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## **Main Findings**

- Between 2019 and August 2021, the state spent a total of GEL 925.3 million on living allowance for the socially vulnerable, of which GEL 605.7 million was issued during the pandemic.
- The number of recipients of subsistence allowance in Georgia after the start of the Covid-19 pandemic increased by 44.12%, and as of August 2021, the number of beneficiaries was at 622,923.
- The Autonomous Republic of Adjara suffered the most in Georgia. Since the beginning of the pandemic, the share of socially vulnerable people in the region has increased by 59% and amounted to 20.3% of the population.
- In the Racha-Lechkhumi region, more than 45% of the population lives on the subsistence allowance, which is almost 2.5 times higher than the national average.
- By the second round of the 2018 presidential election, the number of beneficiaries of targeted social benefits increased by about 16,000 compared to the first round.
- Before the 2019 by-elections, the number of people receiving social assistance increased by 25 thousand people compared to the beginning of the year, while after the elections, the number of beneficiaries decreased significantly.
- For the 2020 parliamentary elections, the number of people receiving social assistance has increased by about 100 thousand people compared to the previous year.
- In the run-up to the 2021 local elections, in June alone, the number of people receiving social assistance increased by about 70,000, as contrasted to the 112,000 increase in the previous elections.

## Introduction

The Covid-19 pandemic has had a significant impact on the economic situation in the world, including Georgia. The increase in the poverty rate, reductions in tourism and international remittances, the pressure of various factors on the national currency — all of these have been noteworthy trends that have significantly affected the revenues of the population of Georgia. According to the World Bank's latest poverty forecast, the economic shock caused by the pandemic has impoverished 350,000 people in Georgia and forced more than 800,000 people to experience downward mobility and thus move to a lower-income group.

Targeted social assistance to target poverty is provided in Georgia, a subsistence allowance that is paid in cash. Its aim is to improve the socio-economic situation of socially vulnerable families identified through the corresponding assessment system, reduce poverty, and/or prevent it. It should be noted that active advocacy of social programs by the government during the election period and subsequently increased spending on social assistance is considered an important method of influencing the electorate.

During the global pandemic, on October 2, 2021, local self-government elections will be held in Georgia. In light of the crisis, opportunities to influence citizens affected by the pandemic and the socially vulnerable are increasing. Also interesting is the fact that, in many cases, the state uses various tools to influence the voters in the pre-election period, one of them being targeted social assistance.

This article reviews the possible link between the pre-election period and the increase in social assistance. In particular, the study is based on the <u>data from the Social Services Agency</u>, which combines statistics for 2019-August 2021.

According to the statistics from the Social Services Agency, in August 2021, a total of 622,923 persons received subsistence benefits from the state, comprising 16.7% of the total population.

It should be noted that before the pandemic, on February 26, 2020, when the first case of Covid-19 was recorded in Georgia, the number of recipients of subsistence allowance was at 432,218; since that period, the number of beneficiaries increased by 44.12% and reached 622,923 as of August 2021, which is 16.7% of the total population. The largest increase (+59%) was seen in the Autonomous Republic of Adjara, where the socially vulnerable comprised 20.3% of the region's population.

By the regions of Georgia, the number and percentage of persons receiving subsistence allowance in the total population of the region is distributed as follows:

Region	Beneficiaries	% Population (2021)	% Population (2020)
Tbilisi	127,538	11.4%	7.59%
Guria	26,970	23.8%	16.71%
Racha-Lechkhumi and Kvemo Svaneti	14,426	45.4%	39.01%
Kakheti	64,499	20.2%	14.19%
Imereti	80,603	15.0%	10.59%
Mtskheta-Mtianeti	18,209	19.3%	14.23%
Samegrelo-Zemo Svaneti	73,343	22.2%	17.24%
Samtskhe-Javakheti	18,626	11.6%	7.08%
Kvemo Kartli	74,163	17.5%	11.16%
Shida Kartli	56,393	21.3%	15.85%
Adjara A.R.	68,153	20.3%	12.73%

According to the data, the largest number of people receiving subsistence allowance is in Tbilisi, followed by the Imereti and Kvemo-Kartli regions.

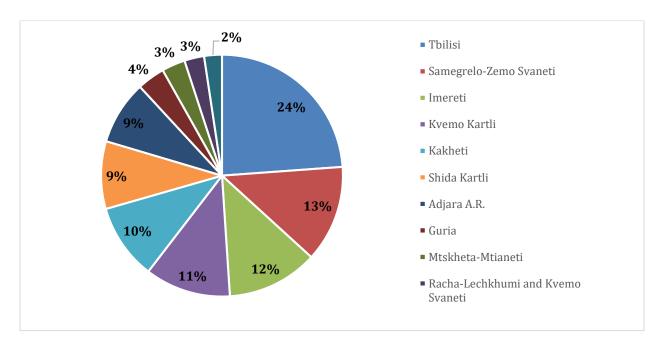
However, the most difficult situation is in the Racha-Lechkhumi and Kvemo Svaneti regions, where more than 45% of the population lives on subsistence allowance, with this figure being almost 2.5 times higher than the national average.

It is also interesting to determine the amount of money transferred to households receiving subsistence benefits. It should be noted that from 2019 to August 2021, the state issued 925.3 million GEL as a subsistence allowance, which was distributed to the regions of Georgia as follows:

Region	Amount
Tbilisi	220,640,097 ₾
Guria	34,399,768 ₾
Racha-Lechkhumi and Kvemo Svaneti	24,422,998 ₾
Kakheti	93,689,685 ₾
Imereti	112,718,609 ₾
Mtskheta-Mtianeti	29,008,908 ₾
Samegrelo-Zemo Svaneti	119,624,687 ₾
Samtskhe-Javakheti	21,970,734 ₾

Kvemo Kartli	106,171,683 ₾	
Shida Kartli	83,645,757 ₾	
Adjara A.R.	79,008,414 ₾	

Chart 1: Distribution of subsistence allowance by regions of Georgia



## **Elections 2019-2021**

IDFI's observations during the pandemic period show that, over the years, elections have influenced the determination of the number of beneficiaries of the program. In this instance as well it is interesting to analyze how the amount transferred for social assistance and the number of beneficiaries changed over time and whether the elections held during the study period had any impact on these numbers. It is also important to identify how socially vulnerable status is defined in Georgia and what opportunities there are for policy mitigation in the pre-election period.

It should be noted that, in order to be granted socially vulnerable status, it is necessary for one of the adult family members to apply to the territorial body of the Social Service Agency and write an application for registration in the unified database of socially vulnerable families. Within one month of writing the application, the applicant will be visited at the appropriate address by a

family social agent who will verify the family property, income, and expenses. The family declaration is filled out as a result of the inspection, and then no later than one month after the family inspection, the family is given a rating point based on its property status. The rating score determines what kind of social assistance a family will receive from the state and whether it will be direct financial assistance or indirect financial assistance in the form of subsidies or services<sup>1</sup>.

For the purposes of the study, it is necessary to identify whether there is a certain type of correlation between the pre-election period and the number of recipients of subsistence allowance.

It should be noted that, for the second round of the 2018 presidential election, the number of beneficiaries receiving targeted social benefits increased by about 16,000 compared to the first round. A similar fact was observed on May 19, 2019, during the interim elections of the Parliament, the by-elections of assemblies, and the snap elections of mayors of the municipalities. Between January 2019 and the May 19 by-elections, the number of people receiving social assistance increased by about 25,000, and in May, 467,284 people living in Georgia were receiving a subsistence allowance. As a result, from January to May 2019, the monthly subsistence allowance increased by 1.07 million GEL. After the election, the number of recipients of subsistence allowance began to decline and by November 2019 amounted to 416,396 people.

Since 2020, the number of people receiving subsistence benefits in the country has been increasing every month, which is, for the most part, related to the situation created by the pandemic (from 2020 to date, 605.7 million GEL was spent on subsistence benefits during the Covid pandemic). In particular, the increase in remittances for subsistence benefits coincides with the severe restrictions imposed during the March-May pandemic, which in turn led to a 13% decline of the economy<sup>2</sup>. It is noteworthy, however, that against the background of the pandemic and in the run-up to the 2020 parliamentary elections, the rate of increase in subsistence allowances rose significantly. For example, the transferred funds decreased by an average of 1.5% per month until June and increased by 4% between July and the election period.

Following the October 31, 2020, parliamentary elections, with the deterioration of the epidemiological situation and the consequent tightening of restrictions, the growth in the number of subsistence recipients continued. In particular, from November 2020 to August 2021, the amount of monthly transfers to households receiving subsistence allowance increased by GEL

https://bit.ly/30kha4j

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<sup>&</sup>lt;sup>1</sup> Legal Aid Service, registration in the unified database of socially vulnerable families: https://bit.ly/3iTcqJe

<sup>&</sup>lt;sup>2</sup>Georgian National Statistics Office:

13.47 million, which is an increase of about 46%. In the case of 2021, a significant increase in the growth rate of beneficiaries was recorded in July, which is due to changes in the terms of eligibility for social assistance in the pre-election period. In particular, before July 1, 2021, a family with a score of less than 100,001 received a subsistence allowance of 50 GEL for each member under the age of 16, while after July 1, a family with a score of less than 120,001 received a subsistence allowance of 100 GEL for every member under 16 years of age3. As a result, the number of people receiving social assistance increased by about 70,000 in July. Since this change took place after the start of the active election campaign, we can conclude that both the Covid-19 pandemic and the pre-election period have led to a high rate of growth in the number of beneficiaries.

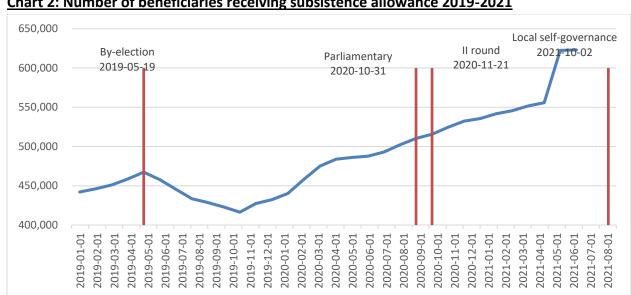


Chart 2: Number of beneficiaries receiving subsistence allowance 2019-2021

Chart 3: Amount transferred to households receiving subsistence allowance 2019-2021

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<sup>&</sup>lt;sup>3</sup> Social Service Agency:

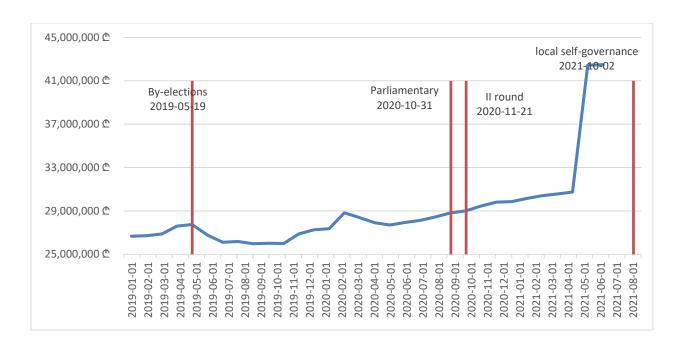
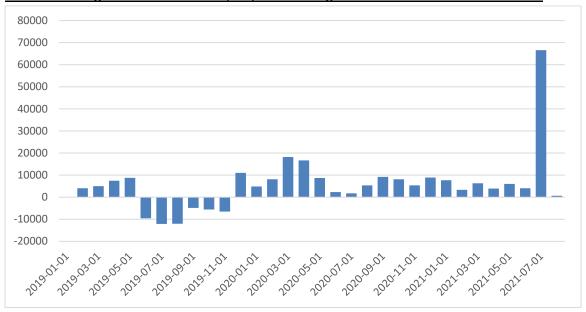


Chart 4: Change in the number of people receiving subsistence benefits 2019-2021



Analysis of statistical data related to the issuance of subsistence allowance shows that the Covid-19 pandemic has had a significant impact on the growth of the number of vulnerable people in Georgia. However, during the pre-pandemic and post-pandemic elections, the trend of growing numbers of subsistence recipients suggests that targeted subsistence allowance in the pre-election period may be used as a means of exerting some influence on voters.