important causes. Even employed individuals often experience low-income conditions that are insufficient to maintain an adequate standard of living. Inflation and rising prices for food, housing, utilities, and healthcare place additional pressure on vulnerable social groups. Although inflation rates stabilized after the global post-

pandemic economic crisis, many households continue to struggle with rising living costs. Regional inequality also intensifies poverty. Economic development and investment remain concentrated primarily in Tbilisi, while many regions face weaker infrastructure, lower productivity, and limited access to quality education and healthcare. The COVID-19 pandemic and global economic instability demonstrated the vulnerability of Georgia’s economy. Restrictions on tourism and economic activity negatively affected employment and household incomes, increasing dependence on government support and remittances.

Table 2. Poverty Rate in Georgia (2022–2025)

Year	Absolute Poverty Rate (%)	Urban Poverty (%)	Rural Poverty (%)
2022	15.6%	12.3%	20.6%
2023	11.8%	9.4%	15.6%
2024	9.4%	7.8%	11.9%
2025	7.1%	6.0%	9.0%

Source: GeoStat (2025); National Bank of Georgia (2025).

INCOME INEQUALITY IN GEORGIA

Income inequality remains another important socio-economic challenge within Georgian society. Economic growth has not equally benefited all social groups, resulting in unequal access to income, employment opportunities, education, and social mobility. One of the most important indicators used to measure inequality is the Gini coefficient. According to Geostat, the Gini coefficient based on total incomes decreased to 0.35 in 2024 and further declined to 0.34 in 2025, indicating a moderate reduction in income inequality. Nevertheless, substantial disparities between social groups and regions continue to persist. Regional inequality represents one of the clearest forms of economic disparity. Tbilisi dominates economic activity, investment, and employment opportunities, while many rural and mountainous regions remain economically underdeveloped. This imbalance contributes to migration toward the capital and deepens regional inequality. The labor market also contributes significantly to unequal income distribution. Workers employed in highly skilled sectors such as finance, information technology, and international business generally receive considerably higher salaries than individuals employed in agricul-



ture or low-skilled service sectors. Unequal access to education and professional development opportunities further intensifies inequality. Rural populations often experience weaker educational infrastructure and fewer professional training opportunities compared to urban populations. Income inequality may negatively affect both social stability and long-term economic growth. High inequality reduces social mobility, weakens consumer purchasing power among low-income households, and may contribute to social dissatisfaction and political polarization.

RELATIONSHIP BETWEEN UNEMPLOYMENT, POVERTY, AND INEQUALITY

Unemployment, poverty, and income inequality are closely interconnected socio-economic problems. High unemployment reduces household incomes and increases the risk of poverty, while poverty limits access to quality education and professional development opportunities. Income inequality intensifies these challenges by creating unequal access to economic resources and opportunities. Vulnerable populations frequently face barriers related to healthcare, education, and employment, perpetuating cycles of poverty and social exclusion. The relationship between these problems becomes especially visible during periods of economic crisis. Inflation, exchange-rate instability, and external economic shocks disproportionately affect low-income households and unemployed individuals. As a small open economy, Georgia remains vulnerable to international economic instability and geopolitical tensions. External economic shocks may negatively affect employment, investment, and household incomes, thereby increasing social inequality.

POLICY RECOMMENDATIONS

Addressing unemployment, poverty, and income inequality in Georgia requires comprehensive and long-term economic policies. One of the most important priorities is improving education and vocational training systems. Educational institutions should better reflect labor market demands by emphasizing practical skills,

technological competencies, and innovation. Economic diversification is also essential for sustainable employment creation. Strengthening industrial production, agriculture, technology sectors, and small and medium-sized enterprises may contribute to higher productivity and stable job opportunities. Regional development policies should focus on improving infrastructure, transportation, and investment opportunities outside Tbilisi. Balanced regional growth may reduce migration pressures and improve living standards in rural areas. Social protection programs remain important for supporting vulnerable populations; however, long-term poverty reduction depends primarily on productive employment and sustainable economic participation. Finally, strengthening institutions, improving governance, and ensuring political stability are essential for attracting investment and promoting sustainable economic development.

Conclusion

Unemployment, poverty, and income inequality remain among the most serious socio-economic challenges facing Georgia. Although the country has achieved important economic progress and statistical improvements during recent years, structural weaknesses continue to limit inclusive development and social welfare. Recent statistical data from 2022–2025 demonstrate moderate improvements in unemployment and poverty indicators. Nevertheless, regional disparities, low productivity, labor migration, and unequal access to economic opportunities continue to create social and economic vulnerabilities. The study demonstrates that economic growth alone is insufficient to ensure social welfare and inclusive development. Sustainable socio-economic progress requires comprehensive reforms focused on education, labor market development, regional investment, economic diversification, and effective social protection. Reducing unemployment, poverty, and income inequality is essential not only for improving living standards but also for strengthening long-term economic stability, social cohesion, and national development in Georgia.