



Research

HOUSEHOLD INCOME AND INCOME INEQUALITY IN GEORGIA (2013-2022)



Economic Outlook and Indicators
Issue #145



Over the covered decade, Georgia experienced economic improvements in various areas. For instance, between 2013 and 2022, the country's GDP per capita increased by 44%, reaching US\$6,672.¹ In addition, the share of the population living in absolute poverty decreased from 26.2% to 15.6%² during the same period while the unemployment rate dropped from 26.4% to 17.3%.³

Despite these positive trends, public opinion polls indicate that poverty and related issues such as unemployment and low salaries remain significant challenges for Georgian society.

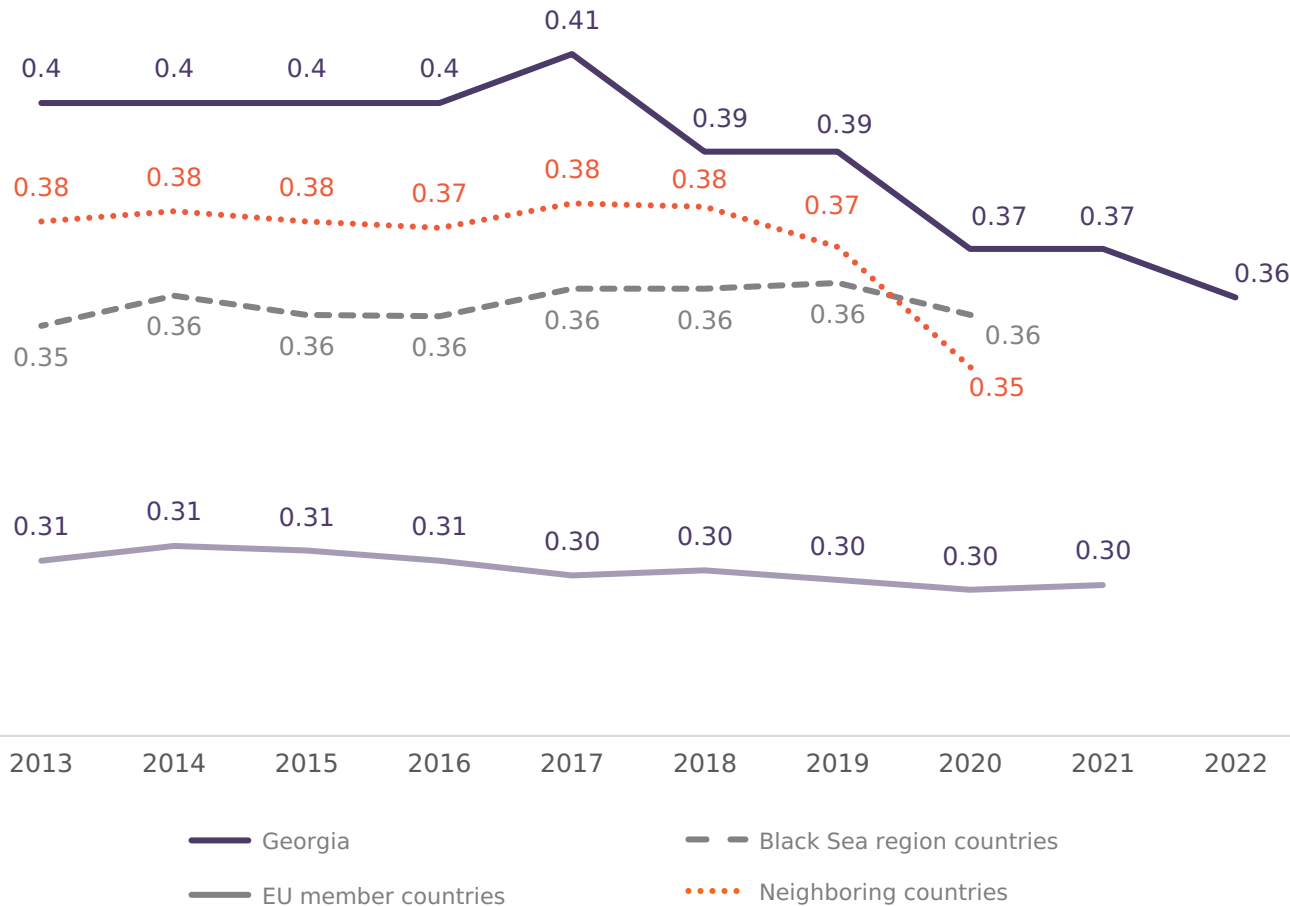
According to surveys conducted by CRRC Georgia, in 2013, 30% of respondents considered poverty a major nationwide problem, and this figure remained unchanged in 2022. Moreover, different measurements of inequality, such as the Gini coefficient for income, illustrate that income inequality in Georgia is still high, sitting at 0.36 in 2022.

This bulletin aims to provide a broad comprehension of household income distribution in Georgia, and presents an analysis of income inequality beyond the traditional measure of the Gini coefficient, by examining additional dimensions of income distribution. More precisely, the bulletin compares the income of different segments of society, household income in rural and urban areas, and between regions.

1. <https://www.geostat.ge/ka/modules/categories/23/mtliani-shida-produkti-mshp>

2. <https://www.geostat.ge/en/modules/categories/192/living-conditions>

3. <https://www.geostat.ge/en/modules/categories/37/employment-and-wages>



Over the last decade (2013-2022), Georgia's Gini coefficient amounted to 0.4 points, reflecting a high level of income disparity. However, encouragingly, from 2018 onward, its Gini coefficient remained below 0.4, putting Georgia into a less disparate category.

Georgia's lowest Gini coefficient for the ten-year period covered came in the last year (2022), scoring 0.36.

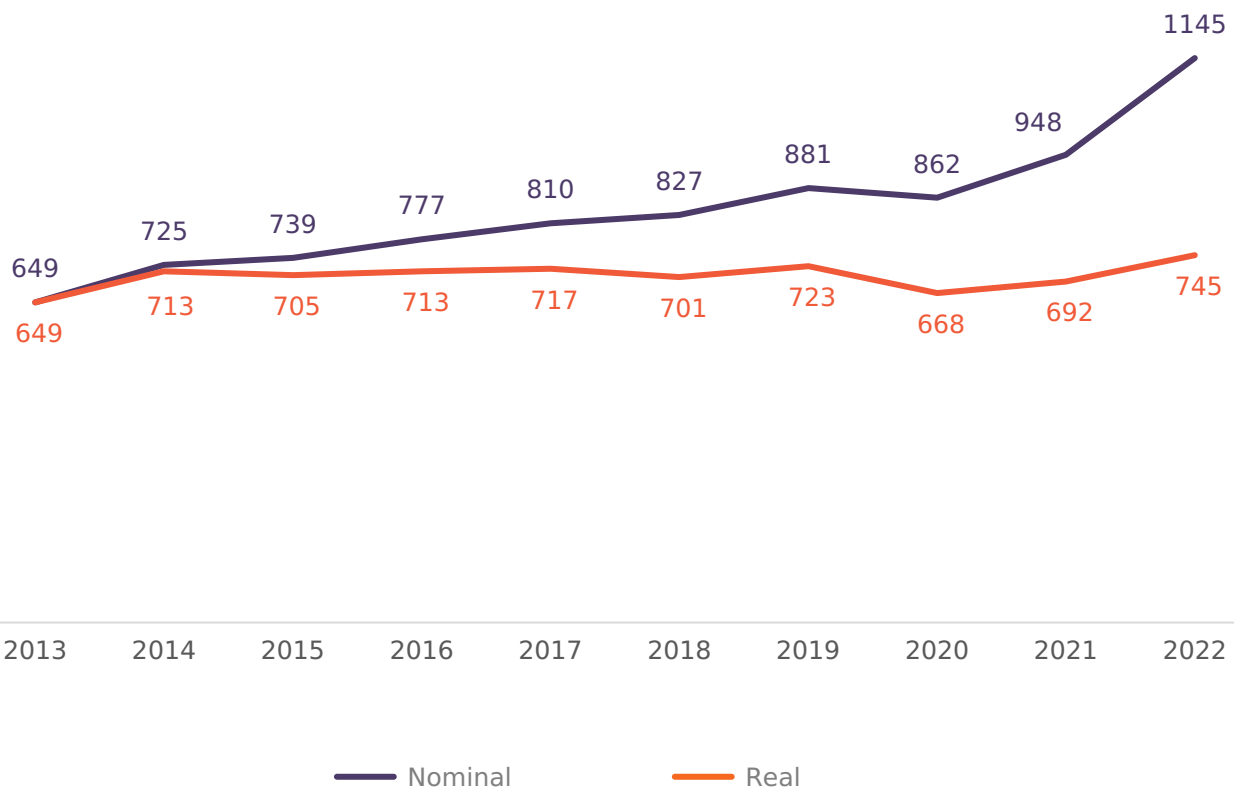
From 2013 to 2021 Georgia illustrated higher GINI Coefficient compared to EU member countries, Black sea region countries, and Neighboring countries.

Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation



HOUSEHOLD MEDIAN INCOME DISTRIBUTION IN GEORGIA

Household real and nominal median income (GEL)



Over the past decade, there has been a notable increase in nominal median household income in Georgia. From 2013 to 2022, the corresponding figure rose by 75%, reaching 1,145 GEL.

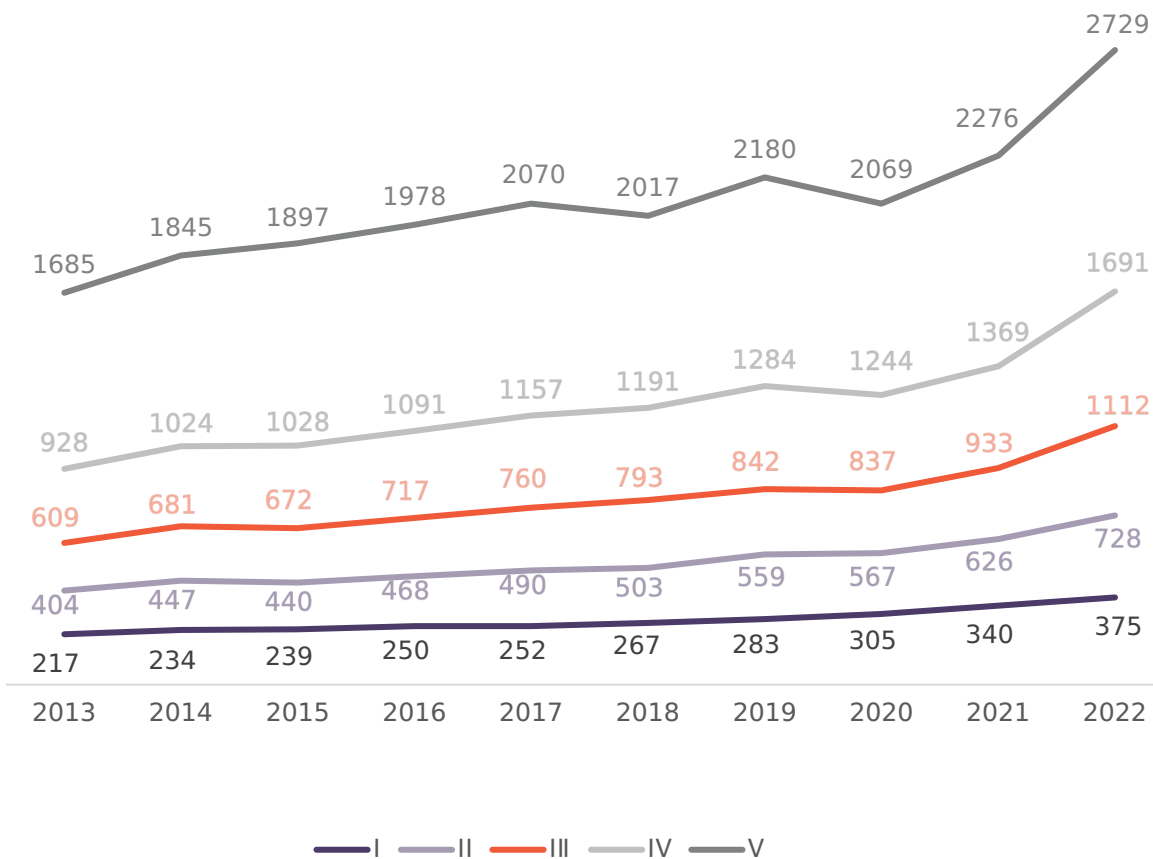
However, if we take into account Georgia's high inflation rate over the past decade (annual average 5%), the household median income adjusted for inflation indicates a quite different trend compared to nominal median income. For instance, from 2013 to 2022, real household median income increased by only 15% and amounted to 745 GEL.

Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation



HOUSEHOLD MEDIAN INCOME DISTRIBUTION BY QUINTILES

Household median income distribution by quintiles



Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation

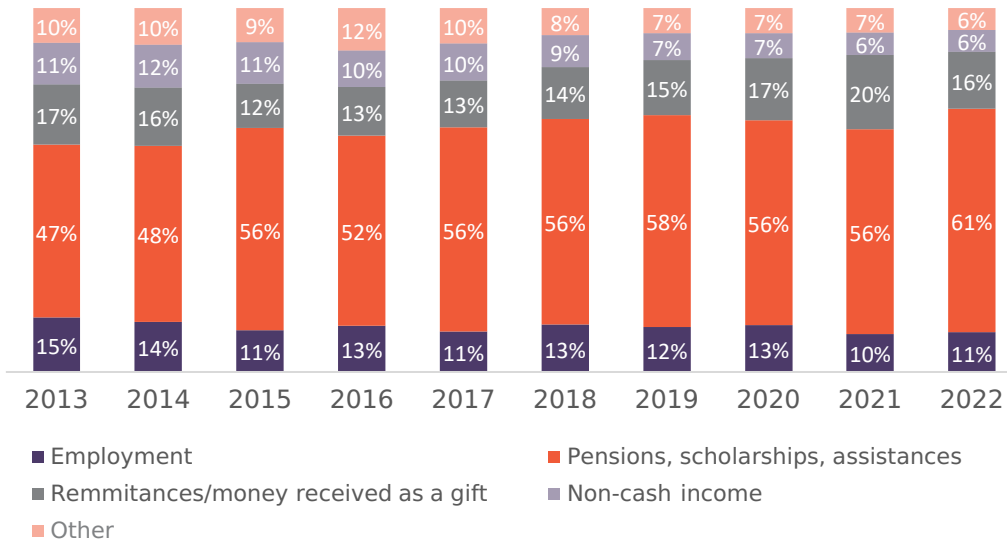
To arrive at a better understanding of household income distribution in Georgia, different segments of society were examined by dividing households into quintiles. Each quintile represents 20% of the population, with quintile I composed of the lowest-income households and quintile V representing the highest-income households. By analyzing income distribution in this way it becomes evident that:

- Over the last decade, nominal median household income increased across all segments of society, with the highest percentage increase observed in quintiles II, III, and IV. The growth in quintiles I and V was relatively low.
- It is also important to note that although there was a slight decrease, the difference in nominal median household income between the richest 20% of households (quintile V) and the poorest 20% of households (quintile I) remains significant. In 2022, the nominal median household income in quintile V was 7.3 times higher compared to quintile I.

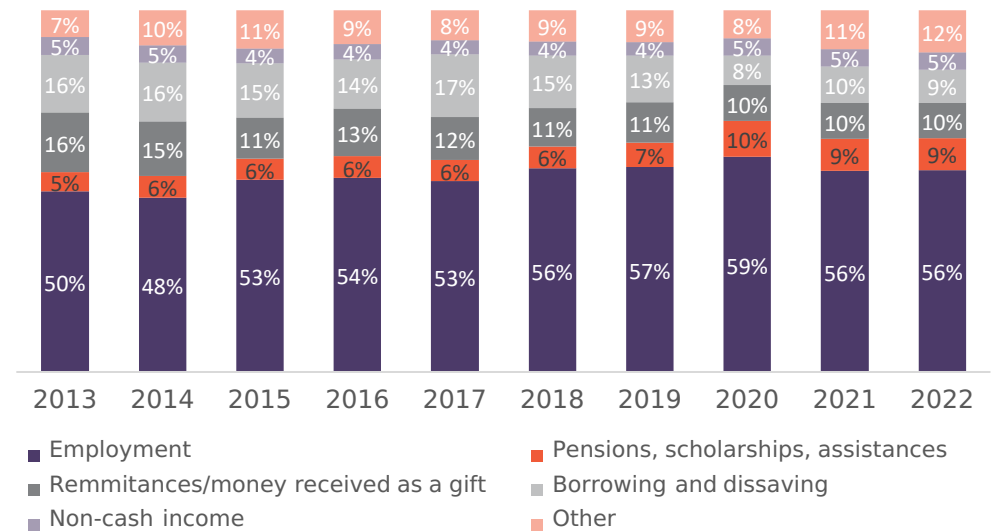


HOUSEHOLD INCOME SOURCES BY QUINTILES

Share of income sources by I quintile
(The lowest income-segment)



Share of income sources by V quintile
(The highest-income segment)

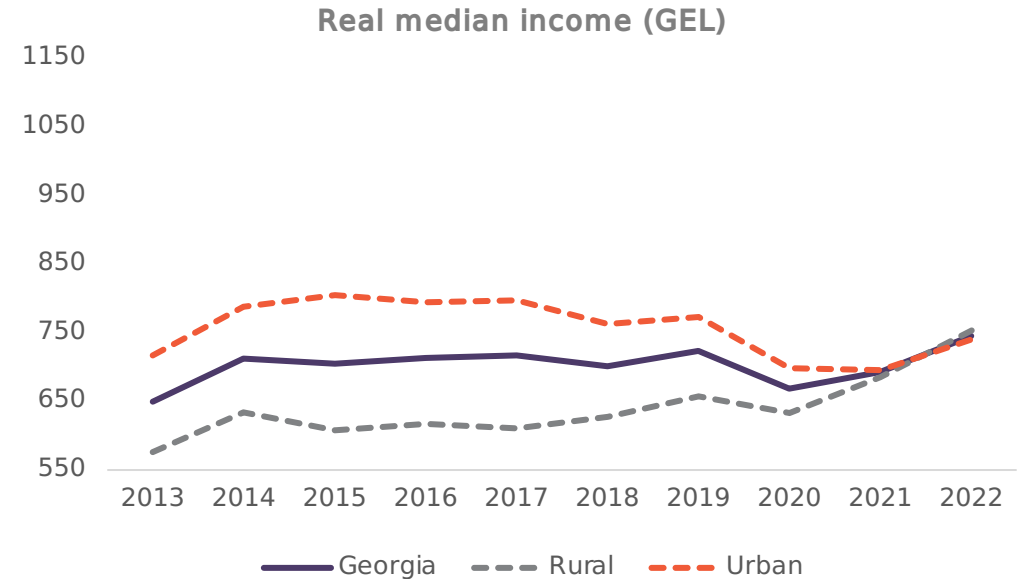
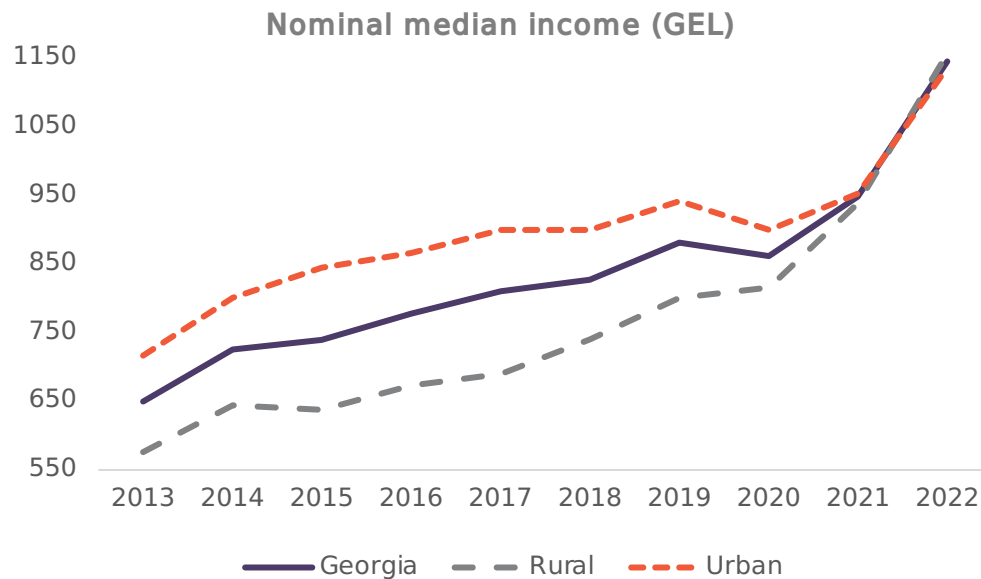


Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation

- In the past decade, the main income sources for the lowest-income segment (quintile I) were pensions, scholarships, and assistance, with a relatively low share from employment. The proportion of income from pensions, scholarships, and assistance increased over the covered period from 47% in 2013 to 56% in 2022, while the share from employment decreased from 15% to 10%.
- In the highest-income segment (quintile V), employment was the primary source of income, while pensions, scholarships, and assistance made a smaller contribution. Over the covered ten-year period, the share of income for this quintile from employment increased from 50% to 56%, while the share of pensions, scholarships, and assistance rose too (from 5% to 9%).
- With regard to the income sources for quintiles I, III, and V a correlation was shown between a higher share of income from employment and higher income levels as a whole, while a higher share from pensions, scholarships, and assistance was associated with lower income. Over the last decade, quantile I became increasingly reliant on government assistance.



HOUSEHOLD INCOME AND INCOME INEQUALITY IN URBAN AND RURAL AREAS



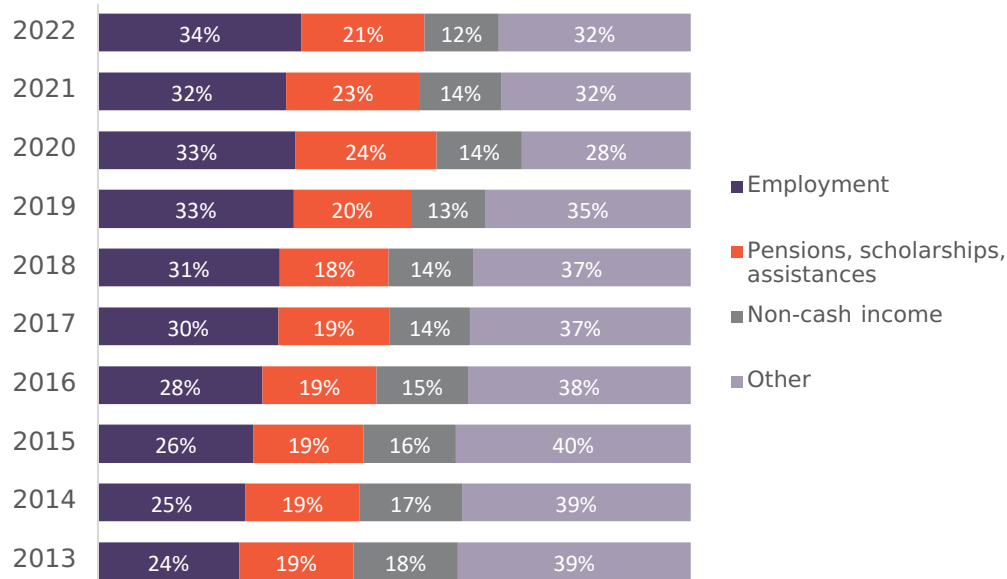
Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation

- Historically, urban areas have had higher income levels compared to rural areas, but more recently there has been a gradual reduction in the urban-rural income gap. Indeed, in 2022, rural areas even surpassed urban areas in terms of nominal median household income. This shift may be attributed to the increasing prevalence of employment as a source of income within rural households.
- From 2013 to 2019 household median nominal income was 1.3 higher in urban areas compared to rural. However, from 2020 onward there is a tendency for convergency, and in 2022 rural areas exceeded urban.
- Over the last decade, in rural areas nominal median household income has increased by 101%, and in urban areas by 56%.
- Meanwhile, the analysis of household median income adjusted for inflation indicates that, from 2013 to 2022, the increase in real median household income in urban areas was only 3%, whereas in rural areas it was 30%.

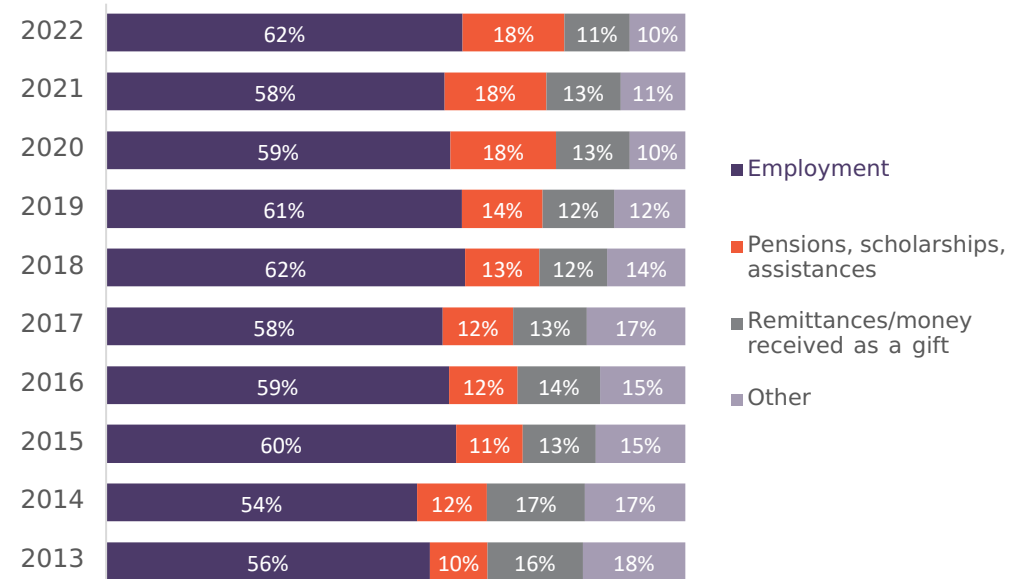


HOUSEHOLD INCOME SOURCES IN URBAN AND RURAL AREAS

Rural areas



Urban areas



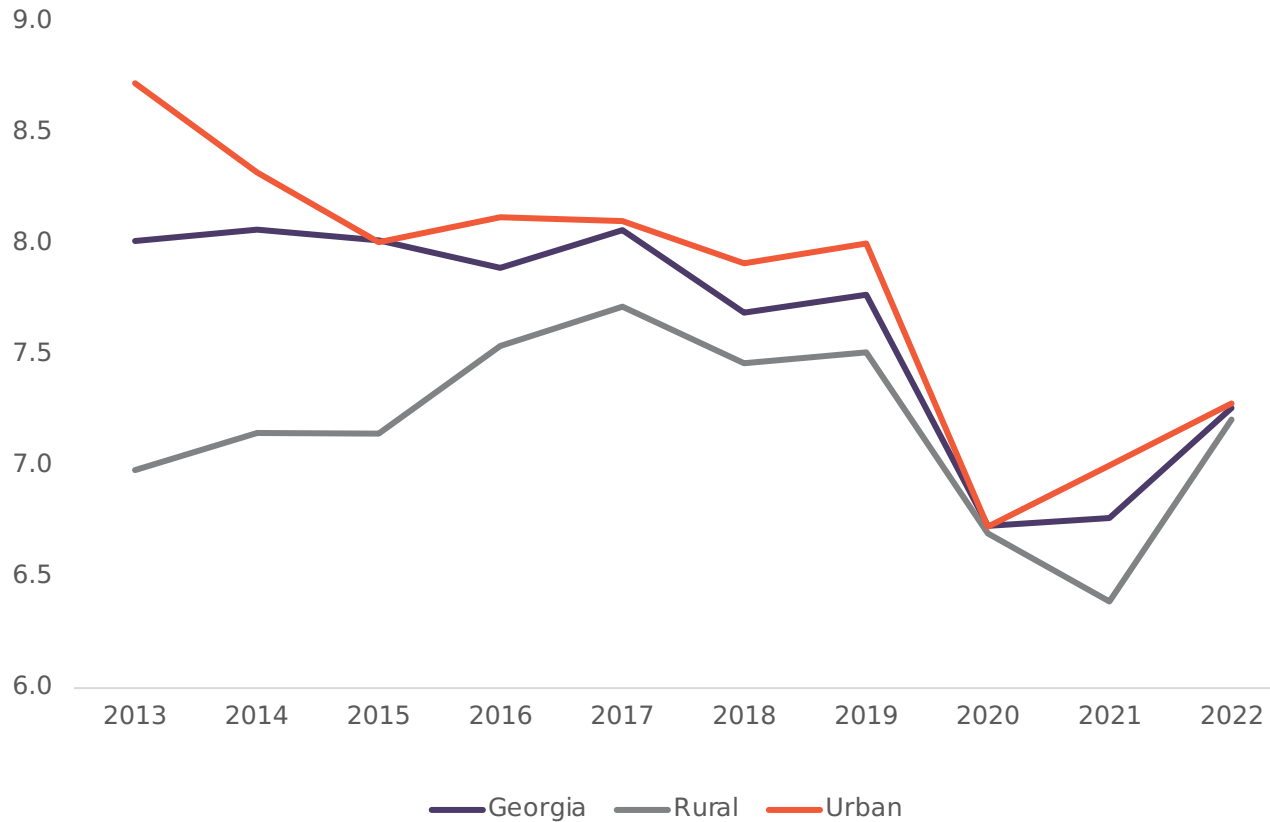
Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation

- Over the past decade in urban areas, the primary income sources during this period were employment, and pensions, scholarships, and assistance. The combined share of these two categories increased from 66% in 2013 to 79% in 2022, indicating a growing reliance on these sources (in particular, the share from employment increased from 56% to 62% during the last decade).
- In rural areas, income sources appear to be more diversified compared to urban areas. However, the share of employment as an income source notably increased by 10 percentage points over the past decade, reaching 34% over the last decade.
- This significant increase in the share of employment as an income source may have contributed to the significant rise in household income observed in rural areas.



90/10 PERCENTILE RATIO IN URBAN AND RURAL AREAS

90/10 percentile ratio



To assess income inequality within households, the 90/10 percentile ratio is commonly utilized. This ratio compares the income earned by an individual in the 90th percentile to that of an individual in the 10th percentile. An increase in the ratio indicates a rise in inequality.

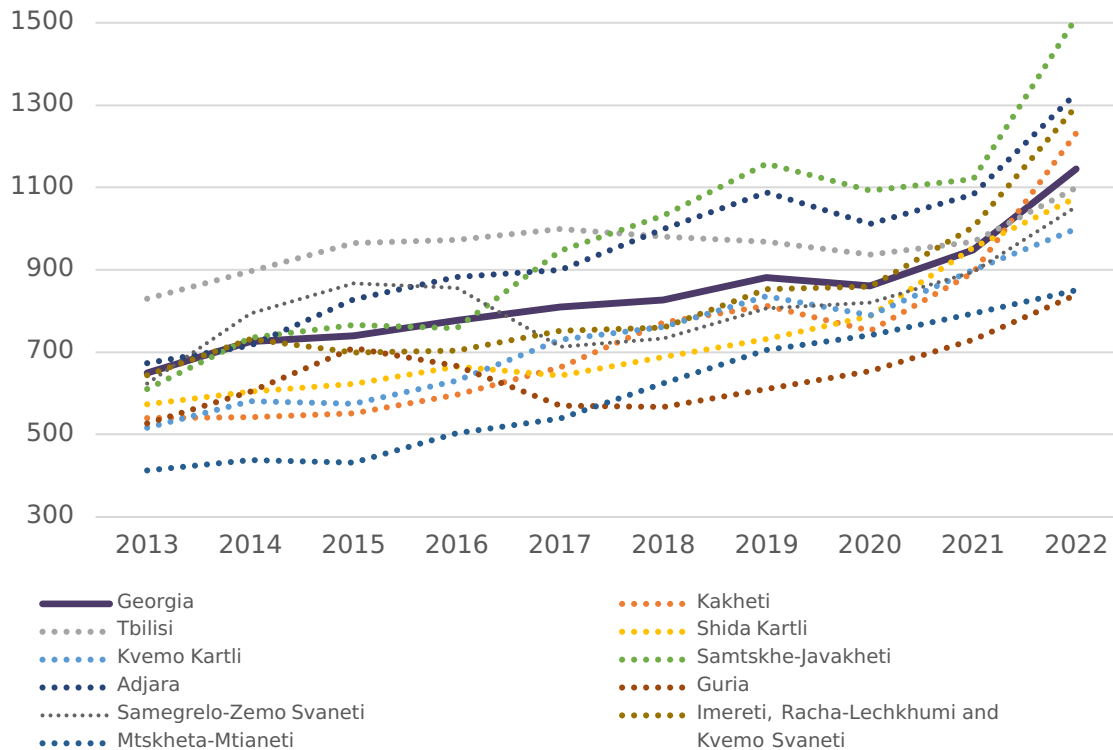
- 👤 In Georgia, the national 90/10 percentile ratio declined from 8 in 2013 to 6.7 in 2020 but increased to 7.3 in 2022.
- 👤 Urban areas showed a similar pattern with the 90/10 percentile ratio declined from 8.7 to 6.7 between 2013 and 2020 and an increase of ratio to 7.3 in 2022.
- 👤 In rural areas, from 2013 to 2019 the ratio increased from 7 to 7.5, followed decreased to 6.7 in 2020, and increased again to 7.2 in 2022.
- 👤 Overall, during the analyzed period of 2013-2022, a downward trend in income inequality was observed in the urban areas of Georgia. In contrast, a tendency was noted of income inequality increasing in rural areas.

Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation



HOUSEHOLD INCOME DISTRIBUTION BY REGIONS

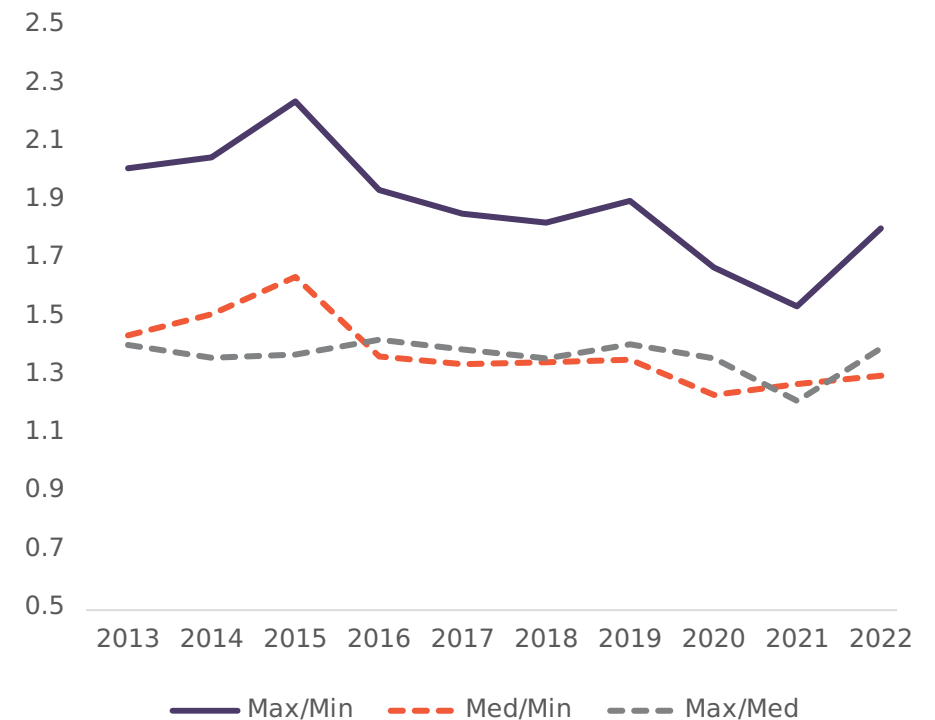
Nominal median income of households by region (GEL)



Sources: Geostat - Household Income and Expenditure Survey, PMC RC calculation

- From 2013 to 2022 the nominal median household income has increased in every region of Georgia.
- In 2022, the highest nominal median household income was indicated in Samtskhe-Javakheti (1,514 GEL) and the lowest in Guria (840 GEL).

Income ratios between regions of Georgia



- In 2022, the highest-income region in Georgia had a household nominal median income nearly double that of the lowest-income region.
- In 2022, household nominal median income in the highest-income region was 1.4 times higher than that of a middle-income region.



BASIC ECONOMIC INDICATORS

Basic Economic Indicators	2019	2020	2021	2022	2023 Q1	2023 Q2
Nominal GDP (mln USD)	17 470.7	15 842.9	18 629.4	24 610.2	6 247.1	-
GDP per Capita (USD)	4 696.2	4 255.7	5 023.2	6 671.9	1 672.0	-
GDP Real Growth (%)	5.0%	-6.8%	10.5%	10.1%	7.7%	-
Inflation	4.9%	5.2%	11.8%	11.9%	7.5%	1.2%
FDI (mln USD)	1 335.8	589.0	1 241.8	2 097.9	566	506
Unemployment Rate (%)	17.6%	18.5%	20.6%	17.3%	18%	16.7%
External Debt (mln USD)	5 741	7 535	8 205	7 635	8 039	8 096
Poverty Rate (relative)	20.1%	19.7%	18.9%	19.9%	-	-

Source: Geostat



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