

ACADEMIC PAPER

REGULATORY IMPACT ASSESSMENT OF ILO C189 - DOMESTIC WORKERS CONVENTION



MAY 2021
UN WOMEN

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CONTENTS

ACRONYMS AND ABBREVIATIONS	4
I. EXECUTIVE SUMMARY	5
II. PROBLEM DEFINITION	8
A. Policy context	9
B. Problem definition	13
C. Data analysis of the problem: Existing trends	23
D. Development of the baseline scenario	33
III. OBJECTIVES	35
A. General objective	36
B. Specific and operational objectives	36
IV. DEVELOPMENT OF OPTIONS ALTERNATIVE TO THE BASELINE SCENARIO	40
A. Policy Option 0: Status quo scenario	41
B. Policy Option 1: Regulatory solution – Acknowledging domestic work as a labour relationship	41
C. Policy Option 2: Non-regulatory solution – encouraging domestic workers to establish informal/formal associations and increase domestic workers' awareness level regarding their current rights	43
D. Policy Option 3: Transitional option – Increasing the awareness of domestic workers initially and introducing the regulatory solution after two years	44
E. Highlights from the domestic workers' survey about attitudes towards the proposed policy options	45
V. ANALYSIS OF IMPACTS	46
A. Identification of possible impacts	47
B. Methodological approach	54
C. Cost-benefit analysis	57
D. Summary of quantitative results	58
E. Sensitivity analysis results	59
VI. COMPARING THE OPTIONS	61
A. Summary of options	63
B. Preferred option	63
VII. MONITORING AND EVALUATION PLAN (FOR THE PREFERRED OPTION)	64
VIII. PUBLIC CONSULTATION PROCESS	67
A. Description of the process	68
B. Consultation and expertise	68
ANNEXES	77
Annex 1. Vacancy analysis of domestic workers	78
Annex 2. Questionnaire for domestic workers	83
Annex 3. Results of the survey of domestic workers	87
Annex 4. Results of the cost-benefit analysis for different tax levels	98
BIBLIOGRAPHY	99

ACRONYMS AND ABBREVIATIONS

ADC	Austrian Development Cooperation
CRRC	Caucasus Research Resource Centers
EMC	Human Rights Education and Monitoring Center
GEL	Georgian Lari
Geostat	National Statistics Office of Georgia
GoG	Government of Georgia
GYLA	Georgian Young Lawyers' Association
ILO	International Labour organization
ISET-PI	International School of Economics at Tbilisi State University – Policy Institute
LFS	Labour Force Survey
MoIDPOTLHSA	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia
NBG	National Bank of Georgia
NGOs	Non-governmental Organizations
NPV	Net Present Value
PV	Present Value
RIA	Regulatory Impact Assessment
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
TSA	Targeted Social Assistance
UN	United Nations
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WEESC	Women's Economic Empowerment in the South Caucasus
WHO	World Health Organization

EXECUTIVE SUMMARY

The International Labour Organization (ILO) Domestic Workers Convention, 2011 (No. 189), aims to promote decent work for all and to ensure fundamental protections and rights to domestic workers. Domestic workers' contribution to the economy is substantial by providing critical services to households and enabling others to work outside the home, participate in the labour market and pursue educational and social activities. However, promoting decent work for domestic workers has not been a priority for the Government of Georgia thus far. The harmonization of the Georgian legislation with ILO Convention No. 189 would be essential for domestic workers, especially for women as they constitute the majority of domestic workers.

The ISET Policy Institute (ISET-PI) – in collaboration with UN Women in the scope of the project "Women's Economic Empowerment in the South Caucasus" (WEESC), funded by the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC) – has implemented a Regulatory Impact Assessment (RIA) to study the prospects and organize a policy dialogue towards the possible ratification of Convention No. 189.

During the process, the RIA team identified and approached a large number of stakeholders, whose opinions were carefully taken into account during development of the report. A summary of the procedural issues and of the positions of different stakeholders can be found in section VIII of this report ("Public consultation process").

The Labour Code of Georgia does not cover domestic workers, and they are currently beyond the reach of the protective mechanisms offered by the Code, unless they have a contract with an employment agency. Consequently, these workers cannot enjoy similar working conditions as other workers; indeed, they represent one of the most vulnerable categories of employees. The RIA team analysed the problem of poor and/or unsafe working conditions for domestic workers in Georgia, as solving the problem is crucial to ensure decent working conditions for this category of workers. When domestic workers cannot enjoy decent working condition, their well-being

and health are at risk, and society itself can suffer severe consequences: an increased probability of abuse and exploitation, payment of unfair and insufficient salaries, unpaid overtime work, unsafe job conditions, uncertainty of contract terms and stress of the constant search for another source of income, and an increased vulnerability with respect to crises, poverty, old age and health-related issues. The factors causing poor and/or unsafe working conditions for domestic workers in Georgia are grouped into the following four broad categories:

- Insufficient and ineffective legal protection
- Lack of bargaining power for domestic workers
- Informality of domestic work
- Lack of awareness about their civil and labour rights as workers

It is key to address the problem of domestic workers' working conditions now, with consideration of the ongoing socioeconomic changes in Georgia that can be expected to lead to an increase in the demand for domestic workers; consequently, the scale of the problem is likely to increase.

The general objective of the Government's intervention that emerged from this analysis is to ensure decent working conditions for domestic workers. Several specific objectives associated with the general objective are as follows:

- Increase the bargaining power of domestic workers
- Reduce the risk of abuse and exploitation of domestic workers
- Ensure that domestic workers enjoy social benefits and social security
- Increase the awareness level of domestic workers regarding their rights

This RIA compares the following three policy options:

- Policy Option 0: Status quo scenario – domestic workers are still not explicitly covered by the Labour Code
- Policy Option 1: Regulatory solution – acknowledging domestic work as a labour relationship

- Policy Option 2: Non-regulatory solution – encouraging domestic workers to establish informal/formal associations and increase domestic workers' awareness level regarding their current rights
- Policy Option 3: Transitional option – increasing the awareness of domestic workers initially and introducing the regulatory solution after two years

The RIA team has identified the qualitative impacts of the proposed policy options in different dimensions, including social, economic and gender. The quantitative analysis quantified costs and benefits for the Government, which, as a major stakeholder, has the responsibility of implementing the above-mentioned policies. The results of the multi-criteria analysis that has been performed are summarized in Table 1.

Table 1:
Comparison of options using multi-criteria analysis

EVALUATION CRITERIA	OPTION 1	OPTION 2	OPTION 3
Benefits less costs (NPV)	GEL 2,445,748	GEL 1,483,373	GEL 2,717,658
Specific objective 1: Increase the bargaining power of domestic workers	3	2	4
Specific objective 2: Reduce the risk of abuse and exploitation of domestic workers	2	1	4
Specific objective 3: Ensure that domestic workers enjoy social benefits and social security	2	1	3
Specific objective 4: Increase the awareness level of domestic workers regarding their rights	1	2	3
Feasibility/ease of complying	-4	-1	-3
Minimization of potential risks	1	3	2
Maximization of potential benefits	3	4	5

The multi-criteria analysis shows that all three options lead to improvement compared to the status quo scenario. This is due to the fact that promoting decent work for domestic workers has not been on the political agenda of Georgia thus far. Acknowledging domestic work as a labour relationship and filling corresponding legislative gaps and/or increasing the awareness of all parties engaged in domestic work about domestic workers' rights and opportunities will contribute to better working conditions for the country's domestic workers.

Policy Option 3 – increasing the awareness of domestic workers initially and introducing the regulatory solution after two years – appears to be the most preferred option as it is associated with the highest net present value (NPV) for the Government and performs much better against all other criteria. This is due to the fact that Option 3 represents a smooth transition towards the regulatory solution, combining Options 1 and 2 and minimizing the risks associated with each of them. In Option 3, society is more prepared for regulatory change due to prior awareness-raising campaigns. However, the risks associated with implementing and monitoring the regulatory policy might remain.

PROBLEM DEFINITION

A. POLICY CONTEXT

The ILO Domestic Workers Convention, 2011 (No. 189), aims to promote decent work for all and to ensure fundamental protections and rights to domestic workers labouring in private homes around the world. Currently, 31 countries have ratified it around the world. Among them, 17 countries are from the Americas, 8 from Europe, 5 from Africa and 1 from Asia.

Convention No. 189 defines domestic work as “work performed in or for a household or households” and a domestic worker as “any person engaged in domestic work within an employment relationship”.¹ Thus, the main distinguishable factor of domestic work compared to other types of work is the workplace, which are private households. Domestic workers provide a variety of services, such as cooking, cleaning, childcare, caring for the elderly and disabled, gardening and driving, among others.

The Convention addresses the issue of domestic work that (mostly) women and girls carry out. Domestic work is typically undervalued, and domestic workers – who often belong to the informal economy – are less likely to benefit from the social protections that the law provides to workers who are formally employed, nor are they likely to enjoy decent working conditions and rights. This is particularly true in Georgia, where the share of informal economy in the total economy is nonnegligible a high share (with 45 per cent of the working population engaged in informal employment according to a recent study²). Despite the potential consequences of this phenomenon on the quality of living and on the well-being of domestic (and informal) workers, Georgia does not have any official policy to monitor working conditions in the informal sector and take, when necessary, corrective measures. However, the State would be engaged when forced labour and trafficking issues arise. Improved working conditions for domestic workers can be expected to contribute to gender equality and to women’s well-being, since more than 80 per cent

of all domestic workers are female³ (and their work enables other women to pursue their social and economic lives).

The harmonization of the Georgian legislation with ILO Convention No. 189 and its accompanying Recommendation No. 201 would be essential for domestic workers, especially for women. These documents list the guarantees that should be ensured in the Georgian legislation. Some standards already exist in Georgia. For example, forced and compulsory labour and child labour are prohibited, and anti-discrimination laws are in force. Some standards are written in the labour legislation, but its material scope should be broadened to cover domestic workers as well. However, most of the Convention’s standards are yet to be applied even after the recent amendments to the labour legislation of Georgia, and this process would lead to the core and systemic revision process of the existing legislation and could presumably result in the enactment of a new law and subordinate laws.

Specifically, the changes needed to harmonize the Georgian legislation with Convention No. 189 are discussed below.

Definition of domestic worker

The Georgian legal system does not include the notion of domestic workers. Therefore, the law would need amendments in this regard. As the research shows, the definition of domestic work varies from country to country. The Convention defines both domestic work and domestic workers. According to the Convention, domestic work means work performed in or for a household or households; a domestic worker means any person engaged in domestic work within an employment relationship. A person who performs domestic work only occasionally or sporadically and not on an occupational basis is not a domestic worker.

1 ILO, *C189 – Domestic Workers Convention, 2011 (No. 189)*, Art. 1. Available at https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C189.

2 UN Women and CRRC, *Women’s Economic Inactivity and Engagement in the Informal Sector in Georgia* (Tbilisi, 2018).

3 ILO, *Domestic workers across the world: global and regional statistics and the extent of legal protection* (Geneva, International Labour Office, 2013).

Depending on the state policy, the following legal act may be revised/amended: Organic Law of Georgia "Labour Code of Georgia" (hereinafter Labour Code of Georgia).

Definitions of inadequate housing and decent living conditions that respect domestic workers' privacy

The Convention stipulates that domestic workers, like other workers, should enjoy fair terms of employment as well as decent working conditions and, if they reside in the household, decent living conditions that respect their privacy. The Georgian legislation, however, does not mention that a domestic worker should be guaranteed to have adequate housing and decent living conditions that respect his/her privacy. The ILO has specific regulations concerning this and covers the following issues: construction type, housing conditions, sanitation facilities, health and safety, inspections and consultations.

Those concepts are not defined in the Georgian legislation; therefore, a preliminary step for the ratification of the Convention should be creating/defining these basic standards in the Georgian legislation. Such changes would impose obligations on the employers (especially when the State does not have any housing programmes). Moreover, in order to ensure the effective implementation of these standards, the Labour Inspectorate should be granted access to the private space of the household, and/or other effective measures should be adopted. Depending on the state policy, the following legal act may be revised/amended: Labour Code of Georgia.

Terms and conditions of employment and special regulations for domestic workers

The Convention lists the terms and conditions about which domestic workers must be informed. In Georgia, the most relevant document for the labour rights of domestic workers is the Labour Code. This document also states the provisions that should be included in contracts. However, there are several items mentioned in the Convention that are missing in the Labour Code:

- The remuneration, method of calculation and periodicity of payments
- The provision of food and accommodation, if applicable
- The period of probation or trial period, if applicable
- The terms of repatriation, if applicable
- The terms and conditions relating to the termination of employment, including any period of notice by either the domestic worker or the employer

Depending on the state policy, the following legal act may be revised/amended (the above-mentioned list should be included explicitly among the essential terms of a labour agreement for domestic workers): Labour Code of Georgia.

Guarantee to a weekly rest period (at least 24 consecutive hours)

The Convention states that weekly rest shall be at least 24 consecutive hours. This guarantee has been included in the Labour Code as a result of the amendment adopted on 29 September 2020. The Labour Code of Georgia imposes the limits for weekly duration of working time (40 hours a week, with specific operating conditions for 48 hours a week) and states that the duration of rest between working days (or shifts) must be of at least 12 hours. In addition to the 12-hour rest period, the employer is obliged to provide the employee with a continuous rest period of at least 24 hours during a seven-day period.⁴ However, the main problem is that domestic workers might not be able to exercise these guarantees due to the invisibility and informality of the work they perform.

Special regulations on payment frequency, payments in kind and pensions

The Georgian Labour Code states that remuneration should be received once a month, unless otherwise stipulated in the contract. As for the payment form, the law does not restrict in-kind payment.

4 Labour Code of Georgia, Art. 24, section 7.

Domestic workers are workers with special characteristics, especially when it comes to payment. They may receive remuneration in kind. The Convention states that the ratifying country should adopt special rules on payment frequency, payments in kind and pensions in order to prevent any abuse of power from the employer. The Labour Inspectorate could supervise the implementation of those measures. In order to prevent an abuse of power, countries adopt several alternative approaches: some prohibit payments in kind, while others limit such payments (e.g., up to 25 per cent of remuneration/up to 50 per cent of remuneration). At least the following legal acts need to be revised/amended: Labour Code of Georgia; Law of Georgia on Funded Pensions.⁵

Occupational safety and health of domestic workers, with special emphasis on harassment (mandate of the Labour Inspectorate)

The Convention underlines that every domestic worker has the right to a safe and healthy working environment and places a special emphasis on harassment. The Labour Inspectorate could have a huge impact on domestic workers' safety and health, but its prerogatives must be well defined, as the workplace is a private space. The law should draft formalities that should be met by the inspector entering a private space. The Convention itself encourages the involvement of labour inspectors. However, to find a fair balance between labour rights and the right to privacy, the ILO recommends the following measures: prior consent of the employer or authorization from the court. Privacy is a fundamental right for every person, and any interference with this right should be proportionate. Such an assessment should be done by the court.

It should be mentioned that the Public Defender's

Office of Georgia has the explicit mandate to take up workplace sexual harassment cases and issue respective recommendations. However, the Public Defender's Office has limited opportunities to do so as it can examine acts of discrimination based only on the applications or complaints, after which it can issue appropriate recommendations;⁶ furthermore, the Public Defender does not have the power to enter a private workplace.

At least the following legal act needs to be revised/amended: Labour Code of Georgia; Law of Georgia on Labour Inspection.

Parental leave coverage

The Convention includes the following standard: States should ensure that domestic workers enjoy conditions that are not less favourable than those applicable to workers in general, with respect to social security protection, including maternity. Parental leave is a time during which parents and children form essential bonds. Therefore, it is of the utmost importance that domestic workers have the opportunity to take parental leave for those purposes. According to international standards, a minimum six weeks of leave has the purpose of protecting the health of the mother and child;⁷ as good practice further indicates, mothers should breastfeed exclusively for a period of six months.⁸

This issue is rather challenging in the case of a live-in worker, as it is possible that those workers would be engaged in domestic work. Guarantees for live-in workers should include that the leave period be used exclusively for childcare purposes and that the living conditions not be compromised.

Depending on the state policy, at least the following legal acts need to be revised/amended: Labour Code of Georgia.

5 Pension reform was conducted in Georgia in 2018. Following the reform, the country has two sources for receiving old-age pensions: the social pension and the funded pension. The funded pension is a defined contribution scheme, and it applies only in cases when the person is employed.

6 According to the Law of Georgia on the Elimination of All Forms of Discrimination, the Public Defender's Office can also examine the possible cases of discrimination by its own initiative; however, this is not relevant here.

7 ILO, C183 – *Maternity Protection Convention, 2000* (No. 183), Art. 4, para. 4.

8 WHO and UNICEF, *Global Strategy for Infant and Young Child Feeding* (WHO, 2004).

Private employment agencies

The Convention gives special attention to the work of private employment agencies. In the Georgian context, there are special normative documents that should be revised to become compliant with the standards of the Convention. For example, the State should ensure that adequate machinery and procedures exist for the investigation of complaints, alleged abuses and fraudulent practices concerning the activities of private employment agencies in relation to domestic workers; adopt all necessary and appropriate measures, within its jurisdiction and in collaboration with other States, to provide adequate protection for and prevent abuses of domestic workers recruited or placed in its territory by private employment agencies (including through laws or regulations that specify the respective obligations of the private employment agency and the household towards the domestic worker and provide for penalties, including sanctions to those private employment agencies that engage in fraudulent practices and abuses); and take measures to ensure that fees charged by private employment agencies are not deducted from the remuneration of domestic workers.

Depending on the state policy, at least the following legal acts need to be revised/amended: Labour Code of Georgia; Law of Georgia on Labour Inspection; Decree of the Minister of Labour, Health and Social Affairs of Georgia "On the Rules for Compulsory Notification and Reporting of Private Employment Agencies".⁹

Duty to ensure the availability of statistical data, especially disaggregated by sex and age

The Convention gives special attention to the

collection of statistical data, especially disaggregated by sex and age. This obligation is levied upon the State.¹⁰ The Law of Georgia on Gender Equality has some provisions concerning this issue. However, it is not fully harmonized with the Convention's standard, as it calls for the collection of data only by sex (data should be presented disaggregated by age and by sex/age).

Ensuring the effectiveness of the Public Defender's Office and/or of the Labour Inspectorate's mandate with respect to the supervision/control of labour standards and awareness-raising

Inspection services play a vital role in the enforcement of regulations. The Inspectorate's workload duties mainly relate to the prevention of human rights violations and the imposition of sanctions on employers. In addition, raising awareness about labour rights is also their duty, as the right to being informed is the basis for ensuring the enjoyment of other rights.

Supervision over the enforcement of labour rights inevitably means conducting inspection visits. Such actions of the Inspectorate should be checked by the courts, and the powers of the Inspectorate should be drafted clearly and be consistent with human rights standards.

In addition, the Labour Inspectorate should work in coordination with other state agencies. Such coordination would be very important for the prevention of violations of labour rights.

Current changes (as of 29 September 2020) to the labour legislation in Georgia have widened the mandate of the Labour Inspectorate, which should be welcomed. However, for the mandate's effective

9 The decree covers the regulations concerning the Labour Inspectorate.

10 The Convention does not define the agency responsible for the collection of statistical data and instead levies this obligation upon the State. Currently, the Labour Force Survey, conducted by the National Statistics Office of Georgia (since 2017), makes it possible to identify domestic workers. However, in order to comprehensively assess the situation of domestic workers, there is need to conduct

specialized surveys. The ILO has prepared guidelines to design and conduct the pilot national domestic work surveys, both for qualitative and quantitative ones (Sources: F. Mehran, *ILO Survey on Domestic Workers: Preliminary Guidelines* (Geneva, ILO, 2014); A. K. Dejardin, *Qualitative research on employment relationship and working conditions: preliminary guidelines* (Geneva, ILO, 2014)). These guidelines can serve as a basis for the country to collect detailed statistical data about domestic workers.

implementation and usage, the State should ensure that the information about legal changes is properly transmitted and spread throughout society. The information should include the rights and obligations of an employee and of an employer, including how the employee can seek legal protection. According to the ILO Expert Committee, the State should ensure that existing complaint mechanisms are effective and accessible, especially for migrant workers. For example, the Public Defender of Georgia and the Labour Inspectorate could work on raising awareness on such issues in Georgia. There are other

alternatives – for example, obliging the employer to give information to the employee in a written document.

Depending on the state policy, at least the following legal acts need to be revised/amended: Labour Code of Georgia; Law of Georgia on the Public Defender of Georgia; Decree of the Minister of Labour, Health and Social Affairs of Georgia "On Approving the Regulations of the Structural Subdivisions of the Ministry of Labour, Health and Social Affairs of Georgia".

B. PROBLEM DEFINITION

Domestic workers contribute significantly to the economy as they provide critical services to households and enable others to work outside the home, participate in the labour market and pursue educational and social activities. However, regardless of such contribution, domestic work is still "undervalued and invisible".¹¹ Domestic workers are usually outside the coverage of labour legislation and of the corresponding social protections. As a result, domestic workers suffer significant "decent work deficits".¹² The decent work concept implies that every working community should enjoy dignity, equality, freedom and security in the workplace, as well as social protection for families. Workers should have opportunities for a work that is productive and provides a fair income.¹³

Decent work has four dimensions:

1. Employment and income opportunities
2. Fundamental principles and rights at work, as well as international labour standards
3. Social protection and social security
4. Social dialogue and tripartism

Promoting decent work for domestic workers has not been on the political agenda of Georgia thus far. The country is providing fundamental human rights protection to domestic workers as it does to other members of society, but their rights as workers are not protected.

Georgia does not define domestic work in the **Labour Code**. There is no consensus among legal experts¹⁴ about whether domestic work satisfies the labour relation condition mentioned in the Labour Code or not. On the one hand, some legal experts maintain that domestic workers are not recognized under Georgian law as employed because domestic work does not meet the criteria for "organised labour conditions". According to the Labour Code of Georgia, labour relations shall mean "the performance of work by an employee for an employer under organised labour conditions in exchange for remuneration" (Article 2). Other experts instead think that the definition of "organised labour conditions" simply describes a subordinate employment relationship. The employee performs work in a subordinate manner and is dependent

11 ILO, *Decent work for domestic workers. International Labour Conference 100th Session* (Geneva, ILO Office, 2011).

12 A. D'Souza, *Moving towards Decent Work for Domestic Workers: An Overview of ILO's Work. Working Paper 2/2010* (Geneva, International Labour Office, 2010).

13 ILO, *Decent work indicators – guidelines for producers and users of statistical and legal framework indicators* (Geneva, ILO, 2013).

14 Based on the stakeholder interviews with legal experts.

on the instructions of the organizational working conditions as defined by an employer (i.e. working hours, breaks, disciplinary measures and other specific conditions of work).¹⁵ This condition makes some domestic work relationships fit the definition of labour relations. However, without payment of taxes, even such domestic workers are considered informal workers and are outside the coverage of all guarantees provided by the Labour Code.

Despite the above-mentioned differences, all legal experts agree that domestic workers are currently beyond the reach of the protective devices offered by the Labour Code, unless they have a contract with employment agencies. This makes it hard for such workers to enjoy similar working conditions as other workers,¹⁶ including – notably – the right to paid maternity leave, making domestic workers one of the most vulnerable categories of employees. When domestic workers' working conditions are poor or unsafe, they can defend their rights in some institutions – but in a very restricted way:

- a) **Labour Inspection Service:** This legal entity under public law enforces its functions under the control of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MoIDPOTLHSA). Pursuant to the labour legislation reform adopted on 29 September 2020, the Parliament of Georgia has amended the Labour Code and adopted the Law of Georgia on Labour Inspection, which has widened the scope of the Inspectorate. The Inspectorate now is mandated to monitor and inspect the compliance with the legal provisions relating to conditions of work and the protection of workers' human rights, including implementation of the anti-discrimination clause, without prior notice of the

employer/organization. In addition, under the aforementioned labour reform, the Inspectorate is equipped with a sanction mechanism, which will ensure its effectiveness in practice.¹⁷ However, in relation to domestic workers, the mandate of the Labour Inspectorate is still unclear, as – in cases of a violation of the labour conditions – the new law does not regulate the specific rules to inspect private working spaces and/or households. The Law of Georgia on Labour Inspection refers¹⁸ to Governmental Decree No. 99 "On the Rules and Conditions to Entry and Inspection of the Workplaces Liable to Inspection" (2020), which is not yet in line with the new amendments mentioned above, and still only covers the violations of the working conditions related to work safety.

Despite the fact that the new Law of Georgia on Labour Inspection gives all workers/interested persons the opportunity to the Inspectorate with the intent to initiate monitoring and/or inspection,¹⁹ without a clear regulatory framework and recognition of domestic workers by the Labour Code, such a process still cannot be seen as an effective protective tool for domestic workers. Under the aforementioned law, the only situation when an employer (household) falls under inspection is when there is a reasonable cause to suspect a case of forced labour or exploitation. In such a case, the Inspectorate can enter into any building or space on the basis of an order issued by the court.²⁰ Accordingly, in other cases, only those domestic workers who are employed through private employment agencies are able to apply to the Labour Inspectorate. According to an interview with the representatives of the Labour Conditions Inspection Department (now called the Labour

15 ILO, "Georgian Labor Law and International Labor Standards." A training manual for judges, lawyers and legal educators (2017).

16 While domestic workers hypothetically can enjoy proper working conditions depending on a negotiation with their employer, they do not have access to the following state support mechanisms: state payment in the event of parental leave, pregnancy, childbirth, childcare and

newborn adoption; or access to an accumulated pension fund.

17 The new regulations of the Labour Inspectorate will fully enter into force on 1 January 2021.

18 Art. 16, para. 2(a).

19 Art. 13, para. 1(a).

20 Art. 16, para. 2(b).

Inspection Service), in the above-mentioned cases, sanctions and recommendations would be imposed on the employment agency. There is also the theoretical possibility of distributing sanctions between families and the domestic workers' employment agency.²¹ It is evident that even domestic workers who have a contract with employment agencies have a very low incentive to apply to the State, as their employment agency is primarily the one to bear the consequences, not the households employing them.

As for other domestic workers who have a direct relationship with the households employing them, they cannot apply to the Labour Inspection Service, as the latter does not cover relationships where employers are physical persons who have not registered their economic activity.²²

- b) **Public Defender:** Domestic workers can apply to the Public Defender's Office based on the anti-discrimination legislation. Moreover, the Office assesses any situation that could be seen as a violation of any right enshrined in the Constitution of Georgia. Domestic workers also have the court platform to defend their rights (however, mostly it includes filing a lawsuit based on the Civil Code of Georgia or the Law of Georgia on the Elimination of All Forms of Discrimination). As the Public Defender can only issue recommendations, domestic workers could not direct a claim for compensation to the Public Defender.
- c) **Judicial system:** Domestic work is not considered as a formal labour relationship; domestic workers can apply to the courts only based on service contract violations if they want to defend their working rights and conditions.²³

This makes it harder for domestic workers to exercise their rights, as in the case of a service contract, the burden of proof falls on them – they have to provide evidence of a violation. Domestic workers should apply to the judicial system to make a claim for compensation.

Since it is harder, and in some cases impossible, for domestic workers to defend their rights as workers, they have less protections and guarantees compared to other workers, drastically weakening their legal (and bargaining) position.

Based on the above-mentioned considerations, the Regulatory Impact Assessment (RIA) team decided to focus on the **problem of poor and/or unsafe working conditions for domestic workers in Georgia, as solving the problem is crucial to ensure decent working conditions** for this category of workers.²⁴ It is key to address the problem of domestic workers' working conditions now, in consideration of the ongoing socioeconomic changes in Georgia that can be expected to lead to an increase in the demand for domestic workers. These changes include the following: economic growth and the corresponding increasing number of families who can afford domestic workers; the aging population; the increasing number of nuclear and single-parent families; the increasing rate of female employment and labour-force participation; and the growing urbanization.²⁵

Domestic work is carried out under special conditions, within households, which makes such workers differ from other workers and, to some extent, makes them potentially more vulnerable. In particular:

- Domestic working conditions are very unequal and are very volatile as they almost wholly

21 It has to be mentioned that the Labour Inspectorate has not yet encountered such cases, but this is general practice regarding other employment agencies. The representatives of the Labour Inspectorate think that a similar practice will be applied in cases when domestic workers employed by employment agencies apply to them.

22 Georgia, *Organic Law of Georgia on Occupational Safety*, Art. 2, para. 1.

23 Based on stakeholder interviews with legal experts.

24 This analysis will not cover migrant or live-in (workers who live in the household employing them) domestic workers due to data limitations.

25 According to Geostat data, the share of the population living in urban areas has been gradually increasing over more than two decades. See <https://www.geostat.ge/en/modules/categories/41/population>.

- depend on the personal relationships between employer and employee. The intimate household environment makes such workers more vulnerable to verbal, physical or sexual abuse.
- Household tasks in traditional societies are seen as “women’s” work (even seen as a duty²⁶) and therefore are considered low in status and value – with the exception of tasks such as gardening, driving or guarding, which are typically performed by men. International experience shows that cooking for others in their homes is often valued and compensated more highly than other domestic tasks.
 - Domestic workers tend to be invisible as workers and isolated from other workers as their physical workspace is a separate household.

Consequences of the problem

When domestic workers face a poor and/or unsafe environment at work, their well-being and health are at risk, and society itself can suffer severe consequences.

As previously mentioned, the peculiarities of domestic work (as it is performed within households, in an intimate environment) increase the probability of abuse and exploitation, which is usually manifested by violence at work, mistreatment of workers, payments of unfairly low salaries, disregard for workers’ safety and, finally, overtime employment without additional compensation²⁷. Uncertainty of contract terms and the constant search for another or a new source of income puts domestic workers in extremely unfavourable conditions. Thus, these conditions originate feelings of instability and insecurity among domestic workers and make them live under constant

stress. This may result in deteriorated mental and physical health of the workers, which degrades their human capital and diminishes their productivity, leading to lower earning capacity and exposing them to a greater risk of poverty. Their deteriorated health also hinders them from concentrating on their own family lives, dealing with family responsibilities and paying attention to their children’s development, which might have even larger-scale adverse implications on the economy.²⁸

Furthermore, domestic workers are excluded from targeted social protection schemes that are directly linked to employment. In particular, domestic workers cannot be enrolled in the current funded pension scheme, which makes them less likely to count on decent incomes in older age and forces or keeps them in poverty during that difficult period of life. Taking into account that the vast majority of domestic workers are women, the exclusion of such workers from funded pension schemes also contributes to greater levels of gender inequality during old age.

The recent coronavirus pandemic highlighted both the great vulnerability of domestic workers to economy-wide shocks and the negative consequences associated with their legal status as domestic workers. The pandemic has had a significantly negative impact on domestic workers in Georgia and around the world. As the incomes of hiring families were hit by the consequences of the economic and social lockdown, with many domestic workers’ employers forced to stay at home – even some themselves without work or without any additional income – the demand for the services of

26 According to a recently published UNFPA study (available at <https://georgia.unfpa.org/sites/default/files/pub-pdf/unfpa-research-eng.pdf>), both male and female respondents acknowledge that domestic work is not equally shared. However, only 16 per cent of women and 12 per cent of men are dissatisfied or completely dissatisfied with the existing allocation of duties. Moreover, being asked if men should be equally involved as women in housework, 21 per cent of women and 14 per cent of men disagreed.

27 A. Núñez and E. Lima, *Gender-Based Violence in Paid Domestic Work in Latin America and the Caribbean: Experiences, Voices, Actions and Recommendations of Workers’ Organizations to Eliminate It* (CARE, IDWF, CONLACTRA-HO, 2019).

28 A. LaMontagne and others, “Psychosocial and Other Working Conditions: Variation by Employment Arrangement in a Sample of Working Australians”, *American Journal of Industrial Medicine*, vol. 55, No. 2 (2012).

domestic workers declined. Even in cases in which demand did not decline, domestic workers faced additional challenges because of the pandemic. For example, public transport options declined during the lockdown (from March to May 2020) as restrictions on public transport and curfew were in force,²⁹ making it hard or impossible for them to go to work.

While individuals belonging to the formal sector could rely on the COVID-19-related anti-crisis measures taken by governments, domestic workers in most countries were excluded from such measures and became wholly dependent on the generosity of employers.³⁰ The situation of the Georgian workers was only marginally better. The main reason was that domestic workers could not provide the necessary documentation proving their employment and/or their entitlement to the compensation package. According to the instructions from the Government of Georgia (GoG), "a person who works as a nanny, craftsman, cleaner or other similar type of work can receive compensation if he/she submits a reference from employment agencies/intermediary companies which are registered taxpayers stating that they were contracted by employers before 1 April 2020".³¹ Thus, all domestic workers who have direct labour relationships with households could not apply for the one-time subsidy³² of GEL 300; only those who are employed with employment agencies could apply.

The COVID-19 crisis has also highlighted how the

informal nature of most domestic employment relations might lead to greater health risks for the workers and for society as a whole, if informal domestic workers and their employers are reluctant to admit the existence of a working relationship. This might have negative consequences both on the health of domestic workers, who might seek treatment only when symptoms are severe and the damages from the diseases are more serious, and on public health, as it reduces the effectiveness and timeliness of the actions to counter the spread of potentially dangerous, transmissible diseases.

The high vulnerability of domestic workers with respect to crises, poverty, old age and health-related issues might lead to an increased burden on the state budget in the future, both directly – if the Government has to step in and increase its funding for programmes against poverty, health issues, etc. – and indirectly, if it leads to a reduction in the number of individuals willing to work as domestic workers. Domestic workers sometimes substitute state care services (e.g., childcare, elderly care), potentially absorbing some of the state functions and reducing pressure on the state budget. A recent World Bank study revealed that, when it comes to elderly care, Georgian families prefer flexible, home-based care options along with on-call care and day-care centres to residential elderly-care institutions. "These more flexible formats are viewed positively by Georgians, as they are seen to be more compatible with the norms that emphasize the well-being of the elderly".³³ Thus,

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- 29 On 18 March 2020, travel by minibus was restricted within the municipalities; on 23 March, passenger travel by railway and intercity passenger travel by bus and minibus was suspended; and on 31 March, travel by any type of public transport (including the metro) was suspended both within and between the cities and municipalities, with these measures remaining in place until 29 May. The curfew (from 9 p.m. to 6 a.m.) was imposed from 31 March until 23 May. Source: Georgia, Measures Implemented by the Government of Georgia against COVID-19 (2020). Available at https://stopcov.ge/Content/files/COVID_RESPONSE_REPORT_ENG.pdf.
- 30 According to recent ILO estimates, on 15 March 2020, 49.3 per cent of domestic workers worldwide were significantly impacted (e.g. a reduction in the number of hours of work, a reduction in earnings, job losses, etc.). This figure peaked at 73.7 per cent on 15 May, later reducing to 72.3 per cent on 4 June. Source: ILO, Impact of the COVID-19

Crisis on Loss of Jobs and Hours Among Domestic Workers (2020).

31 For GoG instructions on how hired employees who have lost their job can receive targeted social assistance (TSA), see <https://mof.ge/images/File/kompensacia/kompen-saciebis-mig-instr.pdf>.

32 The Government of Georgia has provided TSA to hired employees who have lost their job or are on unpaid leave in the amount of GEL 1,200 over a six-month period (GEL 200 per month), while persons employed in the informal sector or the self-employed are eligible to receive a one-time assistance of GEL 300 (if they provide proof of the loss of income). Source: Georgia, Anti-Crisis Economic Plan (2020). Available at <https://stopcov.ge/ka/Instrukc->

33 The World Bank, *Why should we care about care? Supply and Demand Assessment of Care Services in Georgia: A Mixed Methods Study* (Washington, D.C., 2019).

it is important for the State to respond to the needs of families, enable favourable conditions for workers in the care sector and help develop alternative care services. The international literature suggests that pressures to reduce public spending on elderly care and a growing desire for home-based health-care services for the elderly have shifted the emphasis of the social welfare systems in the developed world to home-based caring alternatives for the elderly.³⁴ In addition, the availability and affordability of domestic workers increases women's labour-force participation and further contributes to gender equality.³⁵

Finally, as domestic workers are mainly women, the inequality caused by not having decent working conditions in this sector compared to other formal or informal work is hindering the achievement of Sustainable Development Goal 5 (SDG 5) on gender equality, as well as (to varying degrees) SDGs 1, 3, 8 and 10.

Causes of the problem

In order to tackle effectively the **problem of poor and/or unsafe working conditions for domestic workers in Georgia**, it is important to investigate the reasons behind it. The international literature, combined with the stakeholders' consultations held in the scope of this RIA exercise, suggests that factors causing poor and/or unsafe working conditions for domestic workers in Georgia can be grouped into the following four broad categories:

- Insufficient and ineffective legal protection
- Lack of bargaining power for domestic workers
- Informality of domestic work

- Lack of awareness about their civil and labour rights as workers

As previously mentioned, most domestic workers are outside the coverage of the Labour Code due to the invisibility and informality of the work they perform. Moreover, domestic work does not satisfy the "labour relations requirement" set in the Labour Code, and all those domestic workers who do not have a written contract with an employment agency fall out of this scope. All these workers – in the second-best scenario – might at most be included in a service contract category. Therefore, currently, the majority of domestic workers cannot apply to the Labour Inspection Service, and they have limited access to the judicial system and to the Public Defender when their rights are violated. The RIA team, in consultation with its legal expert, constructed a table representing the differences in workers' rights and guarantees based on the type of agreement they have with their employer. This table is constructed based on the Georgian legislation; in cases in which the accepted practice differs from the legislation, a specific note has been added. The RIA team decided to combine practice and legislation in order to produce a clearer and more comprehensive picture. The first four columns describe general types of contracts, while the last three columns represent specific contract types for domestic workers. According to the legal practitioners interviewed by the RIA team, domestic workers who have direct written contracts with households will fall into a service contract category (there could be a theoretical possibility that such contracts are considered as equivalent to a written contract as defined by the Labour Code, but this is not a standard court practice).

34 J. Aronson and S. M. Neysmith, "You're not just there to do the work: Depersonalizing policies and the exploitation of home care workers' labor", *Gender and Society*, vol. 10, No. 1 (February 1996), pp. 59–77; J. Davey, "Exploring shared options in funding long-term care for older

people", *Health and Social Care in the Community*, vol. 6, No. 3 (1998), pp. 151–157.

35 P. Cortés and J. Pan, "Outsourcing Household Production: Foreign Domestic Workers and Native Labor Supply in Hong Kong", *Journal of Labor Economics*, vol. 31, No. 2 (2013), pp. 327–371.

Table 2:

Workers' rights/guarantees based on Georgian legislation and accepted practice, as of July 2020

Dimension	Indicator	Written contract	Formality			Informality		
			Verbal contact (less than one month)	Verbal contact (more than one month) ³⁶	Service contract ³⁷	Domestic workers employed through employment agencies with a written contract	Domestic workers employed through the employment agencies without written contract	Domestic workers employed without any type of contract
Labour rights	Legal recognition of employee status	Yes	Yes	Yes	No ³⁸	Yes	No	No
	Guarantee to normal working hours (40 hours per week)	Yes	Yes	Yes	No	Yes	No	No
	Guarantee to paid overtime	Yes	Yes	Yes	No	Yes	No	No
	Guarantee to paid annual leave ³⁹	Yes	Yes/No ⁴⁰	Yes/No ⁴¹	No	Yes	No	No
	Guarantee to weekly rest (24 consecutive hours)	Yes	Yes	Yes	No	Yes	No	No

36 According to the Labour Code of Georgia such contracts are not permissible „A labour agreement shall be in writing, if labour relations last for more than one month” (Article 12, paragraph 2). However, the existing practice regarding domestic workers shows that the vast majority of them have a verbal contract regardless of the fact that the time period exceeds one month. This is the reason the RIA team has separated such contract.

37 Such employees in legal terms are called service providers.

38 According to the ILO standards, the inspectorate should assess the situation as a whole and in some cases, service contracts could be assessed as labour relations. However, in the Georgian legislation, the Labour Inspection Service does not have such a mandate and the courts can decide that, notwithstanding the service contracts, there is the organizational order that deems the situation as having a labour relationship.

39 An employee's right to request leave arises after 11 months of work. With the agreement of the parties, the employee may be granted the leave before the expiration of the aforementioned period.

40 Subject to an agreement between the employer and employee. The Labour Code does not include this guarantee; however, the employee and employer may agree on different terms. It mainly depends on the good will of the employer.

41 Subject to an agreement between the employer and employee. If the contract is for less than 11 months, this guarantee is subject to an agreement between the two parties on different terms. If the contract is valid for more than 11 months, the employee has the right to request leave; however, the result will depend on the court decision.

Social security rights	Guarantee to maternity leave	Yes	Yes/No ⁴²	Yes/No ⁴³	No	Yes	No	No
	Access to maternity leave cash benefits from the state (GEL 1000)	Yes	Yes/No ⁴⁴	Yes/No ⁴⁵	No	Yes	No	No
	Access to accumulative pension scheme	Yes	Yes	Yes	No	Yes	No	No
	Access to targeted social assistance	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Access to state support during crises (e.g., COVID-19)	Yes	Yes	Yes	No	Yes	Yes	No
	Right to apply to court⁴⁶							
Protection of labour rights	Discrimination cases	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	When working conditions are violated (problems related to wages, working hours, dismissal, etc.)	Yes	Yes	Yes	Yes/No ⁴⁷	Yes	No	No
	When labour safety is not met	Yes	Yes	Yes	Yes/No ⁴⁸	Yes	Yes/No ⁴⁹	Yes/No ⁵⁰

- 42 There is a gap in the legislation in this regard. It is not stated clearly from what time period this guarantee of maternity leave can be used. However, according to interpretations of the legal practitioners, the terms of guarantee to annual leave could be applied in this situation. This is subject to an agreement between the employer and employee.
- 43 Subject to an agreement between the employer and employee. The Labour Code does not include this guarantee; however, the employee and employer may agree on different terms. It mainly depends on the goodwill of the employer. If the contract is for less than 11 months, this guarantee is subject to an agreement between the two parties on different terms. If the contract is valid for more than 11 months, the employee has the right to request leave; however, the result will depend on the court decision.
- 44 Access to maternity leave cash benefits depends on the guarantee to maternity leave.
- 45 Access to maternity leave cash benefits depends on the guarantee to maternity leave.

- 46 The burden of proof lies to the employer in cases of discrimination and dismissal. In all other cases the adversarial principle (a system of law in which advocates represent the prosecution and the defence and an impartial person (judge) or people (jury) determine the truth of the matter) applies.
- 47 It depends on the subject of the dispute. In particular, if it is possible to reclassify the service contract relationship as a labour relationship (meaning that the employee can prove that he/she was in a labour relationship), the worker can apply to the courts.
- 48 It depends on the subject of the dispute. In particular, if it is possible to reclassify the service contract relationship as a labour relationship (meaning that the employee can prove that he/she was in a labour relationship), the worker can apply to the courts. If there is no possibility of reclassifying the service contract, workers can use general civil code regulations.
- 49 They can apply, but not on the basis of the labour legislation. They can use general civil code regulations.
- 50 They can apply, but not on the basis of the labour legislation. They can use general civil code regulations.

Right to apply to the Public Defender							
Discrimination cases	Yes	Yes	Yes	Yes	Yes	Yes	Yes
When working conditions are violated (problems related to wages, working hours, firing, etc.)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
When labour safety is not met	Yes	Yes	Yes	Yes	Yes	Yes	Yes/No ⁵¹
Right to apply to the Labour Inspection Service (according to new amendments)							
Discrimination cases	Yes	Yes	Yes	Yes	Yes	Yes	No
When working conditions are violated (problems related to wages, working hours, dismissal, etc.)	Yes	Yes	Yes	No	Yes	No	No
When labour safety is not met	Yes	Yes	Yes	No	Yes/No ⁵²	Yes/No ⁵³	Yes/No ⁵⁴

Notes: This table does not include the rights and guarantees of public servants. The term "written contract" refers to a written labour agreement. The term "verbal contract" refers to an oral labour agreement, as defined by the Labour Code of Georgia, Article 6. The term "service contract" refers to a contract for work, as defined by the Civil Code of Georgia, Article 629.

As Table 2 makes clear, domestic workers do not enjoy the majority of state-ensured rights and guarantees afforded to formally employed persons. It is evident that the Public Defender is the most flexible option for domestic workers; however, this institution has only recommendatory power when it comes to workers' rights and conditions. The RIA team also found out that currently domestic workers do not even exercise those rights that they have. In particular, those domestic workers who have the opportunity to apply to any institution mentioned in Table 2 do not appear to do so. Indeed, interviews with the representatives of the Labour Conditions Inspection Department (now the Labour Inspection

Service) and the Public Defender revealed that, to date, there are no cases initiated by domestic workers. Inquiries to five city courts (those of Batumi, Kutaisi, Poti, Rustavi and Tbilisi) led to the same result. None of them had cases related to domestic workers during the 2015-2020 period. An attempt to capture the reasons behind such was realized through an online survey for domestic workers conducted by the RIA team in July 2020, and the results are presented in section C below ("Data analysis of the problem: Existing trends").

Often, it is the informality of the domestic work labour relations that excludes the workers from any

51 It depends on how "labour safety" can be interpreted. Theoretically it is possible to cover forced labour, exploitation, violence and harassment.

52 Theoretically yes, but in practice the Labour Inspection Service has not encounter such cases yet. The Inspectorate cannot access private households.

53 Theoretically yes, but in practice the Labour Inspection Service has not encounter such cases yet. The Inspectorate cannot access private households.

54 Theoretically yes, but in practice the Labour Inspection Service has not encounter such cases yet. The Inspectorate cannot access private households.

social and legal protection in cases of arbitrary wage cuts and unsafe working conditions. Sometimes, the workers themselves avoid seeking legal protection because they are afraid of the potential adverse consequences: fear of a lack of evidence, fear of losing social assistance, and fear of being accused of failing to pay taxes and/or illegally receiving allowances. Furthermore, domestic workers might be reluctant to enter litigation in the absence of alternative work options, especially if they are in a vulnerable situation (e.g. coming from a poor/vulnerable family, being the sole supporter of their family, and/or other personal and family issues) and have a fear of losing a job and being unemployed. As a result, they might lack the leverage necessary to demand improved working conditions and to defend their rights.⁵⁵

One could think that accessibility and affordability of the courts might also constitute relevant issues. However, the evidence about this is not strong. Georgia offers a free state legal service⁵⁶ for different vulnerable groups.⁵⁷ Despite this, the consultation with the Legal Aid Service representative revealed that currently domestic workers do not use this service at all. The reasons behind this choice, according to our stakeholder consultations, can be the lack of information about the organization, the lack of domestic workers' awareness about their rights and the fear of losing access to targeted social assistance (TSA).

The specificity of their work excludes domestic workers from collective actions and makes it hard

for them to find/expand networks, as they work in private spaces without any co-workers, ultimately weakening their bargaining power and making them dependent on the employers and their goodwill. High substitutability and a surplus in the supply of domestic workers make them even more powerless to raise their voices against violations of their human and worker rights.⁵⁸ Regardless of the fact that neither the Georgian legislation nor the unions' internal rules create any barriers to becoming a union member, organizing domestic workers still seems to be difficult. According to the interviews with the trade unions, there were attempts to organize domestic workers, but the level of interest on the part of the domestic workers was low.

Another potential cause of the poor and/or unsafe working conditions for domestic workers in Georgia can be the lack of awareness about their rights among domestic workers. This is particularly true for those domestic workers with a relatively low level of education and who cannot be fully aware of their rights as workers, especially when they come from the informal sector.⁵⁹ Moreover, according to the international literature, in some instances, workers might not even acknowledge their basic human rights and perceive themselves as inferior to their employers, whom workers see as major income earners. Close relationship ties and feelings of belonging to the family further increases the chances that they do not proactively respond to any violations of their rights.⁶⁰

55 S. Mousaid, K. Bosmans and C. Vanroelen, "Empowering Domestic Workers: A Critical Analysis of the Belgian Service Voucher System", *Societies*, vol. 7, No. 4 (2017).

56 The Legal Aid Service is a state organization that provides free legal assistance for socially vulnerable citizens who would not be able to pay for an attorney's services otherwise. The Legal Aid Service was created in July 2007, and as of today, it covers almost the whole country through legal aid bureaus and consultation centres. The Law of Georgia on Legal Aid implies two categories of service: legal consultations (legal advice on any problematic issues) and legal aid (drafting of legal documents, free advocacy service).

57 In particular, socially vulnerable households with a ranking score of 70,000 or less, as well as individuals falling under specific categories with a ranking score of 100,000 or less, are eligible to free legal counselling at the Legal

Aid Service (see <http://www.legalaid.ge/ka>). In exceptional cases, the director of the Legal Aid Service may assign a public attorney to individuals who are not insolvent but cannot afford counselling services because of their poor socioeconomic standing, provided that such inability is well documented.

58 R. Joseph, B. Natrajan and R. Lobo, "Domestic workers and the challenges of collectivization: labor NGOs, neighborhoods, apartment complexes", *Decision*, vol. 46, No. 2 (June 2019), pp. 99–109.

59 J. C. Ngwamma, G. Ogunlusi and J. Amuno, "Trade Union Organising and Recruitment System of Domestic Workers in Nigeria", *Accounting and Taxation Review*, vol. 2, No. 4 (2018), pp. 86–98.

60 T. Gonçalves, "Crossroads of Empowerment: The Organisation of Women Domestic Workers in Brazil", *IDS Bulletin*, vol. 41, No. 2 (March 2010), pp. 62–69.

C. DATA ANALYSIS OF THE PROBLEM: EXISTING TRENDS

Labour Force Survey (2017-2019)

In order to estimate the number of domestic workers in Georgia and identify the potential scale of the problem, the RIA team referred to the Labour Force Survey (LFS) from 2017 to 2019, carried out by the National Statistics Office of Georgia (Geostat). The LFS gives a snapshot of the general socioeconomic characteristics and working conditions of workers in the country. Unfortunately, the team was not able to

use the Integrated Household Survey, which provides data for a longer time period, as the sample size was not sufficient to provide statistically significant results about domestic workers, due to their relatively small number. As data are available only for the last three years, no long-run trend can be observed. However, it is still possible to analyse the most recent trends. From the following descriptive analysis, it looks like the market for domestic workers is not very volatile.

Table 3:

Estimated number of domestic workers and their share in the total employment in Georgia, 2017-2019

	2017	2018	2019
Total number of domestic workers*	14,191	19,430	17,994
Share of domestic workers in total employment	0.8%	1.1%	1.1%

Source: Authors' calculations based on the 2017-2019 LFS by Geostat.

Note: The number of domestic workers was estimated based on the LFS data by using variables that are classified based on NACE and ISCO classifications and survey weights.

* The analysis covers all workers whose main job is domestic work.

Domestic workers represent 1.1 per cent of employed respondents in 2019. Georgia is not too far from developed countries in this regard. According to the latest available ILO data (2010), domestic workers as a percentage of total employment amounted 0.8 per cent in developed countries.⁶¹

The RIA team reconstructed domestic workers' profile in Georgia for the last three years, using available data. Table 4 presents the findings.

To begin, almost the entirety (about 99 per cent) of all domestic workers are female. This means that dealing with the problem of domestic workers will benefit mostly women and has the potential to contribute to gender equality. The overrepresentation of women in domestic work is not a surprising outcome, as it was already mentioned that domestic tasks are usually considered to be females' responsibility in Georgia. However, these figures are much higher compared to other countries. According to ILO estimates (the latest ones available), women represent 83 per cent of all domestic workers worldwide.⁶²

61 According to 2010 data, Latin America and the Caribbean's share of domestic workers among the total employed was 7.6 per cent, while the Middle East's share was 5.6 per cent. Source: ILO, *Domestic workers across the world*.

62 ILO, *Global and regional estimates on domestic workers* (Geneva, 2011).

Table 4:
Domestic workers profile in Georgia, 2017-2019⁶³

		2017	2018	2019
Total number of domestic workers⁶⁴		14,191	19,430	17,994
Sex	Male	2%	1%	1%
	Female	98%	99%	99%
Settlement type	Urban	72%	70%	68%
	Rural	28%	30%	32%
Age	Age (20,35]	13%	15%	12%
	Age (35,50]	44%	45%	43%
	Age (50,70]	42%	40%	44%
Nationality	Georgian	93%	94%	92%
	Non-Georgian	7%	6%	8%
Marital status	Married and non-registered marriage	70%	65%	68%
	Single	6%	7%	9%
	Divorced/separated and widowed	24%	28%	23%
Achieved level of education⁶⁵	Illiterate, primary and basic general education	1%	4%	5%
	General education	29%	42%	41%
	Vocational	41%	32%	34%
	Advanced: higher professional or equivalent; bachelor's or equivalent; master's or equivalent; doctorate or equivalent	29%	22%	20%
Child in the family	Yes	57%	52%	50%
Disabled person in the family	Yes	5%	8%	6%
Chronic patient in the family	Yes	17%	19%	20%
Pensioner in the family	Yes	36%	41%	37%
The family receives TSA	Yes	7%	8%	6%

Source: Authors' calculations based on the 2017-2019 LFS by Geostat.

63 While the shares reported in Table 4 have been obtained from the nationally representative LFS, due to the limited number of domestic workers in the LFS sample, the shares may appear more volatile than they are in reality and should be considered as suggestive rather than exact.

64 Estimated from the LFS applying Geostat-provided weights.

65 Achieved level of education covers four main categories. (1) Domestic workers who are illiterate or have no education and can read and write are regarded as workers without education; primary and basic general education

include domestic workers with pre-primary/primary education and basic general education (lower secondary). (2) Vocational education covers domestic workers who have attained vocation education with/without secondary lower education. (3) General education covers domestic workers who have attained secondary general education (upper secondary). (4) The advanced category includes domestic workers who have attained higher professional education or equivalent, a bachelor's or equivalent, a master's or equivalent or a doctorate or equivalent education.

The majority of domestic workers are settled in **urban areas** (around 70 per cent). This is not surprising since in Georgia, high-income families (those who can afford to hire more domestic workers) mostly live in urban areas.⁶⁶

Domestic workers in Georgia include mostly the **middle- and older-aged married population**. According to 2019 data, a substantial share (88 per cent) of domestic workers come from the 35-70 age group, and 68 per cent of them are either married or in a non-registered marriage. An additional 23 per cent of them have been in a marriage in the past but are now separated/divorced or widowed. It has to be mentioned that in the sample, any domestic workers under the age of 20 or over the age of 70 are not observed. These outcomes may reflect different facts: (a) families in Georgia prefer to hire usually middle-aged and older domestic workers who have previous domestic work experience, since most of them have been married before; and/or (b) middle- and older-aged women are the ones who prefer (and/or have a greater need) to become domestic workers. It is impossible, without additional data and further analysis, to disentangle motivations and preferences underlining the demand and supply sides of the domestic labour market.

Based on the marital status data and the observed patterns of **household task divisions** in Georgia, it is evident that the majority of domestic workers have their own family responsibilities and household tasks at home. In the LFS sample of 2019, 50 per cent of domestic workers had a child in the family, 6 per cent had a disabled, dependent person, and 20 per cent had a person with a chronic disease. This might

create an even greater need for decent domestic working conditions, including fair vacation time and social security.

As previously mentioned, approximately a quarter of domestic workers are **widowed or divorced/separated**. These individuals are usually in a more vulnerable position than individuals in a marriage, especially if they have dependent children. Indeed, looking at the 2019 data, the average family income of widowed and divorced/separated workers is lower than that of workers who are married.⁶⁷ In addition, 51 per cent of widowed domestic workers have at least one child in their family; for divorced/separated domestic workers, that figure is 55 per cent.⁶⁸

According to LFS data, in recent years, only 6 per cent to 8 per cent of domestic workers' families received TSA.⁶⁹ Such a small share among such a potentially vulnerable group casts doubt on the accuracy and representativeness of the available statistics. There is a high risk that the most disadvantaged (in terms of income) and vulnerable domestic workers might have incentives to hide their employment history and status because of the fear of losing state support.⁷⁰ Therefore, there is the concrete possibility that the estimated number of domestic workers represents lower-bound estimates of the true number of domestic workers.

International literature shows that non-migrant domestic workers mostly have very **low levels of education**.⁷¹ However, Georgia deviates from the general trend. According to the data, 75 per cent of domestic workers had a general or vocational level of education in 2019, and 20 per cent had a

66 Geostat data about the average monthly income per household by settlement type confirms the statement. For example, in 2019, the average monthly income of a household (cash income, transfers and non-cash income) in a rural area was GEL 961.40, while in an urban area it was GEL 1,132.50.

67 The share of widowed and divorced/separated domestic workers whose average family income is less than GEL 600 is 59 per cent, and the share of married domestic worker in the same income category is 52 per cent. Source: Authors' calculations based on the 2019 LFS by Geostat.

68 Source: Authors' calculations based on the 2019 LFS by Geostat.

69 TSA (subsistence allowance) is a state programme that provides cash transfers and some in-kind benefits to extremely vulnerable families.

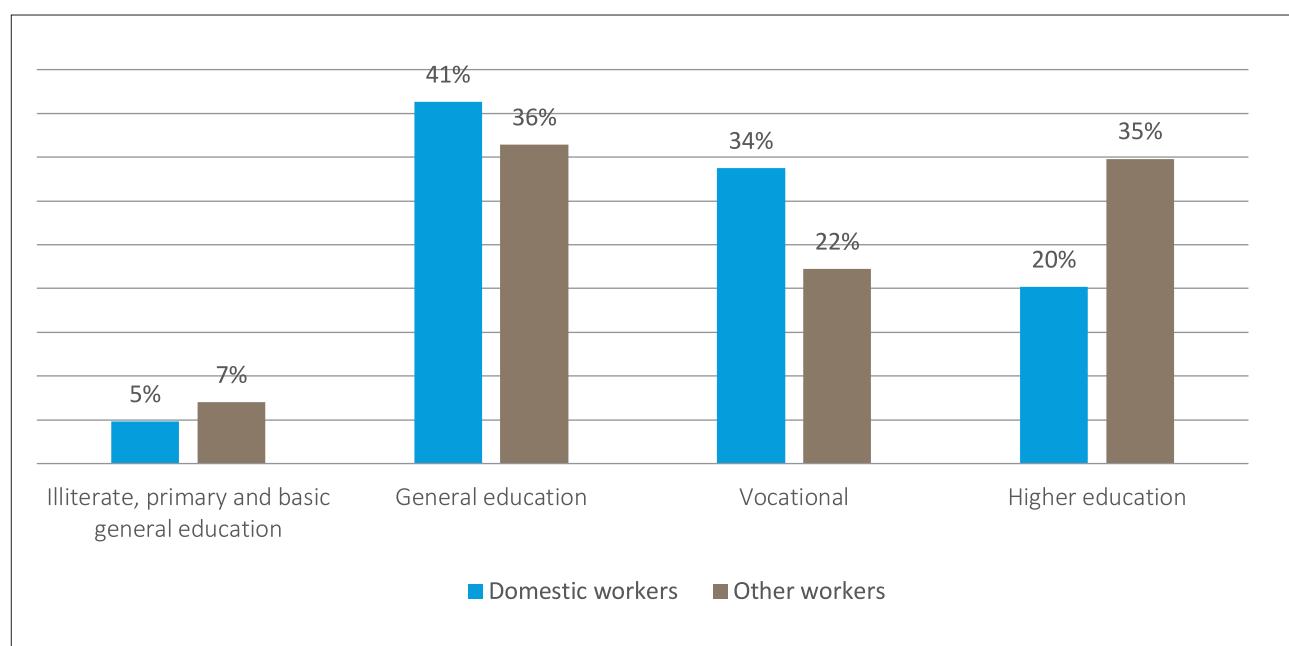
70 More than half of the domestic workers report earnings below GEL 1,001 (GEL 1,000 is close to average earnings in Georgia for these years). Source: Authors' calculations based on the LFS of the last three years by Geostat.

71 ILO, Domestic workers across the world (Geneva, 2013).

bachelor's degree or equivalent or an even higher level of education. This can be explained by Georgia's relatively good ranking in terms of education attainment.⁷² Having this in mind, the educational background of domestic workers is not so surprising. High levels of urban unemployment probably add another obstacle to domestic workers; in the presence of an excess supply of potential workers, employers are able to pick those with the highest human capital.⁷³ Moving from absolute to relative levels of education, the picture becomes a bit more like the one observed in the international literature, with the average education level of domestic workers appearing lower than that of workers in

other sectors and occupations. Unsurprisingly, this is driven by the decline in the share of individuals with higher education (higher professional or equivalent; bachelor's or equivalent; master's or equivalent; doctorate or equivalent). What is notable is that, although significantly less represented in the domestic workers group than in other types of work, highly educated individuals still make up for one fifth of Georgian domestic workers. Figure 1 presents a comparison of the education attainments of domestic workers and all other workers (excluding domestic workers) in 2019. A similar relationship was observed in 2017 and 2018 as well.

Figure 1:
Education attainments of domestic workers and all other workers, 2019



Source: Authors' calculations based on the 2019 LFS by Geostat.

72 The country ranked 72th in the Education Index among 189 countries, according to 2018 data (Source: UNDP, Human Development Data (1990-2018), see <http://hdr.undp.org/en/data>). In addition, according to 2017 data, the percentage of the population aged 25 and older that have at least a bachelor's or equivalent education amounted to

34 per cent for the general population, specifically 34.4 per cent for females (Source: The World Bank, Database – World Development Indicators. Last updated on 28 May 2020).

73 The unemployment rate in urban areas was 17.4 per cent in 2019, while in rural areas it was 5.5 per cent. Source: LFS by Geostat.

Given its social and economic invisibility and its informality, domestic work is often more exposed to the risk of exploitation. The RIA team has worked to analyse the working and remuneration conditions of domestic workers in Georgia, using LFS data. The results are reported below.

Workload

As previously discussed, domestic workers frequently face long hours of work. Even though LFS data do not provide a full picture about these vulnerabilities, it still possible to draw some conclusions based on them.

Tables 5 and 6 below present basic characteristics of domestic work in Georgia over the past three years. Domestic workers' workload is mostly full-time (98 per cent of all domestic workers in 2019). The majority (93 per cent to 98 per cent) of contracts are oral agreements, while only a handful of them are settled in writing. Finally, about half of the labour relations (49 per cent to 61 per cent between 2017 and 2019) are of a permanent type.

Table 5:
Terms and conditions of domestic work⁷⁴

DOMESTIC WORK	JOB CHARACTERISTICS	SHARES		
		2017	2018	2019
Type of workload	Full-time	91%	95%	98%
	Part-time	9%	5%	2%
Permanency of the job	Permanent	49%	49%	61%
	Temporary, seasonal, casual, other	51%	51%	39%
Agreement type	Written contract	7%	2%	4%
	Oral agreement	93%	98%	96%

Source: Authors' calculations based on the 2017-2019 LFS by Geostat.

Table 6 below provides more insights about the terms and conditions of domestic work, as well as some insights about attitudes. It is interesting to note that the percentage of domestic workers who think that the job is below their qualifications is decreasing, from 54 per cent in 2017 to 29 per cent in 2019. It is hard to claim whether this points to an improvement in the labour-market opportunities for

Verbal contracts are officially recognized by the Labour Code of Georgia, but while verbal and written contracts have the same legal power, "an employment agreement shall be concluded in writing if labour relations last longer than one month" (Article 12, paragraph 2). The latter statement means that under existing conditions, most of the households employing domestic workers might need to have written contracts if domestic work becomes covered by the Labour Code. Unfortunately, these results are just suggestive, as the LFS data about contract duration periods had many missing values, which prevented us from drawing statistically significant results that would be representative of the whole population. Verbal contracts probably are easier, more convenient and flexible for household employers (and, possibly, for domestic workers themselves). Unfortunately, any quantitative data to assess whether employers of domestic workers are more or less likely to actually comply with all pre-agreed terms and conditions when verbal contracts are used instead of written ones is not available.

domestic workers. On the one hand, this might mean that over time, domestic workers find jobs in other occupations that better match their qualifications. On the other hand, however, this might simply mean that domestic workers' assessment of their qualifications is shaped by the type of job opportunities open to them and to the type of skills and human capital they develop/maintain working as domestic workers.

74 While the shares reported in Table 5 have been obtained from the nationally representative LFS, due to the limited number of domestic workers in the LFS sample, the

shares may appear more volatile than they are in reality and should be considered as suggestive rather than exact.

Table 6:
Additional terms and conditions of domestic work⁷⁵

DOMESTIC WORK	JOB CHARACTERISTICS	SHARES		
		2017	2018	2019
Job's correspondence to qualifications	Above one's qualifications	46%	53%	71%
	Below one's qualifications	54%	47%	29%
Number of hours usually worked per week (for full time domestic workers)	Below 40 hours per week	16%	12%	16%
	Above 40 hours per week	75%	83%	82%
Evening work (between 7 p.m. and 11 p.m.)	Yes, regularly	33%	37%	34%
	Yes, occasionally	19%	22%	26%
	Never worked	47%	41%	40%
Night work (between 11 p.m. and 6 a.m.)	Yes, regularly	6%	11%	3%
	Yes, occasionally	13%	11%	21%
	Never worked	80%	78%	76%
Work on Saturdays	Yes, regularly	60%	67%	65%
	Yes, occasionally	15%	17%	15%
	Never worked	24%	16%	20%
Work on Sundays	Yes, regularly	28%	24%	17%
	Yes, occasionally	18%	15%	16%
	Never worked	54%	61%	66%
Net earnings in the main job	Up to GEL 200	13%	9%	7%
	GEL 201-600	36%	34%	35%
	GEL 601-1000	18%	14%	19%
	More than GEL 1001	12%	12%	17%
	Refused to answer	22%	31%	22%
Type of transport used between home and work	Walking	35%	48%	52%
	Public transport	43%	39%	40%
	Own (family member's) car, another's car or other means of transport	21%	13%	9%

Source: Authors' calculations based on the 2017-2019 LFS by Geostat

Table 6 also shows that approximately 80 per cent of full-time domestic workers respond that they work more than 40 hours a week, with a mildly increasing trend from 2017 to 2019. Thus, most domestic workers are revealed to have experienced overworking. Unfortunately, information about whether or not those hours have been compensated is not available. It seems that overworking occurs mainly during weekends, particularly on Saturday

and during evening hours, between 7 p.m. and 11 p.m.

The RIA team compared the number of working hours for full-time domestic workers and for other workers, and the result are presented in Figure 2. The difference is statistically significant. Domestic workers are usually working more than 40 hours per week, and the share of domestic workers reporting

⁷⁵ While the shares reported in Table 6 have been obtained from the nationally representative LFS, due to the limited number of domestic workers in the LFS sample, the

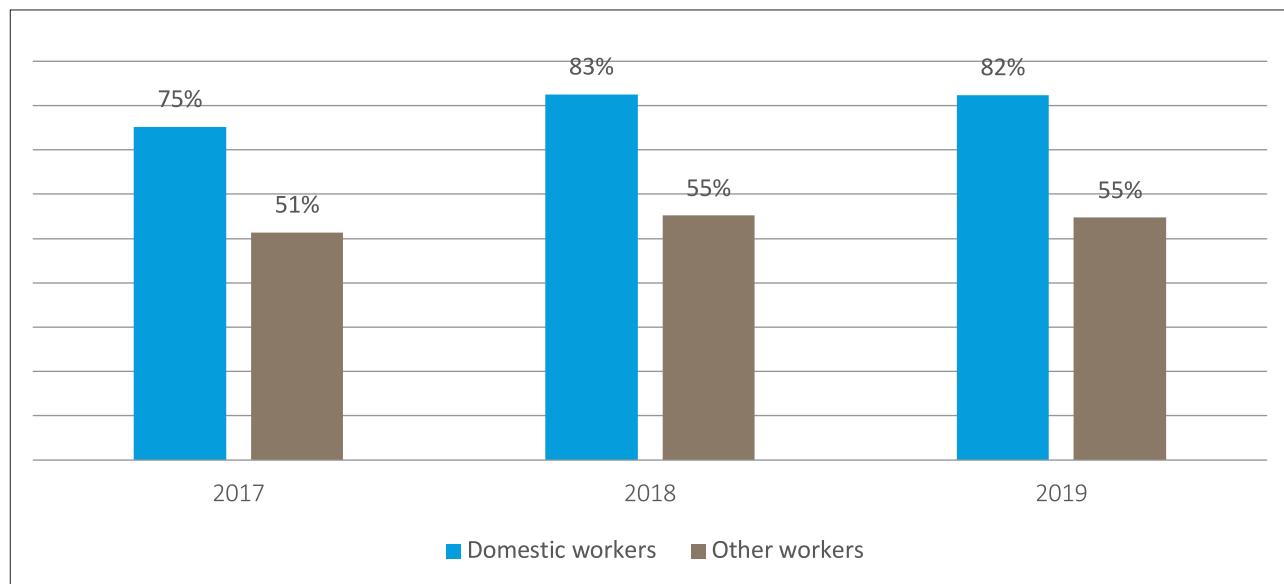
shares may appear more volatile than they are in reality and should be considered as suggestive rather than exact.

working more than 40 hours is higher by almost 30 percentage points compared to the same statistic for other workers. This is further indication that domestic workers in Georgia might be **one of the**

most vulnerable groups of workers, whose rights are further away from international and national standards.

Figure 2:

Percentage of workers whose working hours usually exceed 40 hours per week, 2017-2019



Source: Authors' calculations based on the 2017-2019 LFS by Geostat.

The analysis also shows that the workplace for the majority of domestic workers is near their place of residence since the majority states that they go to their workplace on foot. It is not a startling finding, since the majority of workers are married or were previously married; thus, they most likely have their own family responsibilities to deal with, so they prefer to choose a workplace near their residence, especially if the majority of them works more than 40 hours per week.

Earnings

In 2018, only 85 per cent of the respondents answered the question about monthly earnings, while the response rate in 2017 and 2019 was 99 per cent and 100 per cent, respectively. In addition, of those who answered, 22 per cent to 31 per cent refused

to indicate the value of their monthly earnings. Consequently, it cannot be claimed that the analysis of domestic workers' earnings data allows for a representative picture of the earnings of Georgian domestic workers.

Based on the available answers, the percentage of respondents stating that they have earnings lower than GEL 200 (which is close to the subsistence minimum wage⁷⁶) seems to be decreasing over time, from 13 per cent in 2017 to 7 per cent in 2019. More than half of the domestic workers report earnings below GEL 1,001 (GEL 1,000 is close to average earnings in Georgia for these years⁷⁷), also apparently following a declining trend over time, going from 67 per cent (2017) to 60 per cent (2019). It is worth mentioning that the earnings estimated from LFS data are likely to be underestimated. Therefore,

76 The subsistence minimum for average consumers was GEL 154 in 2017; GEL 155 in 2018; and GEL 173 in 2019 (in December of each year). Source: Geostat.

77 The average monthly nominal earning of formal employees was GEL 999 in 2017; GEL 1,068 in 2018; and GEL 1,204 in 2019 (preliminary estimate). Source: Geostat.

our estimates are likely to be conservative. While this might suggest a progressive improvement in the remuneration of domestic workers over time, these indicators might not represent valid criteria for defining a fair remuneration rate for domestic work because of the aforementioned high number of missing values, concerns about self-selection (with the most vulnerable domestic workers under the TSA (TSA recipients) less likely to report they work as domestic workers) and the existence of several cases with undefined and sporadic working hours.

Demand-side analysis

In order to have a clear picture, the RIA team analysed the demand for domestic workers by collecting and analysing announced vacancies on the Facebook pages of three employment agencies for domestic workers for the past year (from 15 July 2019 to 15 July 2020). After sorting and cleaning the initial data (around 1,050 observations), 894 observations were left.

Workload

It is clear that even in vacancy announcements, the requirement of 40 working hours per week is not met. The average working hours for nannies, who also work as helpers, drivers and caretakers, exceed 160 working hours per month. Cooks and cleaners are requested to work a relatively fewer number of working hours because of the specific job they perform, while children and the elderly need almost constant care. The vast majority (60 per cent) of announcements require between 8 and 11 working hours per day. The majority of announcements offer a typical, five-day work week (51 per cent). The second most common request is for a six-day work schedule (21 per cent). The other offerings are relatively scarce. A more detailed analysis is provided in Annex 1, which also presents the terms and conditions offered by domestic workers' employment agencies.

Earnings

The RIA team used vacancy characteristics to identify the determinants of the hourly wage level (see Annex 1 for a detailed analysis). The results show that:

- On average, with one working hour per day (i.e. one additional hour of work), the average hourly wage will increase by GEL 0.11.
- On average, with one additional working day per week (i.e. if a person works an additional day per week), his/her hourly wage will decrease by GEL 1.86. This might reflect the fact that the salary is diminishing as the number of days per week increases; in other words, with more days at work, the salary might increase but not very dramatically, thus decreasing the hourly average.
- The location of the vacancy significantly influences the worker's wage. Generally, vacancies located in the surroundings of Tbilisi (Kojori, Tsavkisi, Tskneti, etc.) are paying more.
- Personal drivers – a profession that is considered to be a "male occupation" – are offered GEL 1.69 more per hour, compared to other domestic workers. This is a small but statistically significant difference.

Supply-side analysis

In order to analyse domestic workers' awareness level, motivations and attitudes, the RIA team conducted an online survey between 11 and 25 July 2020.⁷⁸ In total, 184 respondents participated in the survey. The main purpose of the survey was to see how domestic workers assess their working conditions and their relationships with their employers, their awareness about their legal rights, and their attitudes towards proposed policy alternatives. It must be mentioned that the survey sample is characterized by some selection bias towards younger generations as it was commissioned via Facebook.⁷⁹

⁷⁸ The questionnaire is provided in Annex 2.

⁷⁹ The team conducted a bias check, and indeed, the average age of the sample is almost three years lower than in the LFS (and it appeared that the difference is statistically significant).

The majority (87 per cent) of the respondents are nannies. Most of them found their jobs with the help of personal recommendations (74 per cent of the cases), while almost all others (26 per cent) appear to have found their job through agencies and social networks, like Facebook. This might indicate that Georgian society values personal recommendations more than professional job announcements when it comes to this particular segment of workers. Notably, financial necessity (64 per cent) and the absence of other opportunities (37 per cent) were cited as the two main reasons behind choosing domestic work as a main occupation. This seems to be pointing towards the perceived inferior nature of domestic work and the existence of a social and cultural stigma associated with this type of occupation.

The fact that only 8 per cent of the subjects have signed a written agreement confirms the high exposure of domestic workers in Georgia to informal working arrangements.

Violations of working agreements seem quite common. Cases of contract violations were reported by 23 per cent of the respondents. The violations most reported by respondents were that they had to work overtime without additional pay (48 per cent) and had to perform more tasks than agreed without compensation (62 per cent). Indeed, about 20 per cent of the respondents reported being extremely dissatisfied or dissatisfied with their working conditions, such as the salary paid, work schedule, rest days and vacations.

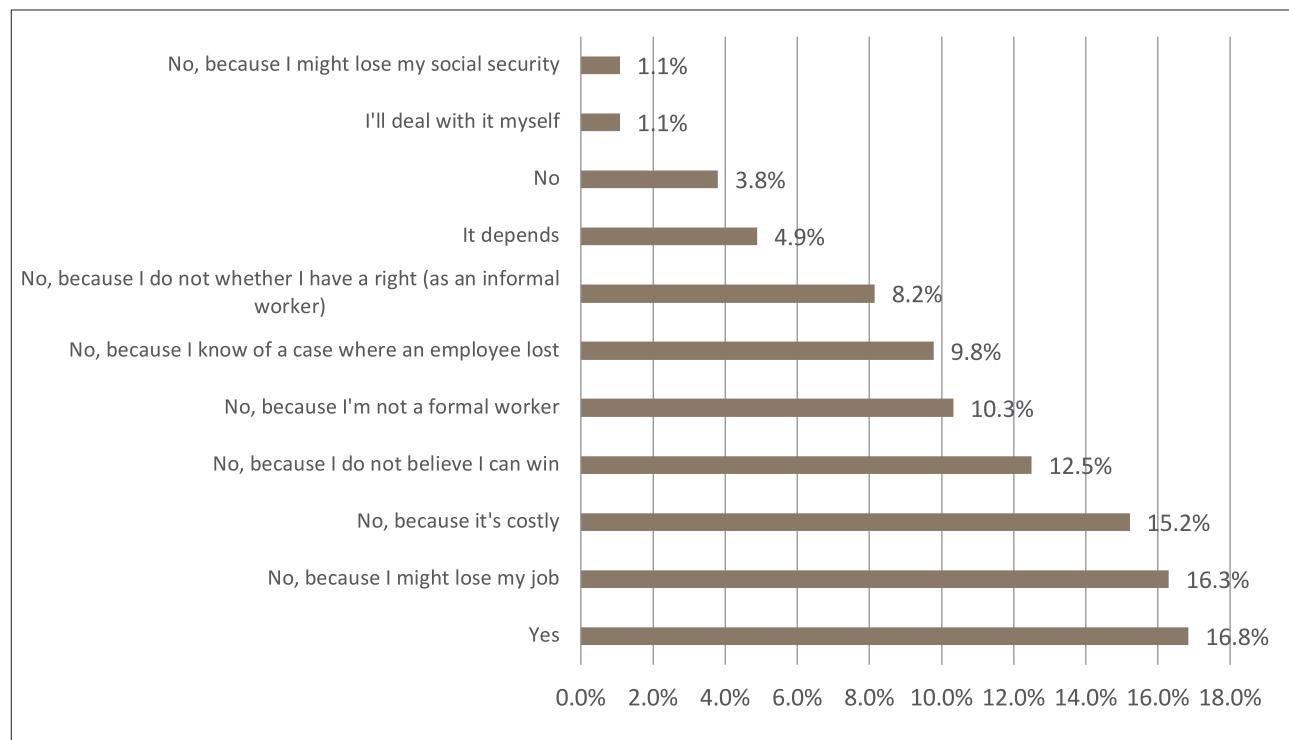
Regardless of violations in working conditions and hours, however, the vast majority of respondents positively values their relationship with their

employers (households) and their support in solving personal issues. This is not surprising since 75 per cent of the respondents claims that they feel like family members of their employers. This also can explain the fact that 37 per cent of the respondents are fine with doing extra work without pay and that 40 per cent can perform other duties not determined by the agreement, even though most of them claim that they are perfectly aware of their labour rights. Hence, it might highlight how personal relationships and social ties can affect their decision about staying at a particular workplace.

Even though there are some domestic workers who either faced some kind of awkward situation (28 per cent) or had a conflict (17 per cent) with their employers, the vast majority of them still prefer either solving the problem themselves or leaving the workplace. It should be emphasized that there is a lack of willingness to apply to legal institutions because of the fear of losing a job, the high costs associated with those institutions, the low levels of trust and the lack of awareness. Only 17 per cent of respondents claim that in the event of future conflicts with their employers, they would involve some government institution (i.e. the courts, the Legal Aid Service, the Public Defender or the Labour Inspectorate), while the remaining 83 per cent list different reasons for not applying to formal institutions. Figure 3 presents the results. One possible explanation, which can be seen in the background of the answers provided, can be linked to the fact that the majority of domestic workers get their jobs through referrals, thus, taking legal action against an employer may risk their opportunities for employment within anyone in that employer's network, or with other employment companies.

Figure 3:

In the event of a dispute, would you apply to the courts, the Public Defender or the Labour Inspectorate, and why?



Source: Online survey of domestic workers conducted by the RIA team. Detailed results are presented in Annex 3.

Summary

To summarize, based on the LFS, the majority of domestic workers are women over the age of 35, are married or were formerly married, have domestic work experience and are more likely to also be dealing with their own family responsibilities. Even though the available data do not allow us to draw a full picture of the vulnerability of the domestic workers' segment of the workforce, the analysis of the conditions of domestic workers – using LFS data covering the past three years and confirmed by the results of the online survey conducted by the RIA team in July 2020 – suggests that domestic workers' working conditions are indeed less favourable than those of other workers. For example, more than four out of five domestic workers work more than 40 hours per week, compared to about half of other workers. In addition, domestic workers show a high propensity to work on weekends and evenings. Moreover, our survey shows that, despite the majority of domestic workers claiming to know their

rights, a substantial share of them does not protest against the expansion of their responsibilities or working overtime without additional pay. As there is not a definition of fair income, nor a full picture of earnings (due to missing observations), the claim that domestic workers' access to sufficient income opportunities is restricted in the country cannot be validated. However, taking average monthly earnings as the benchmark for adequate remuneration, and it can be assumed the observed data are representative of domestic workers' conditions, then more than half of the observed domestic workers fall into the category of inadequately remunerated employees. Even adopting a less ambitious definition, such as 60 per cent of the average wage, the share of domestic workers earning less than the threshold would still exceed 40 per cent. Finally, as expected, there is a statistically significant difference in earnings when it comes to "typically female" versus "typically male" domestic work professions. For instance, drivers are offered higher salaries compared to others.

On a positive note, the domestic work market has shown signs of improvement over time, as the percentage of workers receiving wages below the subsistence minimum is decreasing and the satisfaction of workers regarding their qualifications corresponding to their work requirements is increasing. Nevertheless, as the survey indicates, domestic work is still considered an inferior occupation.

Notably, the culture of finding a job via personal recommendations is prevalent for domestic workers in Georgia, which indicates another peculiarity of this sector in the country. Social ties and personal relationships with employers – along with the lack of trust towards institutions, costly court procedures,

the fear of losing jobs and the informal nature of domestic work – affect domestic workers' decisions to tolerate poor working conditions, deal with conflicts informally (or simply not at all) and refuse to apply to legal institutions.

To the recent knowledge, detailed estimations of numbers of domestic workers, their characteristics and working conditions have not been attempted before, and any study covering this topic in the Georgian context cannot be found. Consequently, the results reported in the data analysis section can be seen as the very first attempt to assess the profile and the conditions of Georgian domestic workers and reveal the potential needs for supportive policy measures.

D. DEVELOPMENT OF THE BASELINE SCENARIO

The ongoing socioeconomic changes in Georgia are expected to lead to an increase in the demand for domestic workers. These changes include economic growth (affecting the capacity of households to employ domestic workers), the aging population, the increasing number of nuclear and single-parent families and the growing urbanization. In addition, if the current trend of a lack of state social service provision remains, it will further contribute to the demand for domestic workers. Thus, if the problem of poor and unsafe working conditions for domestic

workers is not solved now, its scale will increase over time.

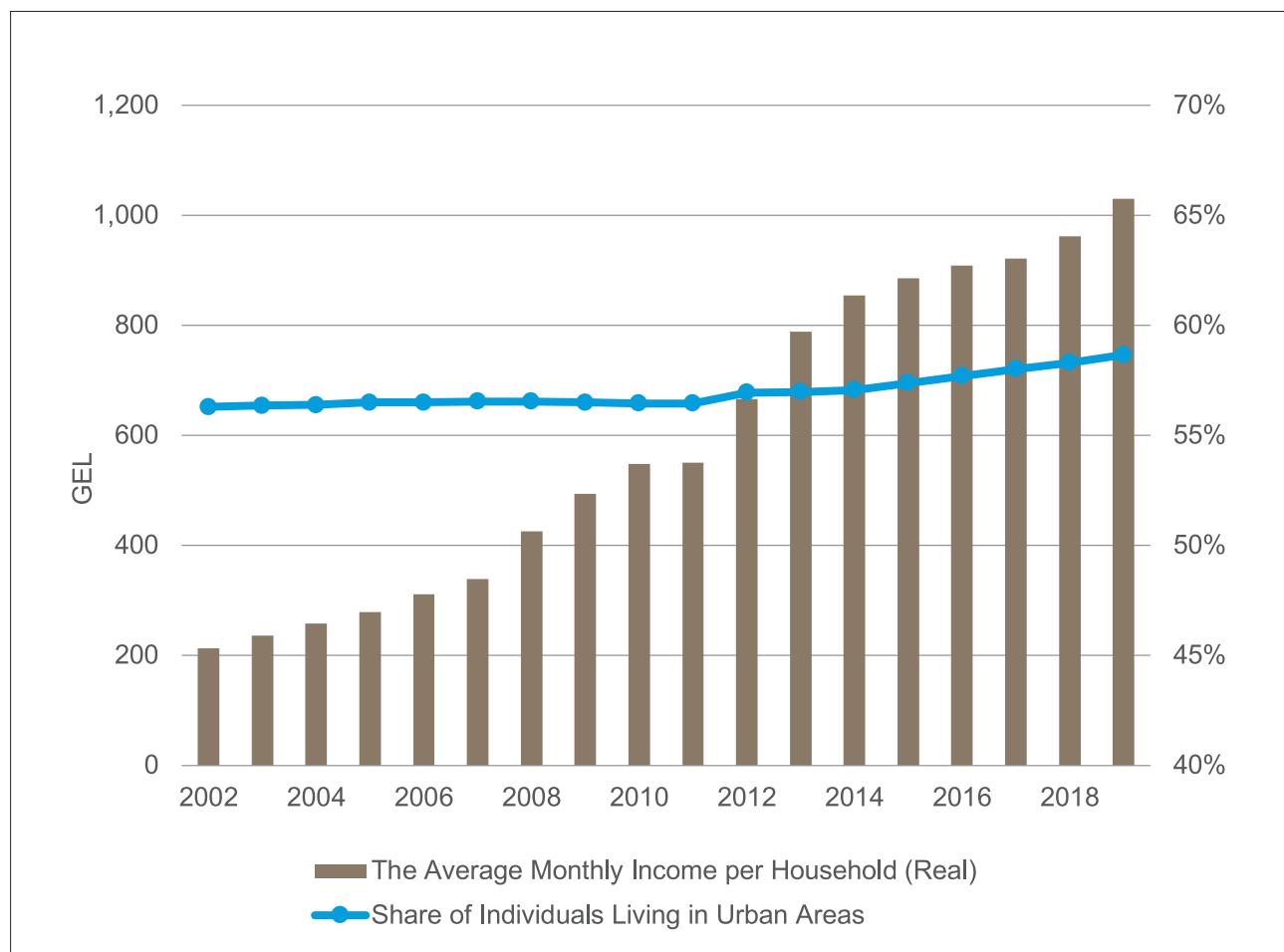
Figure 4 shows that the real income of households saw an almost fivefold increase over the past two decades. The old-age dependency ratio⁸⁰ is increasing in Georgia. It was 20 per cent in 2002 and 21 per cent in 2014, and it is projected to increase further up to 29 per cent by 2030.⁸¹ Moreover, urbanization has been more or less stable over the past two decades, amounting to 59 per cent in 2019.

⁸⁰ The old-age dependency ratio is an indicator of the relation between the older population (aged 65 and over) and the population in what is generally considered working age (ages 15-64). It is a rough indicator that allows for a comparison of the “burden” of the old-age population (who, on average, consume more than they produce) that depends on the working-age population (who, on average, produce more than they consume). The indicator is

calculated as the ratio between the population aged 65 and over and the population aged 15-64. Source: B. de Bruijn and M. Chitanava, Ageing and Older Persons in Georgia: An Overview Based on the 2014 General Population Census Data (Tbilisi, UNFPA Georgia, 2017).

⁸¹ De Bruijn and Chitanava, Ageing and Older Persons in Georgia: An Overview Based on the 2014 General Population Census Data (Tbilisi, UNFPA Georgia, 2017).

Figure 4:
Average monthly income of households in Georgia and urbanization rates, 2002-2019



Source: Authors' calculations based on Geostat data.

OBJECTIVES

A. GENERAL OBJECTIVE

- Ensure decent working conditions for domestic workers

B. SPECIFIC AND OPERATIONAL OBJECTIVES

Specific objectives:

- Increase the bargaining power of domestic workers
- Reduce the risk of abuse and exploitation of domestic workers
- Ensure that domestic workers enjoy social benefits and social security
- Increase the awareness level of domestic workers regarding their rights

Table 7:
Summary of objectives

OBJECTIVE	INDICATOR	RESPONSIBILITY	TIMING
Specific Objective 1 – Increase the bargaining power of domestic workers			
Operational Objective 1.1. Recognize domestic workers legally.	Corresponding changes in the labour legislation: definitions, recognition of domestic labour relations	Parliament of Georgia GoG	Maximum 2 years (one time)
Operational Objective 1.2. Create opportunities to apply to the Labour Inspectorate and/or to the state legal service for protection of rights, and ensure corresponding enforcement mechanisms in case the working conditions of domestic workers are violated.	Number of labour inspectors per 1,000 domestic workers Number of complaints to the Labour Inspectorate and their results	Labour Inspection Service	Yearly
	Number of officers/individuals at the state legal service per 1,000 domestic must be workers Number of cases filed by domestic workers to the state legal service and their results	Legal Aid Service	Yearly
	Number of cases of domestic workers in court Number of cases won by domestic workers in court	City courts	Yearly

Operational Objective 1.3. Promote collective bargaining power.	<p>Number of trade unions for domestic workers</p> <p>Density rate of domestic workers' trade unions (share of domestic workers in trade unions among all domestic workers)</p> <p>Number of informal associations for domestic workers</p> <p>Density rate of domestic workers' informal associations (share of domestic workers in informal associations among all domestic workers)</p> <p>Collective bargaining coverage rate (share of domestic workers whose pay and conditions are determined by collective agreements)</p>	Geostat	Yearly
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Specific Objective 2 – Reduce the risk of abuse and exploitation of domestic workers

Operational Objective 2.1. Ensure that domestic workers enjoy paid overtime work, weekly rest, sick leave, paid annual leave and privacy.	Corresponding changes in the Labour Code: guarantee of weekly rest and paid overtime work, annual leave, privacy	Parliament of Georgia GoG	Maximum 2 years (one time)
	Share of domestic workers reporting excessive working time (more than 40 hours per week)	Geostat	Quarterly
	Number and share of domestic workers whose overtime work is paid (among those who work overtime)		
	Number and share of domestic workers who report violations to their rights concerning paid overtime work, weekly rest, paid annual leave and privacy		

Operational Objective 2.2. Ensure occupational safety and health of domestic workers, with special emphasis on harassment.	Corresponding changes in the law: giving the Labour Inspectorate the opportunity to inspect private spaces	Parliament of Georgia GoG	Maximum 2 years (one time)
	Number of complaints filed to the Labour Inspectorate by domestic workers	Labour Inspection Service	Yearly
	Share of complaints to the Labour Inspectorate that are followed up		
	Share and number of domestic workers reporting health issues developed as a consequence of paid domestic work	MoIDPOTLHSA	Yearly
	Number of court cases initiated by domestic workers in relation to occupational safety and health (including for harassment) Incidence rate of occupational injuries among domestic workers (share of fatal and non-fatal injuries among all domestic workers over the reference period)	City courts	Yearly

Specific Objective 3 – Ensure that domestic workers enjoy social benefits and social security

Operational Objective 3.1. Ensure decent income in old age for domestic workers.	Share and number of domestic workers enrolled in the Georgian pension fund	Pension fund Geostat	Yearly
	Share of retired domestic workers whose pension's replacement rate is above/below 60%		
Operational Objective 3.2. Ensure that domestic workers are supported during crises.	Share of domestic workers receiving state support	GoG Geostat	Yearly
Operational Objective 3.3. Ensure that domestic workers enjoy maternity leave benefits.	Share of female domestic workers entitled to maternity leave benefits	GoG Geostat	Yearly

Specific Objective 4 – Increase the awareness level of domestic workers regarding their rights			
Operational Objective 4.1. Disseminate information about domestic workers' human rights and the right to decent work.	Number and frequency of social media advertisements Number of posts shared through social media and official channels by the responsible ministries Number and duration of TV programmes covering domestic workers' issues Number of consultations/meetings conducted by responsible ministries in the regions Share and number of domestic workers who indicate (via survey) that they are aware of their rights	MoIDPOTLHSA	Yearly
Operational Objective 4.2. Promote a social dialogue mechanism for domestic workers.	Number of meetings among domestic workers (national, regional and municipality levels) Number of meetings between domestic workers and all of the interested stakeholders, such as NGOs and human rights organizations	MoIDPOTLHSA Trade unions	Yearly

DEVELOPMENT OF OPTIONS ALTERNATIVE TO THE BASELINE SCENARIO

A. POLICY OPTION 0: STATUS QUO SCENARIO

In the status quo scenario, domestic workers are still not explicitly covered by the Labour Code. As a result, only those domestic workers who have contracts with domestic workers' employment agencies can apply to the Labour Inspectorate. Domestic workers can access the courts and/or the Public Defender when their rights are violated (by discrimination, violence, abuse, harassment, etc.) and they have very limited access in cases when their labour rights/conditions are violated. In the latter case, it is hard to qualify that a domestic work relationship is indeed a labour relationship because of ambiguity in the Labour Code. Moreover, if domestic workers have a service contract, the burden of proof falls on them.

The level of awareness among domestic workers and households employing them regarding workers' rights remains low. There are no awareness-raising campaigns targeting domestic workers. Thus, the current tendency of not applying to the Labour Inspection Service, the national courts and the Public Defender persists.

The interest in establishing domestic workers' unions or associations to increase their bargaining power remains low. Hence, no domestic workers' unions or associations are established.

The status quo scenario is associated with the following opportunity:

- The domestic workers labour market will not be taxed, potentially providing conditions for efficiency gains (the wages will be set by supply and demand forces only);
- Households employing domestic workers and domestic workers as well will retain flexibility during hiring and firing processes.

The status quo scenario is associated with the following risks:

- The high risk of poor and unsafe working conditions for domestic workers will remain;
- The risk of abuse, harassment, violence and maltreatment remains;
- The level of awareness among domestic workers and households employing them regarding workers' rights will remain low;
- The lack of access to the judicial system, the Public Defender and the Labour Inspection Service will persist;
- Domestic workers will be able to defend themselves when their rights are violated only through service contract relationships, which increases their burden of proof, and only in situations of forced labour and exploitation;
- Domestic workers (who are not employed by an agency with a contract) will not be able to apply to the Labour Inspectorate; even workers who can apply will have a low incentive to apply as agencies, not households, will be held responsible for violations;
- Domestic workers will remain one of the most vulnerable groups among informal workers.

B. POLICY OPTION 1: REGULATORY SOLUTION – ACKNOWLEDGING DOMESTIC WORK AS A LABOUR RELATIONSHIP

Policy Option 1, the regulatory solution, aims to acknowledge domestic work as a labour relationship. This could be achieved by the following changes in legislation:

1. The Labour Code of Georgia could be extended

to domestic workers, acknowledging domestic work as a labour relationship by not limiting labour relations to organized labour conditions. This would require a broader definition of labour relations according to the ILO Employment Relationship Recommendation, 2006 (No. 198).

2. The MoIDPOTLHSA could issue an order describing occupations⁸² that would include domestic work. The Labour Code of Georgia states that the code applies to the occupations defined by the order of the MoIDPOTLHSA.⁸³
3. The adoption of a separate law for domestic workers would provide the same guarantees as the Labour Code of Georgia. Despite the fact that having a separate law for domestic workers might be more effective in raising the awareness level about domestic workers' rights, the RIA team decided to discard this option because in the opinion of the team – and in the opinion of the consulted stakeholders – it risked constituting itself a discriminatory approach to the problem, making domestic workers stand out from other (also vulnerable) informally employed people. Accordingly, it would imply the need to create specific laws to address every form of informality in the labour market, which is impossible in practice.

The regulatory option envisages incentives for domestic workers to make their work formal and have evidence (e.g. a formal contract, regular payments to their bank account, etc.) in order to protect their rights if necessary. Tax rates could be set differently for domestic workers, since they belong to the most vulnerable group in society. In cases of solid evidence that such workers are experiencing unequal or unfair conditions, it is possible to define different tax rates, up to a 5 per cent for domestic workers. Allowing the application of a differential tax rate for domestic workers would allow minimizing the adverse (distortive) effects of the reform.⁸⁴

Thanks to these amendments, domestic workers will be able to use existing legal and institutional protective mechanisms that protect other workers when their working terms, conditions and safety are violated. They will have improved access to the Labour Inspectorate, the judicial system and the Public Defender on the basis of existing labour relations. In addition, if there is a suspicion that the rights of an employee are being violated, these amendments will provide the basis for allowing the Labour Inspectorate to request a mandate to investigate a private space that is also the workplace for domestic workers. There might still be a need for the employer and the court to give permission, in order to allow the Labour Inspectorate to inspect the private space.

Policy Option 1 is associated with the following opportunities:

- Can result in more balanced employment relations and increase the bargaining power of domestic workers;
- Can improve access to the Labour Inspectorate, judicial system and Public Defender on the basis of existing labour relations;
- Encourages and enables domestic workers to demand social recognition, fair compensation and better working conditions;
- Can decrease the risk of all kinds of abuse, maltreatment, discrimination and harassment;
- Can increase the awareness of domestic workers about their rights through changes in legislation, disseminated via media coverage;
- Enables domestic workers to provide evidence about their work experience and skills.

82 The type of work and tasks domestic workers do could be disaggregated based on the ILO occupational classification system.

83 The ILO's guiding document for effective protection of domestic workers shows how only one or two provisions can be easily added to the national labour legislation in order to cover domestic workers and provides examples: "In Austria, the Federal Act Governing Domestic Help and Domestic Employees, section 1(1), reads as follows: The provisions of this Federal Act shall apply to the employ-

ment relationship of employees who provide domestic services for their employer or members of such employer's household, regardless of whether or not they are residing in the employer's household. Section 1(3) includes in this definition households run by a corporate entity: No difference shall be made whether the household is managed by a natural person or a legal person for its members or for a third party." Source: ILO, *Effective Protection for Domestic Workers: A Guide to Designing Labour Laws* (2012), p. 12.

84 The RIA team used three different levels of income tax: 1 per cent, 5 per cent and 20 per cent.

Policy Option 1 is associated with the following risks:

- Might increase costs for employers due to the income tax paid after formalizing domestic work, as both parties are expected to bear the real tax burden;
- Might reduce the income of (and the demand for the services of) domestic workers due to the increased burden on employers, in effect reducing domestic workers' opportunities;
- Might be problematic to define who should be responsible for income tax payments, and it might also be challenging to oblige employers and/or employees to pay the income tax;

- Might lead to the persistence of informal employment arrangements, i.e. encouraging households to shift to the informal economy where domestic services are cheaper and/or encouraging domestic workers to stay informally employed to avoid income tax payments;
- Might be difficult to implement effectively (i.e. poor enforcement and/or monitoring) because such kind of work takes place within the premises of the household;
- Might mean that domestic workers still do not apply to the judicial system, Labour Inspectorate or Public Defender regardless of the legislative changes.

C. POLICY OPTION 2: NON-REGULATORY SOLUTION – ENCOURAGING DOMESTIC WORKERS TO ESTABLISH INFORMAL/FORMAL ASSOCIATIONS AND INCREASE DOMESTIC WORKERS' AWARENESS LEVEL REGARDING THEIR CURRENT RIGHTS

Policy Option 2 aims at establishing informal/formal associations for domestic workers as the first step towards strengthening their labour rights and their social welfare. This will enable domestic workers, who have no shared employer, no shared worksite and no shared co-workers, to develop their skills and formulate effective ways to solve their job-related problems by making more effective use of all the instruments already available and by lobbying to introduce even more effective ones.⁸⁵ Such kinds of associations can partner with the Government, NGOs or international organizations in order to obtain financial resources to develop actions for collective

empowerment. Such organizations should have a legal expert (i.e. a practicing lawyer) who will provide consultations and legal expertise to domestic workers regarding their employment conditions, including contracts. The role of the legal expert increases in cases of violations of domestic workers' rights and in cases of harassment, abuse, and discrimination.

The Government's role is significant when it comes to awareness-raising campaigns targeting domestic workers and the households employing them. Society has a high level of trust towards the Public Defender, and that is why the Office's involvement might lead

⁸⁵ Currently, domestic workers are outside the coverage of the Labour Code and are not able to access the courts on the basis of labour relations. However, in order to defend their rights, domestic workers can use other mechanisms. Domestic workers can apply to the courts in accordance with the Civil Code to claim compensation for damages. In cases of harassment, domestic workers can also apply to the Public Defender on the basis of an anti-discrimination law. Domestic workers can also sue in general for any form of discrimination, harassment, sexual harassment, etc. in the courts (Georgian legislation, unlike in European countries, is not limited to forms of discrimination (race,

skin colour, gender, etc.)). In addition, domestic workers are able to apply to the free Legal Aid Service for consultation and legal support if they come from socially vulnerable groups.

Domestic workers' low awareness level regarding their current right might also be one of the reasons why they are not applying either to court nor to the Public Defender. Increasing their awareness level in this regard might mean that domestic workers have the opportunity to use defensive mechanisms other than the Labour Code in case their rights at work are violated. The results of the survey seem to support these conclusions.

to significant results. In this option, the Labour Inspectorate contributes in terms of awareness-raising regarding labour safety and labour rights.

Policy Option 2 is associated with the following opportunities:

- Supports the domestic workers' recognition and helps strengthen their rights;
- Changes the mindset and attitudes of people engaged in domestic work – domestic work is a type of work equivalent to other work and holds the same value;
- Reduces exploitation and abuse;
- Promotes the creation of stronger networks;
- Increases the self-confidence of domestic workers;
- Increases the bargaining power of domestic workers;
- Encourages active informational campaigns and outreach initiatives towards policymakers, increasing their awareness about the needs of domestic workers and the necessary legislative support for improving domestic workers' conditions;

- Raises domestic workers' awareness about future risks of being engaged in informal labour relations.

Policy Option 2 is associated with the following risks:

- The spatial location and the structure of work might make it harder for domestic workers to become members of informal and/or formal associations;
- Employers might decide to discourage their employees from becoming members of informal/formal associations and/or to terminate their contract if they decide to join one;
- Lack of financial resources might hinder the empowerment of domestic workers who are members of informal/formal associations;
- Lack of financial resources may also affect the ability to file court cases against an employer and might result in losing/quitting cases easily;
- The risk of losing one's job and/or the fear of difficulties associated with finding a new one in the event of filing a court case might significantly reduce the potential positive impacts of this option.

D. POLICY OPTION 3: TRANSITIONAL OPTION – INCREASING THE AWARENESS OF DOMESTIC WORKERS INITIALLY AND INTRODUCING THE REGULATORY SOLUTION AFTER TWO YEARS

Policy Option 3 is a combination of Option 1 and Option 2 and represents a smooth transition towards the regulatory solution. This option was added by the RIA team at a later stage of the RIA process, as quantitative and qualitative analysis of already existing options revealed that a combination of Options 1 and 2 would minimize the risks associated with each of them and would likely lead to the highest net benefits.

Policy Option 3 consists of two stages:

- **Stage I** lasts for the first two years. During this stage, informational campaigns are conducted by the State to increase domestic workers' awareness regarding their rights and to

promote the establishment of informal/formal associations for domestic workers, as a first step towards strengthening their labour rights and their social welfare (the characteristics of this stage are the same as for Option 2). Meanwhile, the State starts preparing to implement the regulatory solution of acknowledging domestic work as a labour relationship.

- **Stage II** starts at the third year. In this year, the State introduces the regulatory solution (same as in Option 1) and conducts informational campaigns about the legal amendments that have been introduced. Specifically, an informational campaign about the amendments to the labour legislation will last for only one year.

Policy Option 3 is associated with the same opportunities reported for Option 1 and Option 2, but their combination magnifies these positive influences while minimizing associated risks. Specifically, Policy Option 3:

- Supports the domestic workers' recognition and helps strengthen their rights;
- Changes the mindset and attitudes of people engaged in domestic work – domestic work is a type of work equivalent to any other work and holds the same value;
- Reduces exploitation and abuse by increasing awareness levels among workers and employers and by explicitly recognizing domestic work as a labour relationship in the labour legislation;
- Promotes the creation of stronger domestic workers' networks;
- Increases the self-confidence of domestic workers;
- Increases the bargaining power of domestic workers;
- Encourages active informational campaigns and outreach initiatives towards policymakers, increasing their awareness about the needs of

domestic workers and the necessary legislative support for improving domestic workers' conditions;

- May result in more balanced employment relations and increase the bargaining power of domestic workers;
- May lead to improved access to the Labour Inspectorate, judicial system and Public Defender on the basis of existing labour relations;
- Encourages and enables domestic workers to demand social recognition, fair compensation and better working conditions;
- Enables domestic workers to provide evidence about their work experience and skills.

Stage I of Option 3 is associated with the same risks as Option 2, and Stage II will be associated with similar risks as Option 1. However, the Stage II risks will be reduced significantly compared to Option 1, as domestic workers' awareness level regarding their rights will be considerably higher and they will be much better organized. Another factor reducing the risks associated with Stage II is the greater awareness about domestic workers' rights and the likely change in society's perception of domestic work.

E. HIGHLIGHTS FROM THE DOMESTIC WORKERS' SURVEY ABOUT ATTITUDES TOWARDS THE PROPOSED POLICY OPTIONS

- 65 per cent of the respondents are willing to join informal/formal labour associations due to several reasons: 42 per cent find it useful for searching for new job opportunities, 39 per cent desire sharing and gaining experiences in the workplace, and between 14 per cent and 17 per cent of the respondents value the opportunities for helping one another during conflicts and using the services offered by lawyers of a labour union.
- Interestingly enough, of those who claim they want to join a union, only 44 per cent are willing to pay for services provided by the union; this subset represents approximately 30 per cent of the total number of respondents.
- Of those who are not interested in joining a union (35 per cent), more than half (55 per cent) name the lack of time as a reason behind their

reluctance to join the union, 30 per cent do not see any need, and 12 per cent cannot recognize the benefits coming from the labour union.

- Only 23 per cent of the respondents are interested in joining the formal sector, while the remaining 77 per cent are against the formalization of their work since they either do not trust the Government to guarantee benefits for them (39 per cent), do not want to pay taxes (30 per cent), or are generally suspicious about the elimination of informality of the sector and fear the accompanying negative outcomes (16 per cent).⁸⁶
- The recent crisis, however, seems to have had an impact on individual attitudes: 72 per cent of the respondents would now consider joining formal employment if it provided access to anti-crisis aid, while 36 per cent would consider it in exchange for guaranteed working rights.
- 61 per cent of the respondents are willing to pay up to 5 per cent in income tax.

86 Note that the respondents can indicate more than one answer.

ANALYSIS OF IMPACTS

A. IDENTIFICATION OF POSSIBLE IMPACTS

The implementation of any of the policy options described above will have an impact on the labour market for domestic workers. Apart from the labour market, the options will have different impacts on social, economic and gender dimensions. The implementation of different policy options will also cause changes in public finances. This section presents a qualitative assessment of the impacts. All impacts are presented as incremental changes away from the status quo (Option 0).

Policy Option 1: Regulatory solution – Acknowledging domestic work as a labour relationship

Economic impacts

a) Domestic workers' employment

The expected consequences of the implementation of Policy Option 1 on the labour market for domestic workers are multifaceted, with positive and negative impacts, both on the demand and on the supply side.

Demand might be partially stimulated as some households might feel more protected by the existence of a new, formalized environment and will be encouraged to hire more domestic workers. However, the potential increase in costs and obligations borne by the households might also cause a decline in the demand for formalized domestic workers. Some employers might prefer to hire cheaper workers from the informal sector and avoid all the liabilities associated with formalization, while others might prefer to totally give up helpers in household chores.

On the supply side, guarantees of better working conditions, a decreased risk of abuse and exploitation and more opportunities for social protection might attract new workers in the sector and encourage current domestic workers to shift to formal labour relationships. It is noteworthy that, in this context, employers might be facing lower search costs for reliable workers. On the other hand, however, greater

income tax liabilities and consequently reduced disposable income might lead some workers to still opt for informal arrangements.

The final impact of the reform, therefore, is highly dependent on the relative strength of the opposing forces at work. While one can expect that the overall condition of the individuals working as domestic workers will be better after the reform than it was before (even the condition of the informally employed will be strengthened by the improvements in the formal side of the market and by the greater effort to protect domestic workers), the extent of the gains might vary considerably. The post-reform improvement in the condition of the individuals working as domestic workers will also depend on the strength and effectiveness of the enforcement mechanisms at work. In the absence of strong and effective enforcement, the effects of the reform might be limited, and the workers who aspire to formalize their occupation might face worsened labour-market conditions, with the risk of being totally excluded from employment opportunities. Even if there is strong enforcement, however, the concrete risk that some domestic workers will lose their jobs due to the increased costs/obligations for employers remains.

To sum up, **the effect of this policy on domestic employment** is ambiguous. In societies where most people are well-off and educated and where the labour markets are well functioning, efficient and gender-balanced, policy options like this one will definitely have a positive impact on domestic employment. Since Georgia is in its transitional stage of development, the impact of the policy on domestic employment is more uncertain, especially in the short run. However, in line with increasing living standards and economic growth, the effect can be expected to be positive in the long run. A reduction in the tax rate (especially during the transition phase) might help reduce the negative impacts of the action and favour formalization.

b) General employment level

The implications for the overall employment level **can be expected to magnify the effects observed in the market for domestic workers.**

If the demand for domestic workers increases, this will:

- Create job opportunities for new domestic workers;
- Free up some part of the labour force inside households, potentially allowing for an increase in labour-force participation;
- Increase the demand on recruitment agencies' staff, lawyers and legal service providers' staff.

The combination of these effects can be expected to lead to a substantial increase in overall employment. However, if the effect on domestic work is negative due to increased household expenditures and an increased tax burden on workers themselves, the effect on the general employment level will be reversed.

c) Efficiency of the domestic workers labour market

The successful implementation of policy has the potential to **increase the efficiency** of the domestic workers labour market. In particular, the decision-making process will become more informed; the legal protection from the State (if properly advertised) will be translated into increased bargaining power for domestic workers to receive higher wages (e.g. through compensated overwork), stimulating (genuinely) mutually beneficial agreements. It is worth highlighting that taxing the income of domestic workers, however, might also **cause some efficiency losses** in the labour market. The final effect on wages due to taxation remains ambiguous, as imposed taxes will reduce workers' disposable income and introduce a new distortion in the decision-making process. As mentioned above, a reduction in the tax rate applied to domestic workers' income might help contain the negative, distortive effects of the reform.

It should be noted that formalization might increase the competition in the sector and **stimulate the demand for better qualifications**, which might require trainings and capacity-building for domestic workers. In this case, the role of employment agencies as service providers might become more important, since it is less likely that workers individually can afford such services.

d) Economic development

Insofar as the introduction of the new legislation supports the expansion of the market for domestic workers, this could contribute to the growth of the economy and to the improvement of living conditions in Georgian households, both through employment creation and through greater support in achieving a work-life balance. This result, however, should not be taken for granted because of the reasons mentioned above.

Gender equality impacts: Women's economic empowerment

The effect of Policy Option 1 on women's economic empowerment **can also be mixed and depends on the relative strength on the impacts discussed above.** Since the majority (about 99 per cent) of domestic workers are female, the successful implementation of the regulatory option can improve their bargaining power and working conditions and may even result in a partial increase in domestic workers' salaries (if the increase in bargaining power outweighs the negative effect of the tax burden). However, the increase in rights and salaries might negatively affect the labour-force participation of women (especially in the short-term) both directly – if it discourages hiring domestic workers – and indirectly, as households might reduce their demand for domestic work and women might be forced to give up their current jobs to take care of family responsibilities. The long-run effects, however, might be less adverse, as the growth of household income associated with economic growth, as well as accompanied

improvements in living standards, **can be expected to stimulate households' ability to pay/hire and to accelerate women's economic empowerment in the long run.** Over this time horizon, the implementation of the reform will help ensure that the new jobs created are of good quality, where domestic workers would be able to provide formal evidence of their experience and be incentivized to improve their skills and qualifications.

Social impacts

a) Poverty

Through potentially increased bargaining power and improved decision-making, domestic workers – who mainly come from vulnerable families – can be expected to acquire the opportunity to demand higher salaries and better working conditions. Moreover, this option increases domestic workers' access to contributory pension funds and maternity benefits. However, tax liabilities imposed on them might have, on the contrary, a negative impact on their disposable income, and some domestic workers may lose TSA access as their income will be reported. Finally, some of these workers might lose their jobs if the cost to the employers becomes excessive. **The final effect on the earnings of domestic workers depends on which of these factors will outweigh the others.**

If the reform ensures decent salaries for these workers, it will give them a chance to contribute to the financial stability of their own families and help other family members find their way out of poverty. Furthermore, if the reform protects workers from unfairly long working hours, they will be able to free their time for their own family responsibilities. Parents' work-family balance will support children's development and their human capital accumulation, which will be translated into better labour-force outcomes in the future.

The policy option **will narrow the gap between opportunities offered to domestic workers and workers involved in other labour relations.** It will provide domestic workers with the same opportunities for social protection and pension coverage. Increased bargaining power might translate into higher remuneration rates, which improves the standard of living for workers coming from vulnerable families and shrinks inequality in society. Ensuring decent working conditions and protection of domestic workers' labour rights can put them on an equal footing with workers occupied in other sectors.

b) Cultural and social barriers and stigma of domestic employment

Option 1 might have a **positive impact** on cultural and social barriers and the stigma of domestic employment, compared to the status quo. If domestic work were to be legally defined as a labour relationship between an employer and an employee, people might change their perception about such work. Domestic work may no longer be thought of as an inferior occupation, being instead perceived as a particular type of work serving the general welfare of society by benefiting different groups of people (e.g. low-skilled workers, mothers, fathers, those with family responsibilities, etc.).

c) Public health care

The implementation of Policy Option 1 is expected to have **multiple positive effects on society's health** compared to the status quo. Successfully implemented, this policy might reduce work instability, prohibit excessively long working hours, ensure work-family balance and, consequently, ensure a less stressful working environment for domestic workers. Various studies have already shown how precarious working conditions can be damaging to workers' well-being and health.⁸⁷ Public health costs can be significantly reduced due to evaded costs

⁸⁷ LaMontagne, A; Smith, P; Louie, A; Quinlan, M; A, Ostry; A, Shoveller, "Psychosocial and Other Working Conditions: Variation by Employment Arrangement in a Sample of

Working Australians", American Journal of Industrial Medicine, vol. 55, No. 2 (2011).

otherwise paid under the universal public health insurance system for curing those workers' diseases that are caused by psychological distress and mental problems due to adverse working conditions. The State's savings from such public health expenditures can be accrued in the short run as well as in the long run.

Nevertheless, if the policy option is accompanied by massive tax evasion, poor enforcement and/or domestic workers' fear of losing their job due to the appearance of a more complicated labour relationship, **the positive effects of the policy might be more limited.**

d) Cases of abuse, discrimination and harassment

Policy Option 1 will **reduce the risk** of all kinds of abuse, maltreatment, discrimination and harassment compared to the status quo scenario. Due to the recognition of domestic work as a labour relationship, domestic workers will have more levers of protection since all of them will have the opportunity to apply to the courts, the Public Defender and/or the Labour Inspection Service in case their labour rights are violated. Increased levers of protection will make employers more cautious and will reduce the number of cases of domestic workers being mistreated.

Public finance impacts

a) State revenues

Implementation of Policy Option 1 will **increase the public revenues in two dimensions** compared to the status quo. The State will collect additional tax revenues – from income and profit tax – from domestic workers and employment agencies, with an increased number of domestic workers employed formally either independently or through the employment agencies. The increase in the tax revenues will depend on the number of formally employed domestic workers and on the rates applied. Given the concerns

expressed above about the distortionary effects of taxes, potentially hampering the positive economic and social effects of the reform, the Government might consider applying more favourable tax rates to domestic workers' incomes.

b) State expenditures

Under Policy Option 1, **TSA expenditures are expected to decrease**, compared to the status quo scenario, in two ways: (1) due to an improved bargaining power and higher salaries, some domestic workers might not need poverty assistance from the State; and (2) due to reported formal wages, some domestic workers' families might not satisfy the conditions for receiving TSA.

The implementation of Policy Option 1 will be **associated with increased pension fund contributions** from the State since the State will have to contribute the equivalent of 2 per cent of workers' salaries to the pension fund. In addition, expenditures on maternity cash benefits will increase as the State takes responsibility for maternity protection.

Compared to the status quo scenario, Policy Option 1 requires **additional budgetary and administrative costs** due to the increased workload of the city courts, the free Legal Aid Service, the Public Defender and the revenue department. However, considering the relatively small number of domestic workers, these incremental costs will not be substantial.

SDG impacts

Policy Option 1 can support the achievement of the following SDGs:

- SDG 1. No poverty
- SDG 3. Good health and well-being
- SDG 5. Gender equality
- SDG 8. Decent work and economic growth
- SDG 10. Reduced inequalities

Policy Option 2: Encouraging domestic workers to establish informal/formal associations and increase domestic workers' awareness level regarding their current rights

Economic impacts

a) Domestic workers' employment

The implementation of Policy Option 2 will have **two effects on domestic workers' employment**. This option might not immediately create a more attractive environment for new workers. However, it might lead to the strengthening of domestic workers' bargaining power and their protection level by (1) increasing their awareness level regarding own rights, creating incentives to have contracts in written form, and by (2) encouraging them to unite in informal/formal associations. In this scenario, however, fewer households might be able to afford to hire workers and pay efficient wages. The final outcome is still ambiguous. However, the level of both effects will be lower compared to Option 1.

b) General employment level

Policy Option 2 will have a **similar impact** on labour-market outcomes as Policy Option 1. However, it is expected that the magnitude of the effects will be lower compared to Option 1.

c) Efficiency of the domestic workers labour market

Policy Option 2 will **increase the efficiency** of the domestic workers labour market even more than Option 1 as this option envisages awareness-raising campaigns, while the distortive effects of taxation on formalized jobs will remain unchanged with respect to Option 1. More informed and mutually beneficial contract decision-making will take place since awareness around the sector will be increased through governmental and non-governmental campaigns targeting both employers and domestic workers. Search costs for employers will decrease even

more than in Option 1 since associations will have the full list of domestic workers and the employers will have information about where to find relevant employees (and – possibly – also about their past performance). It is expected that the existence of informal associations will increase the collective bargaining power of the workers, will decrease the chances of exploitation, and might result in fairer and higher remuneration rates.

Finally, domestic workers will be much more aware of the risks associated with engagement in the informal economy and might even escalate the process of sector formalization. Consequently, the share of the shadow economy will decrease gradually, which will have positive economic outcomes on the state budget, the country and society as a whole in the long run.

d) Economic development

Insofar as the awareness campaigns support the expansion of the market for domestic workers, this could contribute to the growth of the economy and to the improvement of living conditions in Georgian households, both through employment creation and through greater support in achieving a work-life balance. This result, however, should not be taken for granted because of the reasons mentioned above. The effects for Option 2 are likely to be more limited than those for Option 1.

Gender equality impacts: Women's economic empowerment

Policy Option 2 has the potential to increase women's economic empowerment, and this impact might be greater compared to Option 1 if a higher awareness level of female domestic workers and households will result in higher bargaining power, translating into better working conditions. This impact will also depend on how domestic workers will react to the creation of informal/formal associations and on employers' willingness and ability to pay in the changed environment.

Social impacts

a) Poverty

The effect of Policy Option 2 on the poverty rate is expected to be **positive in both the short run and the long run**. The increased collective bargaining power of the workers is likely to be reflected in higher remuneration rates and better working conditions for domestic workers compared to Option 1, translating into better living conditions for these workers and their families. In addition, Option 2 potentially increases domestic workers' access to contributory pension funds and maternity benefits. However, this impact is lower compared to Option 1 as domestic workers' contracts are not automatically considered as labour relations, and the changes in working conditions entirely depend on the engaged parties' free will.

The voluntary character of Option 2 might reduce the negative impacts on domestic workers compared to Option 1, as the risk of losing their TSA (and/or their job) is lower.

b) Cultural and social barriers and stigma of domestic employment

Increased awareness around the definition of domestic workers and their contribution can have positive effects on the social perceptions of domestic work compared to the status quo. It is **hard to predict** whether this effect will be smaller or larger in magnitude than the effect for Option 1.

c) Public health care

Due to the improved working conditions and less precarious working arrangements, Policy Option 2 can have **positive implications** on public health that are similar to those in Policy Option 1. It is expected that the policy will bring better health outcomes for society and less public health costs for the Government in both the short run and the long run.

d) Cases of abuse, discrimination and harassment

Policy Option 2 will reduce the risk of all kinds of abuse, maltreatment, discrimination and harassment compared to the status quo scenario. However, it is expected this to be **less of a reduction** compared to Policy Option 1. While the increased awareness level of domestic workers will allow them to use all existing opportunities to protect their rights, Option 1 increases the levers of protection even more.

Public finance impacts

a) State revenues

Policy Option 2 is associated with lower state revenues (from income and profit tax) compared to Option 1. The magnitude of this impact entirely depends on the number of domestic workers formally employed by employment agencies.

b) State expenditures

Option 2 is associated with similar impacts as Option 1 in terms of pension funds, maternity protection and administrative costs. However, the magnitude of those impacts will be lower because of the voluntary nature of Option 2.

In addition, in Option 2, the State finances informational campaigns carried out by the Public Defender and the Labour Inspection Service.

SDG impacts

Policy Option 2 can support the achievement of the following SDGs:

- SDG 1. No poverty
- SDG 3. Good health and well-being
- SDG 5. Gender equality
- SDG 8. Decent work and economic growth
- SDG 10. Reduced inequalities

Policy Option 3: Transitional option – Increasing the awareness of domestic workers initially and introducing the regulatory solution after two years

The qualitative impacts of Policy Option 3 are not presented separately as they follow the logic of the impacts already discussed. During the first stage of Option 3, all impacts of Option 2 will be present, and starting from Stage II, the impacts of Option 1 will be evident. However, during Stage II, the positive impacts of Option 2 will be higher and the negative impacts lower.

Table 8:
Summary of the impact of selected options

IMPACTS	Type	Group(s) affected and/or other relevant indicator affected	Expected direction (positive/negative)	Expected Alternatives Influenced
Economic				
Change in domestic employment	Direct	Domestic workers	Ambiguous	Option 1 (more) Option 2
Change in general employment	Indirect	Employers of domestic workers	Ambiguous	
		People employed in recruitment agencies	Positive	Option 1 (more) Option 2
		Demand for labour inspectors	Positive	
		Demand for lawyers	Positive	
Demand for recruitment/employment agencies for domestic workers	Direct	Employment agencies	Positive Ambiguous	Option 1 (more) Option 2
Labour-market efficiency: wages, bargaining power, informed decision-making, search costs	Direct	Employers	Positive	Option 1
		Employees	Positive	Option 2 (more)
Economic development	Indirect	Households	Positive Positive	Option 1 (more) Option 2
Gender equality				
Women's economic empowerment	Indirect	Employers	Positive	Option 1
		Employees	Positive	Option 2 (more)
Social				
Poverty	Indirect	Domestic workers	Ambiguous	Option 1 (more) Option 2
Cultural and social barriers and stigma of domestic employment	Indirect	Domestic workers	Ambiguous	Option 1
		Employers		Option 2
Health-care costs for domestic workers (cost and status)	Indirect	Domestic workers	Positive	Option 1 Option 2
Cases of abuse, discrimination, harassment	Indirect	Employers	Positive	Option 1 (more)
		Employees	Positive	Option 2

Public finance				
Tax revenue (profit and income tax)	Direct	Employment agencies Domestic workers	Positive Positive	Option 1 (more) Option 2
Pension fund contribution from the State	Direct	State	Negative	Option 1 (more) Option 2
Maternity protection	Direct	State	Negative	Option 1 (more) Option 2
Cost of providing legal aid	Indirect	State	Negative	Option 1 (more) Option 2
Administrative and budgetary costs	Indirect	State	Negative	Option 1 (more) Option 2
Public health-care cost	Indirect Long run	State	Positive	Option 1 Option 2
TSA costs	Indirect	State	Positive	Option 1 (more) Option 2
SDGs				
SDG 1. No poverty SDG 3. Good health and well-being SDG 5. Gender equality SDG 8. Decent work and economic growth SDG 10. Reduced inequalities	Direct	Society	Positive	Option 1 (more) Option 2

B. METHODOLOGICAL APPROACH

The methodology applied for the quantitative analysis of impacts is a cost-benefit analysis, coupled with a qualitative analysis to capture all major impacts that have not been quantified. Results of this quantitative analysis have to be taken with caution as they do not constitute a forecast but rather an exercise to quantify expected incremental costs and benefits associated with the implementation of the above-mentioned policy options. The described policy options are likely to influence all participants: domestic workers, agencies and households employing domestic workers and the Government. However, considering the existing time, resources and data limitations, this RIA project analysis is conducted to only quantify costs and benefits for the Government, which, as a major stakeholder, has the responsibility of implementing the aforementioned policy options and guarantees, contributing through its budget to the improvement of poor and unsafe working conditions for domestic workers.

For the analysis of policy options, the data was used from the following sources:

- Geostat
- UN Population Division
- National Bank of Georgia (NBG)
- ILO
- Survey conducted by the RIA team
- Stakeholder meetings
- Georgian domestic market review conducted by the RIA team

For the Government, it was investigated:

- Potential benefits: revenues from income tax
- Potential direct costs: pension fund contributions and maternity leave cash payments, as well as informational campaign expenditures

The quantitative assessment was conducted for a five-year period. During the quantitative modelling, several assumptions were made about the expected development of major variables, as well as for the ranges of the sensitivity analysis. Assumptions on the major variables are presented in Table 9 with the respective ranges used for the sensitivity analysis.⁸⁸

88 In this part, the net present values (NPVs) of different alternatives are recalculated under the different assumptions mentioned in Table 9, to check whether the results

are robust to these changes or whether they depend solely on the specific values of the assumptions utilized to calculate the expected NPV.

Table 9:
Major assumptions and variables used for the sensitivity analysis

Variable Name	Lower Bound	Central Value	Upper Bound
Income tax	1%, 5%	20%	-
Share of domestic workers with written contract – Option 1	4%	14% in 2021 54% in 2025 (increases by 10 percentage points annually)	100%
Share of domestic workers with written contract – Option 2	10%	20%	30%
Share of domestic workers with written contract – Option 3	10%	20% in 2021 and 2022 35% in 2023 50% in 2024 65% in 2025	30% in 2021 and 2022 100% in 2023 to 2025
Social discount rate (nominal – GEL)	7.235%	10.235%	13.235%

An assessment was conducted for the five-year period, and the social discount rate was selected to be an interest rate on 10-year government bonds in April 2020 (the latest auction available), namely 10.235 per cent (nominal – GEL). The inflation rate was set to a NBG target of 3 per cent.

As domestic workers come from the most vulnerable category of employees, tax levels might be set at a level lower than the standard (20 per cent). This could help minimize the distortions in the market for domestic workers and the negative impact on job creation in this sector of the economy. In order to capture the differences in government revenues and

costs at lower income-tax levels, different scenarios were analysed. The RIA team estimated net benefits at the 1 per cent and 5 per cent income tax levels⁸⁹ for Option 1 over the 2021-2025 period and for Option 3 over the 2023-2025 period as regulatory change is introduced after the second year in Option 3.

The RIA team had estimated the number of domestic workers for the 2017-2019 period based on the LFS. Based on the estimates, the distribution of domestic workers by age group, gender and type of contract as a share of total domestic workers was calculated. Results are summarized in Table 10.

Table 10:
Number/share of domestic workers, 2017-2019

	Number of domestic workers			Share of domestic workers		
	2017	2018	2019	2017	2018	2019
Both	14,191	19,430	17,994	100%	100%	100%
Female	13,939	19,270	17,828	98%	99%	99%
Male	253	160	166	2%	1%	1%
Written contract	1,048	323	713	7%	2%	4%
Verbal agreement	13,144	19,107	17,281	93%	98%	96%

Source: Authors' calculations based on the 2017-2019 LFS by Geostat.

⁸⁹ The indicated tax levels are chosen based on the RIA team's online survey.

The shares presented in Table 10 were used to estimate the number of domestic workers over the next five years. The RIA team analysed population projections from the UN Population Division for the period 2021-2025. Afterwards, the share of age-specific domestic workers was calculated from the total population between 2017 and 2019. Finally, average shares of the last three years were taken and extrapolated for the corresponding age group for the 2021-2025 period. Since the share of female domestic workers did not fluctuate over the past three years, the RIA team assumed that this variable will not significantly change over the next five years as well.

Domestic workers were grouped into two categories: those who have a written contract and those who have a verbal contract.

It is assumed that the share of formally employed domestic workers will not change under the baseline scenario (status-quo scenario),⁹⁰ while it will gradually increase each year by 10 per cent (reaching 54 per cent in 2025) under Option 1, and in Option 2 it will be 20 per cent⁹¹ over the 2021-2025 period. As for Option 3, the share of domestic workers formally employed will be 20 per cent during the first two years and then gradually increase by 15 percentage points each year (reaching 65 per cent in 2025). Table 11 summarizes the characteristics of domestic workers based on the assumptions.

Table 11:
Estimated number of domestic workers, 2021-2025

Total	2021	2022	2023	2024	2025
Both	17,094	17,103	17,125	17,146	17,157
Female	16,893	16,902	16,923	16,944	16,956
Male	201	201	201	202	202
Written contacts – Option 1	2,393	4,105	5,822	7,544	9,265
Verbal contracts – Option 1	14,701	12,998	11,302	9,602	7,892
Written contacts – Option 2	3,419	3,421	3,425	3,429	3,431
Verbal contracts – Option 2	13,675	13,683	13,700	13,717	13,726
Written contacts – Option 3	3,419	3,421	5,994	8,573	11,152
Verbal contracts – Option 3	13,675	13,683	11,131	8,573	6,005
Written contacts – Baseline	741	742	743	744	744
Verbal contracts – Baseline	16,353	16,362	16,382	16,402	16,413

Source: Authors' calculations based on the 2017-2019 LFS by Geostat.

A third set of assumptions was made to estimate the number of female domestic workers eligible for maternity cash benefits. As fertility rates are not changing quickly and did not fluctuate much from 2017 to 2019,⁹² the average age-specific fertility

rates of the past three years were taken and were extrapolated over the period 2021-2025, assuming that age-specific fertility rates will not change over the indicated period. Age-specific fertility rates and age-specific shares of female domestic workers

90 This share is assumed to stay at 4 per cent, which is the average share of domestic workers with written contracts between 2017 and 2019, according to the LFS.

(Question 25 in the survey). The results are presented in Annex 3, Figure 32. This share might increase over time; however, the change is hard to estimate due to the lack of data. The RIA team decided to have it be a constant.

91 This assumption is based on the RIA team's survey of domestic workers. Almost one fifth of domestic workers expressed the willingness to formalize their work in any case

92 Source: Geostat.

allowed for an estimation of the female domestic workers giving birth and becoming potentially eligible to access maternity cash benefits. According to the findings, only 2 per cent of female domestic workers can be expected to give birth, in any given year, over the 2021-2025 period. This is an expected result, considering that the majority of domestic workers are over the age of 35. For estimating the total amount of maternity cash benefits paid by the Government, it was assumed there would be no change to the current payment of GEL 1,000⁹³ (since the average wage of domestic workers amounted to GEL 635⁹⁴ over the past three years, under the assumption that it will not significantly change in upcoming years).

Next, several assumptions were made to estimate wages and the Government's pension contribution. Wages are indexed to inflation and increase by 3 per cent each year. Currently it is obligatory for workers who were under the age of 40 in 2018 to join the pension scheme. That is why we assumed that all of the domestic workers who have a written contract will have access to the pension fund and that only 16 per cent of domestic workers over the age of 40 (in 2018) will be willing to access the pension fund. The

latter assumption is based on the RIA team survey; approximately 16 per cent of the respondents in the corresponding age group showed an interest in having to have access to the accumulative pension fund.

Moreover, assumptions were made about the number of inspectors in the Labour Inspection Service. According to the ILO estimates, it is recommended that transition economies have one inspector per 20,000 workers. Having a look at the employed people in Georgia, it is evident that 100 inspectors would be sufficient even if the number of employed increases. As for the current situation, 85 inspectors are recommended by ILO standards.⁹⁵

Based on the stakeholder consultation with the MoIDPOTLHSA and the Georgian market review done by the RIA team, the following awareness campaign costs were assumed in 2020: GEL 2,000 to design social media advertisements, GEL 200 to design flyers and GEL 5,000 to print said flyers. Over the estimation period, these costs are indexed to inflation.⁹⁶

C. COST-BENEFIT ANALYSIS

Based on these assumptions, the RIA team calculated all quantifiable direct benefits and costs for the Government. Based on the assumptions described earlier, a cost-benefit analysis of each of the policy options was performed. The final net benefits of each option are incremental net benefits compared to the baseline (status quo) scenario. For each of the policy options, the benefits and costs were quantified, and the possible uncertainties were identified, as presented below.

Policy Option 1

Quantified benefits

- Government benefits – The Government receives

revenues from income tax. This is the only monetized benefit the Government receives in this case.

Quantified costs

- Government costs – The Government is responsible for paying maternity cash benefits and pension contributions to domestic workers.

Uncertainties

- There are uncertainties related to the total number of domestic workers.
- As the number of domestic workers employed under a written contract is very limited, it is hard

93 GEL 1,000 was used for the entire estimation period as it is a fixed amount that is not indexed to inflation.

94 The LFS provides income ranges, not an exact amount. Therefore, the RIA team used the median to calculate the weighted average income.

95 ILO, Strategies and practice for labour inspection (Geneva, 2006).

96 The Government has to pay for awareness campaign costs over the 2021-2025 period under Option 2 and over the 2021-2023 period under Option 3.

- to judge the possible evolution of the share of domestic workers with written contracts (to test for the robustness of the result to this uncertainty, a sensitivity analysis of the results using different shares was conducted).
- The average income of domestic workers might be biased as the LFS provides ranges of incomes, not exact amounts, and the RIA team had to make additional assumptions (as previously discussed).
 - Finally, as domestic workers are from the most vulnerable category of employees, they might have strong incentives not to pay the 20 per cent income tax. Different scenarios of income tax were taken to capture changes in expected revenues for the Government at different income tax levels.

Policy Option 2

Quantified benefits

- Government benefits – The Government receives revenues from income tax. This is the only quantified benefit the Government receives in this case.

Quantified costs

- Government costs – The Government is responsible for paying maternity cash benefits

and pension contributions to domestic workers with formal contracts. Moreover, the Government pays for informational campaign expenditures.

Uncertainties

- Uncertainties related to the total number of domestic workers are similar to Option 1.

Policy Option 3

Quantified benefits

- Government benefits – The Government receives revenues from income tax. This is the only quantified benefit the Government receives in this case.

Quantified costs

- Government costs – The Government is responsible for paying maternity cash benefits and pension fund contributions. Moreover, the Government pays for informational campaign expenditures for the first three years.

Uncertainties

- Uncertainties for Policy Option 3 are similar to the uncertainties for Policy Options 1 and 2.

D. SUMMARY OF QUANTITATIVE RESULTS

Table 12 presents the present value (PV) of the incremental costs and benefits of all options compared to the baseline (over a five-year period). The model primarily underlines the impacts of the

different policy options, and it is particularly useful to understand how the different options affect the revenues and expenditures of the Government.

Table 12:
Summary of incremental costs and benefits (GEL)

	OPTION 1	OPTION 2	OPTION 3
Benefits (PV)	2,908,529	1,780,844	3,242,174
Costs (PV)	462,781	297,470	524,516
Benefits less costs (NPV) ⁹⁷	2,445,748	1,483,373	2,717,658

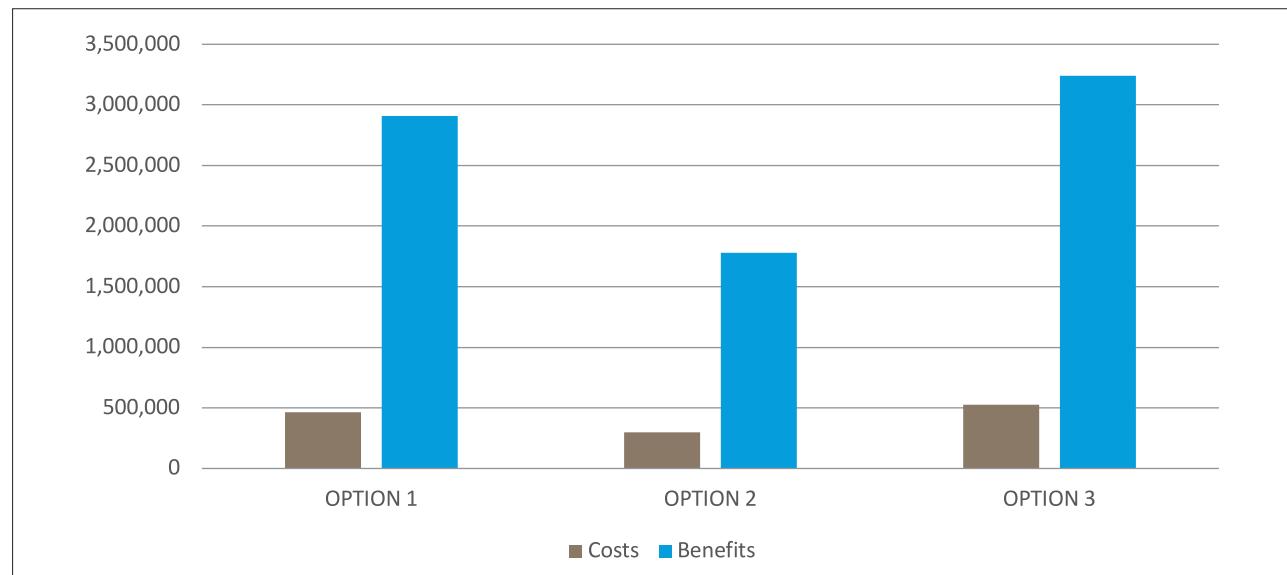
⁹⁷ The NPV helps compare costs and benefits occurring at different points in time, expressing the net benefits – i.e.

the difference between the PV of the benefits and costs – in today's currency (GEL).

The cost-benefit analysis shows that Policy Option 3 has the highest expected NPV for the Government (GEL 2.7 million). The relatively low NPV in Option 2 is expected since adopting only awareness-raising campaigns leads to a smaller share of domestic workers becoming formally employed. The results are

robust; changing income tax levels (adopting lower tax rates for domestic workers) for the options with legislative changes (which are Option 1 and Option 3), Option 3 has a higher net benefit compared to Option 1 (in all scenarios). The results of different income tax levels are summarized in Annex 4.

Figure 5:
Comparison of incremental costs and benefits of policy options (GEL)



E. SENSITIVITY ANALYSIS RESULTS

The RIA team also conducted a sensitivity analysis to test the robustness of the above-mentioned results for different shares of domestic workers with written contracts. Moreover, the sensitivity analysis using the aforementioned assumptions was performed for different discount rates. As mentioned above, when discussing the sensitivity analysis assumptions, the expected case was estimated using the discount rate of 10.235 per cent. The worst-case scenario was

estimated using a discount rate of 13.235 per cent (expected case scenario discount rate, plus 3 per cent), giving the lowest values of the expected net benefits, while the best-case scenario was estimated using a discount rate of 7.235 per cent (expected case scenario discount rate, minus 3 per cent), giving the highest values of the expected net benefits. Finally, the results are summarized in Table 13 and Figure 6 below.

Table 13:

Summary of incremental costs and benefits in worst case, expected and best case scenarios (GEL)

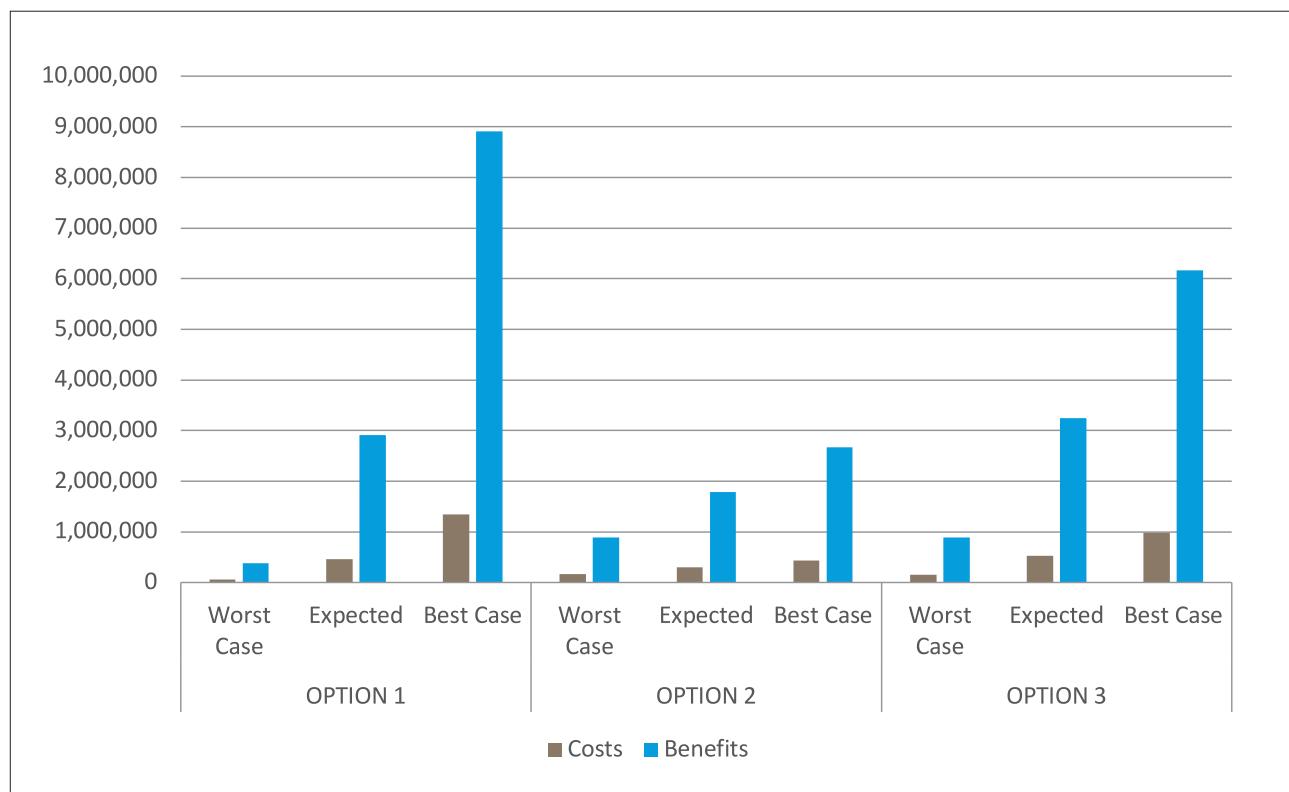
		OPTION 1	OPTION 2	OPTION 3
Costs (PV)	Worst case	62,818	163,486	158,977
	Expected	462,781	297,470	524,516
	Best case	1,339,841	431,454	984,218
Benefits (PV)	Worst case	386,121	890,422	890,422
	Expected	2,908,529	1,780,844	3,242,174
	Best case	8,904,219	2,671,266	6,158,786
Benefits less costs (NPV)	Worst case	323,303	726,936	731,444
	Expected	2,445,748	1,483,373	2,717,658
	Best case	7,564,378	2,239,811	5,174,568

Policy Option 3 has the highest NPV in the worst-case and expected scenarios. Thus, a combination of awareness-raising, establishment of informal/formal associations and legislative changes (Option 3) is the preferable option in the worst and expected cases. In the best-case scenario, Option 1 is preferred to other

options as it implies that all domestic workers have formal contracts and that the Government benefits are the highest. Option 3 loses advantage because a delay in the legislative change leads to fewer formalized workers in the first two years, reflected in lower government revenues.

Figure 6:

Total incremental PV for worst case, expected and best case scenarios (GEL)



COMPARING THE OPTIONS

The extent of the effectiveness for the policy options is measured in relation to the policy's **general objective to ensure decent working conditions for domestic workers**.

The RIA team considered the following criteria to compare the alternatives in order to identify the preferred policy option:

- **Cost-benefit analysis:** to identify the PV of government costs and benefits and the NPV for all options.
- **Effectiveness:** the capability to produce the desired results and achieve the general objective of the policy. In this case, this includes the capability to:
 - Increase the bargaining power of domestic workers;
 - Reduce the risk of abuse and exploitation of domestic workers;
 - Ensure that domestic workers enjoy social benefits and social security;
 - Increase the awareness level of domestic workers regarding their rights.
- **Feasibility:** the easiness of achieving the realization of each option. This can be impacted by:
 - Difficulties in the enforcement and monitoring of options because of the peculiarities of domestic work (e.g. such work takes place within the premises of a household, and the employee-employer relationship is more personal);
 - Problems related to the enforcement of income tax payments.

- **Minimization of the risks associated with all of the offered policy options:**

- Reduction in the income of domestic workers due to the tax burden;
- Increased burden on employers, in effect reducing domestic workers' opportunities;
- Shifts towards (or persistence of) informal employment arrangements: encouraging households to shift to the informal economy where domestic services are cheaper and/or encouraging domestic workers to stay informally employed to avoid income tax payments;
- Unwillingness of domestic workers to apply to the judicial system, Labour Inspectorate or Public Defender.

- **Maximization of potential benefits:**

- Promotion of labour rights and opportunities for domestic workers;
- Raising domestic workers' awareness about future risks of being engaged in informal labour relations;
- Change in the mindset and attitudes of people engaged in domestic work – domestic work is a type of work equivalent to other work and holds the same value;
- Removal of constraints on domestic workers to defend their rights;
- Promotion of the creation of stronger networks for domestic workers;
- Increase in the self-confidence of domestic workers.

To provide a summary of the results, in the multi-criteria analysis, points to different policy options are assigned. The points range from -5 to 5. A negative score represents a decrease in efficiency compared to the status quo, while a positive score represents an increase in efficiency.

A. SUMMARY OF OPTIONS

Table 14:
Comparison of options using multi-criteria analysis

EVALUATION CRITERIA	OPTION 1	OPTION 2	OPTION 3
Benefits less costs (NPV)	GEL 2,445,748	GEL 1,483,373	GEL 2,717,658
Specific objective 1: Increase the bargaining power of domestic workers	3	2	4
Specific objective 2: Reduce the risk of abuse and exploitation of domestic workers	2	1	4
Specific objective 3: Ensure that domestic workers enjoy social benefits and social security	2	1	3
Specific objective 4: Increase the awareness level of domestic workers regarding their rights	1	2	3
Feasibility/ease of complying	-4	-1	-3
Minimization of potential risks	1	3	2
Maximization of potential benefits	3	4	5

B. PREFERRED OPTION

The multi-criteria analysis shows that all three options lead to an improvement compared to the status quo scenario. This is due to the fact that promoting decent work for domestic workers has not been on Georgia's political agenda thus far. Acknowledging domestic work as a labour relationship and filling corresponding legislative gaps and/or increasing the awareness of all parties engaged in domestic work about domestic workers' rights and opportunities will contribute to better working conditions for the country's domestic workers.

Policy Option 3 – increasing the awareness of domestic workers initially and introducing the regulatory solution after two years – appears to be the most preferred option as it is associated with the highest NPV for the Government and performs much better in all other criteria. This is due to the fact that Option 3 represents a smooth transition towards the regulatory solution, is combination of Options 1 and 2 and minimizes the risks associated with each of them. In Option 3, society is more prepared for regulatory changes due to prior awareness-raising complaints. However, the risks associated with implementing and monitoring the regulatory policy might remain.

MONITORING AND EVALUATION PLAN

(FOR THE PREFERRED OPTION)

To keep track of the performance of the reform and its impacts, and to be able to modify it in case of failure to achieve the reform objectives set in section III of this report (“Objectives”), it is necessary to develop an appropriate monitoring and evaluation plan, collecting the data necessary to perform an evaluation exercise at a reasonable frequency. The

indicators suggested to evaluate the performance of the system are divided into four main categories: the bargaining power of domestic workers, the risk of abuse and exploitation of domestic workers, the social benefits and social security for domestic workers and the awareness level of domestic workers regarding their rights.

Table 15:
Indicators of progress towards meeting the objectives

INDICATOR	FREQUENCY OF EVALUATION	RESPONSIBILITY FOR MONITORING
Bargaining power of domestic workers		
Corresponding changes in the labour legislation: definitions, recognition of domestic labour relations	One time	Parliament of Georgia GoG
Number of labour inspectors per 1,000 domestic workers	Yearly	Labour Inspection Service
Number of officers/individuals at the state legal service per 1,000 domestic workers	Yearly	Legal Aid Service
Number of complaints to the Labour Inspectorate and their results	Yearly	Labour Inspection Service
Number of cases filed by domestic workers to the state legal service and their results	Yearly	Legal Aid Service
Number of cases of domestic workers in court	Yearly	City Courts
Number of cases won by domestic workers in court	Yearly	City Courts
Number of trade unions for domestic workers	Yearly	Geostat
Density rate of domestic workers' trade unions (share of domestic workers in trade unions among all domestic workers)	Yearly	Geostat
Number of informal associations for domestic workers	Yearly	Geostat
Density rate of domestic workers' informal associations (share of domestic workers in informal associations among all domestic workers)	Yearly	Geostat
Collective bargaining coverage rate (share of domestic workers whose pay and conditions are determined by collective agreements)	Yearly	Geostat
Risk of abuse and exploitation of domestic workers		
Corresponding changes in the Labour Code: guarantee of weekly rest and paid overtime work, annual leave, privacy	One time	Parliament of Georgia GoG
Share of domestic workers reporting excessive working time (more than 40 hours per week)	Quarterly	Geostat
Share and number of domestic workers whose overtime work is paid (among those who work overtime)	Quarterly	Geostat

Number and share of domestic workers who report violations to their rights concerning paid overtime work, weekly rest, paid annual leave and privacy	Quarterly	Geostat
Corresponding changes in the law: giving the Labour Inspectorate the opportunity to inspect private spaces	One time	Parliament of Georgia GoG
Number of complaints filed to the Labour Inspectorate by domestic workers	Yearly	Labour Inspection Service
Share of complaints to the Labour Inspectorate that are followed up	Yearly	Labour Inspection Service
Share and number of domestic workers reporting health issues developed as a consequence of paid domestic work	Yearly	MoIDPOTLHSA
Number of court cases initiated by domestic workers in relation to occupational safety and health (including for harassment)	Yearly	City Courts
Incidence rate of occupational injuries among domestic workers (share of fatal and non-fatal injuries among all domestic workers over the reference period)	Yearly	City Courts
Social benefits and social security for domestic workers		
Share and number of domestic workers enrolled in the Georgian pension fund	Yearly	Pension fund Geostat
Share of retired domestic workers whose pension's replacement rate is above/below 60%	Yearly	Pension fund Geostat
Share of domestic workers receiving state support	Yearly	Geostat
Share of female domestic workers entitled to maternity leave benefits	Yearly	Geostat
Awareness level of domestic workers regarding their rights		
Number and frequency of social media advertisements	Yearly	MoIDPOTLHSA
Number of posts shared through social media and official channels by the responsible ministries	Yearly	MoIDPOTLHSA
Number and duration of TV programmes covering domestic workers' issues	Yearly	MoIDPOTLHSA
Number of consultations/meetings conducted by responsible ministries in the regions	Yearly	MoIDPOTLHSA
Share and number of domestic workers who indicate (via survey) that they are aware of their rights	Yearly	MoIDPOTLHSA
Number of meetings among domestic workers (national, regional and municipality levels)	Yearly	MoIDPOTLHSA Trade union
Number of meetings between domestic workers and all of the interested stakeholders, such as NGOs and human rights organizations	Yearly	MoIDPOTLHSA Trade union

PUBLIC CONSULTATION

PROCESS

A. DESCRIPTION OF THE PROCESS

The RIA of the ILO Domestic Workers Convention, 2011 (No. 189), was implemented between November 2019 and July 2020.

In November 2019, the ISET-PI project team started initial preparatory work to conduct the RIA process. Specifically, ISET-PI reviewed Convention No. 189 in detail, and the team identified potential policy topics on which to conduct the RIA.

From November to January, the RIA team started checking the available data, performing a review of the relevant literature.

ISET-PI presented possible RIA topics to a tripartite working group (employers' association, trade unions and government) in February.

The RIA process was suspended in March and April because of the COVID-19 crisis. In May, the RIA team resumed working on the topic.

The RIA team included ISET-PI researchers and was supported by ISET Associate Professor Norberto Pignatti and external legal consultants Nino Kashakashvili and Lika Jalagania. The team included researchers with experience in labour economics, public policy, regulation, gender economics, cost-benefit analysis and RIA. Tasks were divided in accordance with the competencies of the researchers. The external consultant assisted the team with her expertise on the Georgian labour legislation, ILO conventions and related standards.

The decision-making approach adopted by the team was collegial and coordinated by the team leader.

B. CONSULTATION AND EXPERTISE

Data collection took place throughout the project implementation period. The consultations with various stakeholders mainly took place from May to July 2020.

The first step was identifying the main stakeholders and categorizing them in an influence-interest matrix format. Table 16 presents this matrix.

Table 16:
Influence-interest matrix

	LOW INFLUENCE	HIGH INFLUENCE
LOW INTEREST	Labour-market experts Human rights NGOs/foundations (Human Rights and Monitoring Center (EMC) and Georgian Young Lawyers' Association (GYLA))	Public Defender Legal Aid Service
HIGH INTEREST	Private employment agencies for domestic workers Domestic workers Legal experts	MoldPOTLHSA – Labour and Employment Policy Department Labour Conditions Inspection Department ⁹⁸ ILO representatives Trade unions UN Women

98 Now the Labour Inspection Service.

Several meetings were held with these stakeholders in order to get a comprehensive overview of the existing working conditions of domestic workers, to reveal current issues and problems domestic workers face and to identify possible solutions to improve the working conditions of domestic workers.

Multiple methods were used to reach this goal: desk research, requests for official data, face-to-face and online consultations, an online survey and in-depth interviews. Table 17 summarizes the information collected and the methods used.

Table 17:
Description of data and research methods

DATA AND INFORMATION	METHODS USED/SOURCE
International experience on domestic workers' working conditions	Desk research
Number of domestic workers and their working conditions, including number of working hours, income, type of job, etc.	Desk research, particularly an analysis of the LFS database for the period 2017-2019
Domestic workers' socioeconomic and demographic characteristics	
Recruitment procedures for domestic workers, type of contract and working conditions offered by the employment agencies, problems faced by domestic workers, etc.	In-depth interviews with employment agencies, as well as data gathered from their websites
Working conditions of domestic workers in employment agencies, including wages, working hours, paid leave, overtime reimbursement, fees paid to agencies, etc.	
Terms and conditions offered by employers to domestic workers: monthly working hours, daily working hours, working days per week, wages, and hourly wages	Desk research, particularly gathering information from Facebook vacancy announcements about the conditions that employers offer to domestic workers
Information about domestic workers: motivations for engaging in domestic work; satisfaction level about their working conditions; behaviour of domestic workers when their working conditions are violated; attitudes towards their employers; attitudes regarding the formalization of domestic work; preferable income tax rate; attitudes regarding awareness-raising about their rights; etc.	Online survey of domestic workers, conducted by the RIA team (July 2020)
Number and nature of disputes initiated by domestic workers	Data requested from courts

Consultations with the different stakeholders served different purposes. The meetings with UN Women representatives at the beginning of the RIA were aimed at defining the general purpose of the analysis. Later meetings with UN Women representatives were devoted to project updates, discussion of the collected information, and the opinions of the different parties.

Consultations with the different government representatives provided insight about the position of the Government of Georgia regarding the conditions of domestic workers and the level of the Government's readiness for ratifying Convention No. 189.

Consultations with the Labour Conditions Inspection Department aimed to identify its functions, mandate and readiness to monitor the working conditions of domestic workers.

The meeting with the human rights NGOs/foundations, unions and the Ombudsman provided clarifications about the existing legislative gaps, the current problems domestic workers face, the level of their protection under the existing legislation and suggestions regarding the changes in law/policy to improve the working conditions of domestic workers. Consultations with employment agencies were focused on the employment relationship between the domestic worker and the employment agency. In particular, discussions covered the terms and conditions of the relationship; how the agreement was reached; the employment agencies' views about these conditions; and the perceived roles, rights and obligations of each party towards the other.

The key findings of the consultations with the main stakeholders are summarized in Table 18.

Table 18:
Summary of consultation process

STAKEHOLDER/ STAKEHOLDER GROUP	METHOD OF CONSULTATION	SUMMARY OF RESPONSES	COMMENT
Human rights NGOs/foundations	Online interviews: 8 June, EMC 19 June, EMC 9 July, GYLA	<p>Current situation:</p> <ul style="list-style-type: none"> • Domestic workers are not recognized by law as being employed. • The Labour Code excludes domestic workers from protective mechanisms. • Domestic workers are not able to apply to the courts or the Public Defender on the basis of labour relations. • Domestic workers cannot apply to the Labour Inspectorate. • Domestic workers can appeal to the courts or the Public Defender, in case of any form of discrimination or harassment. • There are no disputes initiated by domestic workers in the courts today. • Domestic workers do not apply to the EMC or the GYLA for consultation or legal aid. • There are several NGOs that provide free legal services with very limited resources. • The problems faced by domestic workers have been especially aggravated under the current COVID-19 pandemic crisis. • Due to an unclear employment status, domestic workers have restricted access to finance. <p>Solution:</p> <ul style="list-style-type: none"> • Domestic work/workers should be defined explicitly as a labour relationship, and/or an additional normative act should be adopted accordingly. • The Labour Inspectorate's mandate should be extended to domestic workers, and its obligations must be directly stated in the legislation. • Relevant protocols should be adopted to allow for the Labour Inspectorate to inspect private spaces. • Domestic workers' awareness level should be raised by obliging employers to inform their employees about their rights (fines might be imposed). • Domestic workers' awareness should be raised about the future risks of being engaged in such kinds of labour relations. • Informal associations that raise the awareness of domestic workers should be established. • Informal associations might provide lawyers who give domestic workers general information, at least at the consultation level. <p>Opportunities:</p> <ul style="list-style-type: none"> • Employees will be more protected. • Domestic workers will at least know what their rights are and be able to respond accordingly if their rights are violated. • The courts or the Public Defender will be able to review cases of domestic workers on the basis of labour relations. • The Labour Inspectorate will be able to address the problems of domestic workers. 	Response taken into consideration

A lawyer who has worked on the amendments of the Labour Code	Online interview: 31 July, Zakaria Shvelidze	<p>Current situation:</p> <ul style="list-style-type: none"> “Worker” in Georgia has a broader definition than “employee” (hired worker); consequently, domestic workers should be defined as domestic employees. As long as domestic workers satisfy the condition of engaging in organized work, they are covered by the Labour Code. Domestic workers are informal workers who do not pay taxes, are not seen in the labour market and do not enjoy labour rights. There are no cases in the courts of domestic workers claiming their rights. Domestic workers are less likely to get maternity leave/benefits, and this is even more complicated when it comes to employment with service contracts. <p>Solution:</p> <ul style="list-style-type: none"> Awareness-raising will work if it is supported by the legislative framework. Establishment of unions is challenging and associated with difficulties. Raising awareness should somehow be a state policy of the MoDPOLHSA. Civil society organizations, NGOs and trade unions might also contribute to awareness-raising. Domestic workers should have access to the information through TV, radio, newspapers, social media and posters in the streets and on public transport. <p>Opportunities:</p> <ul style="list-style-type: none"> When it comes to labour rights, as long as the Labour Inspectorate’s mandate is extended, it will cover any work area/ space, including domestic workers if they are in an employment relationship, i.e. recognized by the Labour Code. If they are not recognized by the Labour Code, the Labour Inspectorate can inspect without prior notice, and the court order can allow for an inspection of any area, including a private area, where there is sufficient doubt about child labour and forced labour. In this context, domestic workers can also be covered by the draft Law of Georgia on Labour Inspection. 	Response taken into consideration
Public Defender	Online interview: 23 June	<p>Current situation:</p> <ul style="list-style-type: none"> Domestic workers are outside the law and are not allowed to use protective mechanisms. Domestic workers have no written contracts. Domestic workers do not apply to the Public Defender because they are not in a formal labour-law relationship and might fear unemployment as retribution. <p>Solution:</p> <ul style="list-style-type: none"> Advocate and lobby at the state level. Introduce appropriate regulations and formalize such work. The Labour Inspectorate’s mandate should be strengthened and extended to any area of economic activity. Increase awareness through informational campaigns. <p>Opportunities:</p> <ul style="list-style-type: none"> Increase protection in case of violence and any type of harassment. Create better working conditions. Have the opportunity to apply to the courts or the Public Defender. 	Response taken into consideration

Legal Aid Service	Online interview: 23 June	<p>General information about the organization:</p> <ul style="list-style-type: none"> ● Legal consultations and legal services are provided free of charge for everyone. ● Legal services are provided to socially vulnerable persons or to members of socially vulnerable families. ● The organization offers external consultations as well in different municipalities, villages and cities. It also provides online and telephone consultation services. ● The number of customers has been increasing over the years. ● The organization has been expanding not only its territorial coverage of service but also the variety of its services. <p>Current situation:</p> <ul style="list-style-type: none"> ● Domestic workers have not applied for free legal services due to their unawareness of their human and labour rights and/or the lack of information about the existence of the Legal Aid Service. <p>Solution:</p> <ul style="list-style-type: none"> ● Awareness-raising campaigns through social media advertising on both the regional and the national level. ● Further analyses of this topic should be made. ● National and international laws should be compared. ● All inefficiencies in the local laws should be corrected. ● There should be a definition of domestic work/workers in the law. ● The right to appeal should be explicitly written in the law. ● The competence of the Legal Aid Service should also be defined. 	Response taken into consideration
Trade union	Online interview: 7 July	<p>Current situation:</p> <ul style="list-style-type: none"> ● Domestic workers do not use protective mechanisms, such as the courts, law enforcement or the Public Defender. ● Domestic workers might have a variety of fears – a fear of lack of evidence, a fear of losing social assistance, a fear of being accused of not paying taxes and illegally receiving allowances – that would prevent them from using protective mechanisms. ● Domestic workers are the most vulnerable category of the employed. ● No legal guarantees or social schemes apply to domestic workers, including state support during the COVID-19 crisis. ● The accumulative system excludes domestic workers from earning a decent income after reaching retirement age; they will only be able to receive a basic pension, thus increasing their vulnerability. ● There is no domestic workers' union in Georgia. ● The legislation does not create any barriers to becoming a member of the trade union, nor does the union's internal rules. ● Organizing domestic workers is difficult; there were attempts by the trade union to organize them, but the interest was low. ● On the basis of the existing legislation, the union can only offer domestic workers awareness-raising, advocacy and lobbying campaigns, not specific legal aid. ● Workers who are a member of the union have to decide the amount of membership fee. <p>Solution:</p> <ul style="list-style-type: none"> ● Formalization of domestic work is only solution. ● Formalization needs incentives from the State. ● If the State does not offer additional benefits that encourage domestic workers to become formally employed, they will not be interested in having a formal status. ● Establish a union. ● Extend the Labour Inspectorate's mandate to domestic workers. <p>Opportunities:</p> <ul style="list-style-type: none"> ● The establishment of a domestic workers' union will have a positive effect in the long run. ● The level of this effect depends on the number of members and their activity and requires hard work and time to engagement in such activities. ● Formalization may reduce the rate of domestic-work employment due to the income tax liability. 	Response taken into consideration

ILO	Online interviews: 8 July 21 July	<p>There are two types of ratification. Some countries who believe that they need to make improvements in law or in practice ratify a convention to be able to benefit from the assistance, guidance and supervision from the ILO. However, the majority of countries makes sure their law in practice is in line with the ILO convention before ratification, in order to avoid criticism for not fulfilling the rules of the convention.</p> <p>Ratification of these conventions does not really mean that they are interpreted in the national context very well. The ILO is definitely keen on ratification but, at the same time, is very much interested to see a legal framework and government enforcement mechanisms to enforce such commitments.</p> <p>Current situation:</p> <ul style="list-style-type: none"> ● There are challenges with formalization and enforcement and issues with wage payments, mainly for reasons related to cultural and social barriers. ● Domestic workers have never been looked at as employees; rather, they are perceived as part of the family or some sort of support worker. ● Enforcement in this sector is particularly complicated due to the peculiarity of the workplace (i.e. private spaces) and the gaps in legislation and practice. ● The interviewed stakeholders have different opinions around the definition of domestic work. While one reckons that the labour law does not cover domestic workers, the other believes that the broad definition of labour relations should in principle cover domestic workers. ● The Labour Inspectorate's mandate does not apply to domestic workers. ● Judges do not have any experience with working on cases regarding domestic workers. ● The issues related to an eight-hour workday, holidays and live-in workers are still not regulated in Georgia. ● Domestic workers do not have access to any social protection, including state support during a crisis (such as COVID-19); this increases their vulnerability during future periods of crisis. ● There are no unions to represent domestic workers and to advocate for their rights. ● There are no institutions that provide trainings and certification to domestic workers. ● There are no guarantees that such workers would not be victims of any kind of harassment or verbal abuse. <p>Solution:</p> <p>One of the stakeholders disapproves having an explicit definition of domestic work, since he considers that this change will necessitate the creation of specific definitions for all other groups of workers. The other stakeholder, however, recommends the development of a special law about domestic workers. Other recommendations include the following:</p>	Response taken into consideration
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		<ul style="list-style-type: none"> ● Creating incentives like lower taxation rates for this segment to ensure formalization of the sector. ● A detailed investigation of new amendments to the Labour Code to learn if there is a need for refinement in order to better protect domestic workers' rights. ● Awareness-raising among both employees and employers. ● Testing a domestic work case in the court system, including checking for the applicability of the labour law or civil law for domestic workers. ● Establishment of recruitment agencies. ● Establishment of informal associations. ● Creation of a license or certificate that proves domestic workers' skills and experience. ● Disaggregation of the type of work and tasks that domestic workers do based on the ILO occupational classification system. <p>Opportunities:</p> <ul style="list-style-type: none"> ● Significant contribution to economic growth. ● Gets more clarity on the legal status of domestic workers. ● Better represents their interests. ● Leads to improved regulation coverage in certain security arrangements. ● Allows domestic workers to be protected during crises. ● Can provide evidence on domestic workers' background and skills. 	
Labour Conditions Inspection Department	Online interview: 10 July	<p>General information about the Labour Inspectorate:</p> <ul style="list-style-type: none"> ● The Labour Inspectorate has a mandate to inspect occupational safety issues any time and impose sanctions, without notifying employers, based on the organic law. ● The Labour Inspectorate has a recommendatory character and cannot impose sanctions when inspecting labour rights; employers should be notified in advance, as employers' permission is required to conduct an inspection. ● Employees usually apply to the Labour Inspectorate via mail. ● During an inspection, labour inspectors inform employees about their rights and provide them with written information. ● The Labour Inspectorate conducts informational campaigns and distributes flyers to trade unions and business associations. ● After an inspection, the Labour Inspectorate writes a report, which can then be used by the employee in court. ● In 2019, the Labour Inspectorate inspected 150 sites for labour rights violations; 107 of the sites were located in Tbilisi. ● The most common violations of labour rights were the lack of awareness about a contract (18 per cent) and unpaid overtime work (14 per cent). <p>Current situation:</p> <ul style="list-style-type: none"> ● Domestic workers who are self-employed are not able to apply to the Labour Inspectorate. ● Domestic workers who are employed through private employment agencies are able to apply to the Labour Inspectorate, but they still do not use this opportunity. ● The lack of information and low awareness about their rights prevent domestic workers employed through private employment agencies from applying to the Labour Inspectorate. <p>Solution:</p> <ul style="list-style-type: none"> ● Domestic work should be formalized. ● The Labour Inspectorate should have the same right on labour rights as it has on labour safety. <p>Opportunities:</p> <ul style="list-style-type: none"> ● The Labour Inspectorate's work will become more efficient. 	Response taken into consideration

MoIDPOTLHSA	Face-to-face interview: 21 July	Solution: <ul style="list-style-type: none"> ● Changes are needed in the Labour Code. ● The monitoring of the tax collection process should be improved, and any related enforcement problems (i.e. problems related to registering informal workers) should be eliminated. ● Domestic workers should have a status – for example, either individual entrepreneurs or self-employed. ● Identifiable signs of a labour relationship must be specified for domestic workers. 	Response taken into consideration
Domestic workers' employment agencies	Telephone interview	Current situation: <ul style="list-style-type: none"> ● Domestic workers apply to employment agencies mainly for help with finding an employer. ● Demand for domestic workers has been substantially increasing over the years. ● Nannies/domestic helpers are the most demanded category of the group. ● Employers usually require a recommendation from previous employers. ● As for nannies, families usually require primary medical education and prefer workers with pedagogical experience. ● Training opportunities for domestic workers are limited. ● Different types of contracts are written; some are service contracts, while others are work contracts. ● The issue of whether domestic workers are paying income tax is vague. ● Despite any type of contract, domestic workers are not completely protected from violations of contract conditions, which are usually revealed with the expansion of responsibilities settled before labour relations begin. In such cases, agencies intervene and try to change the contract; however, it is a challenging task. This is even more problematic when there is a labour relationship settled with a verbal agreement. ● Even workers in employment agencies prefer to work without contracts to avoid any additional responsibilities. ● There have been cases where domestic workers complained about unfair treatment from their employers. Nevertheless, the agencies' intervention is limited to telephone communication; sometimes they just advise their employees to leave their workplace. ● Domestic workers usually come from vulnerable families, so they heavily depend on their current workplace and are still afraid of losing their job. ● The termination or suspension of contracted labour relations between a domestic worker and an employer is a common occurrence, with either party citing the reason(s). ● During this pandemic crisis, workers who had a contract received assistance from the State. However, those who only had a verbal agreement had difficulty with receiving any assistance, although some workers who used to receive their salary in cash asked their employers to write for them a document that could prove their employment status. 	Response taken into consideration

ANNEXES

ANNEX 1.

VACANCY ANALYSIS OF DOMESTIC WORKERS

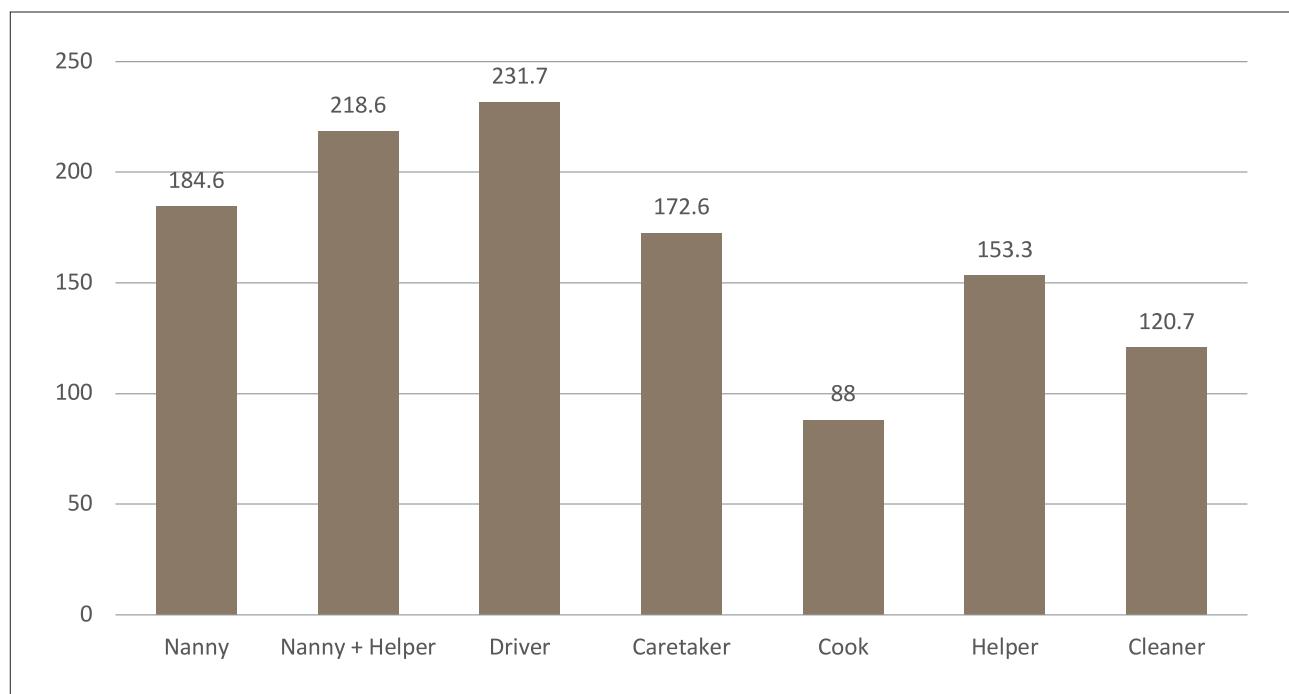
Vacancy analysis

The RIA team analysed the demand for domestic workers by collecting and analysing announced vacancies on the Facebook pages of three employment agencies for domestic workers for the past year (from 15 July 2019 to 15 July 2020). After sorting and cleaning the initial data (around 1,050 observations), 894 observations were left.

Figure 7 shows the distribution of average working hours per month among the different types of occupations. It is clear that this distribution is formed from the offered working time and not the actual one. In order to analyse the actual working time per

occupation, a further analysis of the labour supply side is needed. As one can see from the bar chart, on average, drivers are offered the highest working hours among the given occupations. Together with drivers, the only other category that works more than 200 hours per month on average is the “nanny + helper” category. Compared to caretakers and helpers, nannies work 12 and 29 hours more per month, respectively. Cooks and cleaners are asked to guarantee a smaller number of working hours due to the specific job they perform. While children and the elderly need almost constant care, it is quite hard to imagine that cooking and cleaning a house requires working eight hours per day.

Figure 7:
Average number of working hours per month

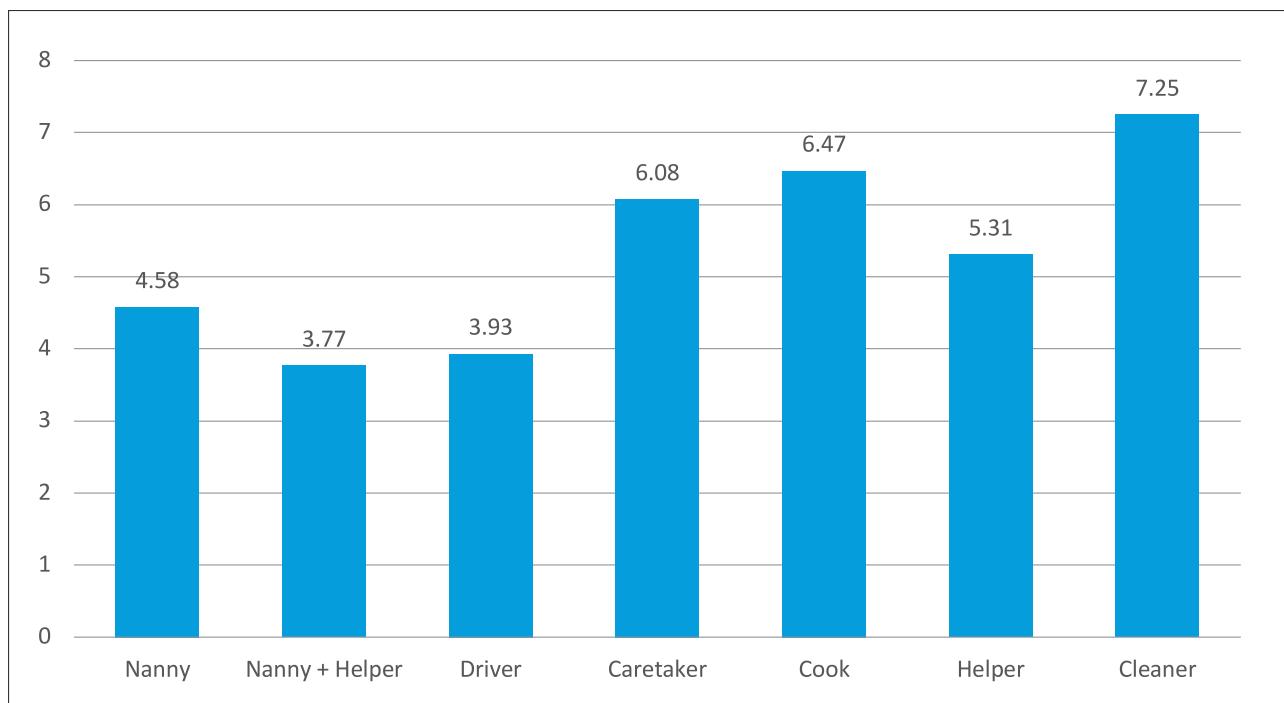


Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

Figure 8 depicts the average hourly salary of employees of different occupations. Naturally, given that the average monthly wages are relatively similar across occupations, those who work less will get a higher average hourly wage. That is what can be observed in this bar chart – cooks and cleaners get

the highest average. They are followed by caretakers and helpers. Nannies and those with mixed responsibilities (nanny + helper) get a relatively lower average wage. As they work more than their counterparts, they get a lower average. The same logic holds in the case of drivers, as well.

Figure 8:
Average hourly wages (GEL)

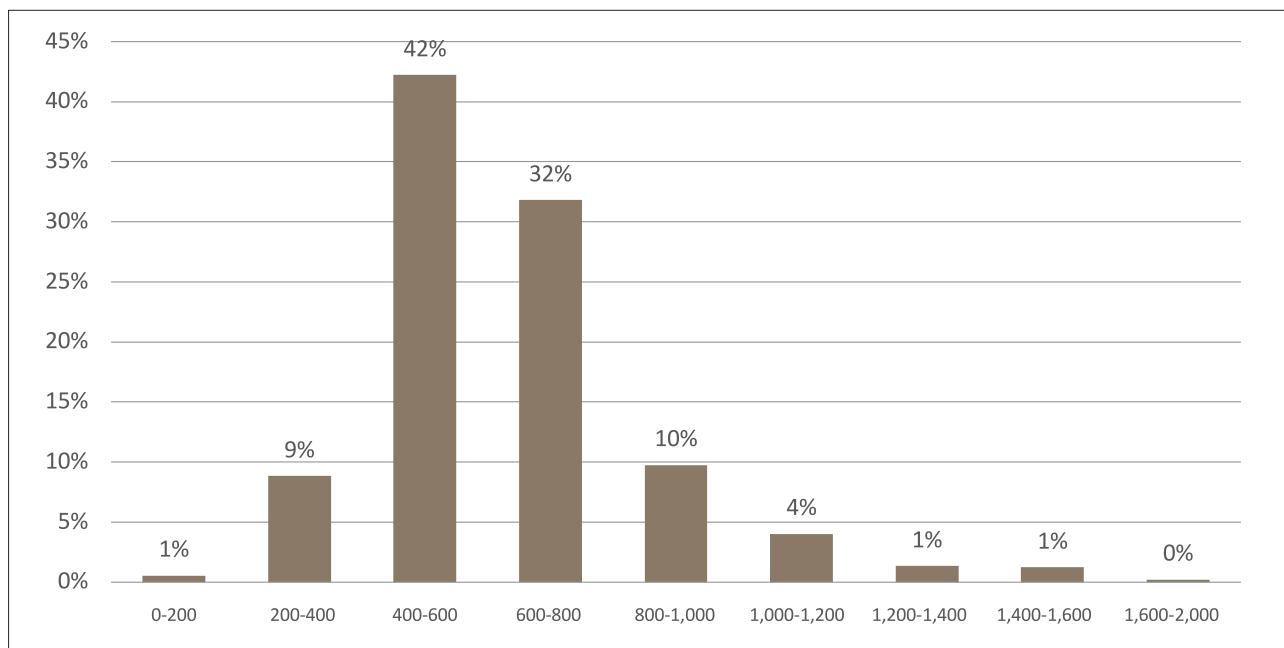


Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

Figure 9 represents the distribution of monthly wages in the predefined ranges, based on the entire dataset. The bar chart is skewed left, and most of the

workers come into the low-income ranges, with at least 84 per gets a monthly income lower than the average monthly income in Georgia.

Figure 9:
Distribution of monthly wages, in GEL

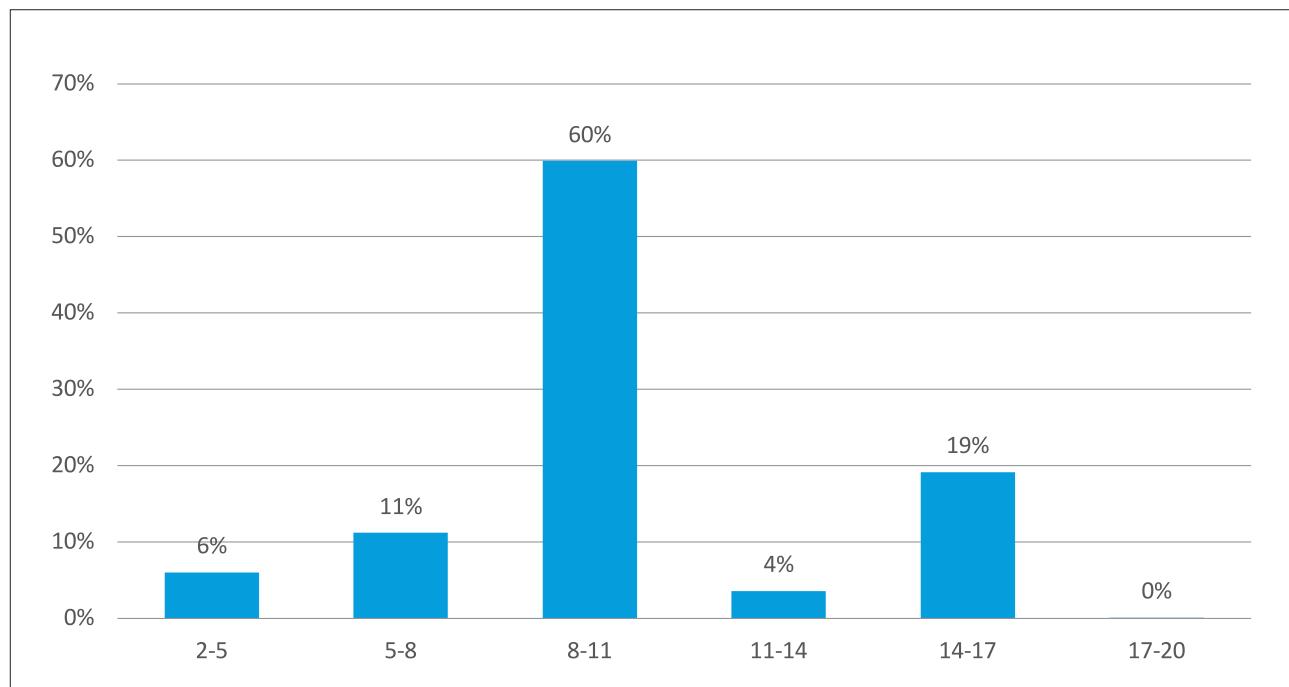


Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

Figure 10 shows the distribution of working hours per day. As one can notice, most of the people are required to work more than eight hours per day, up to and including 11 hours. It can also be observed that there are many positions requiring work of

more than 14 hours per day. The conclusion is that employers, most likely, require either a standard work schedule of 8 to 10 hours per day or round-the-clock employment (mostly in the case of nannies and caretakers).

Figure 10:
Number of working hours per working day

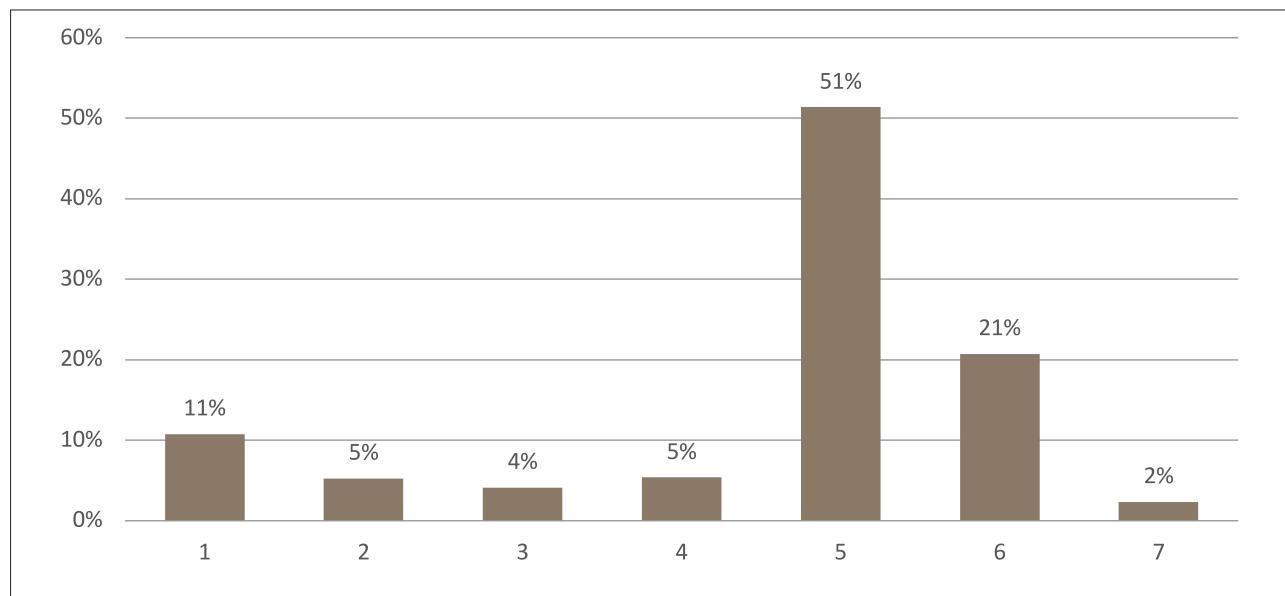


Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

Figure 11 shows the distribution of working days per week. Not surprisingly, the majority of announcements offer a typical, five-day work week. This is followed by a work schedule offering only one

day of rest per week. Another common schedule is working only one day per week. The other options are relatively scarce.

Figure 11:
Number of days worked per week

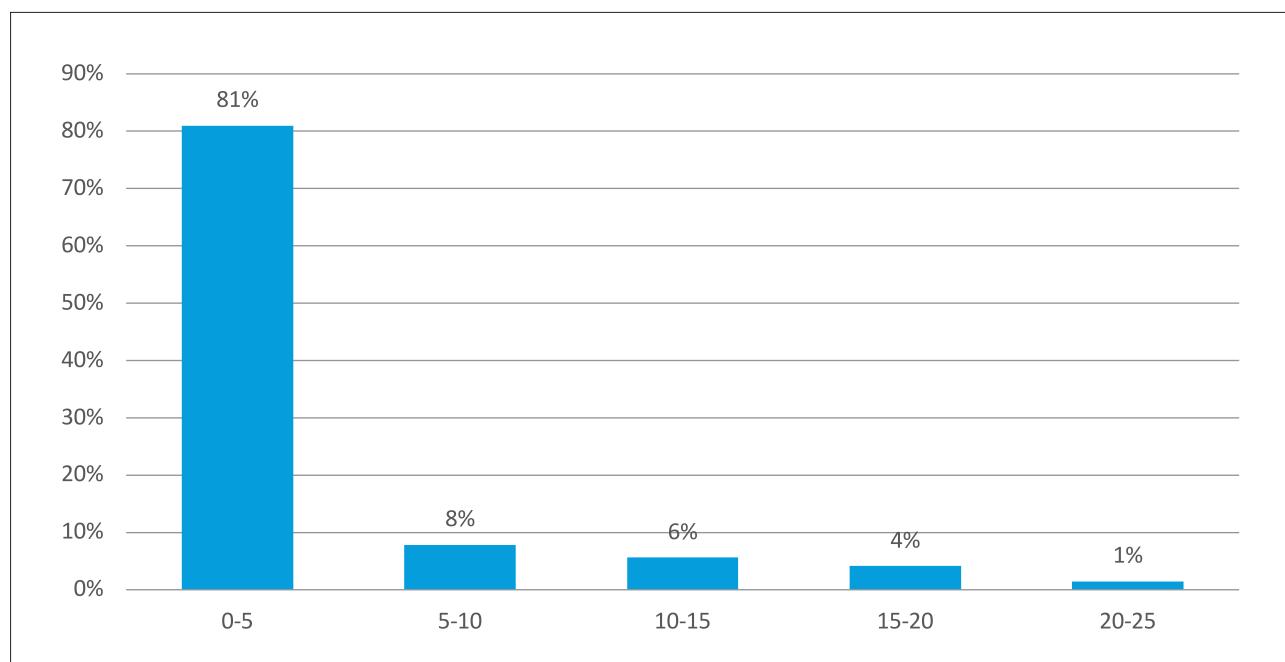


Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

Figure 12 shows the average hourly wages across the observation. This distribution is also skewed left, and the mean of the variable is obviously more than its mode. Most of the people are offered an hourly

wage (which is estimated) of less than or equal to GEL 5. It is very rare to encounter employees offered more than GEL 10 per working hour.

Figure 12:
Hourly wage distribution, in GEL



Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

The RIA team used a linear regression analysis to identify the determinants of the hourly wage level. The hourly wage of an individual was the main variable of interest. The explanatory variables were as follows: hours worked per day; days worked per week; location of the job (a dummy variable equals 1 if Tbilisi, 0 otherwise); the currency in which the

salary was offered (either GEL or USD); and dummy variables for each type of occupation (with “nanny” set as the reference group). The first estimation showed that the specification suffered from heteroscedasticity, so the robust standard errors were used. After this specification was implemented, the following variables appeared to be significant:

Table 19:
Results of the estimation

Variable	Slope estimate	95% confidence interval
Number of hours per working day	0.10866***	[0.028311 ; 0.1888789]
Number of days per week	-1.8646***	[-2.036097 ; -1.693015]
Location	-1.1237***	[-1.805852 ; -0.4415639]
Being a driver	1.6912***	[.5099405 ; 2.872469]

Source: Authors' calculations based on the announced vacancies' data (15 July 2019 – 15 July 2020).

*** Indicates a 1 per cent level of significance.

The results show that, on average, with one unit change in working hours per day (i.e. one additional hour of work), the average hourly wage will increase by GEL 0.11. The third row tells us that with each additional day a person works per week, his/her hourly wage will decrease by GEL 1.86, on average. This might reflect the fact that the salary is diminishing as the number of days per week increases; in other words, with more days at work, the salary might increase but not very dramatically, thus decreasing the hourly average. The location appears to significantly influence the wage of a person. Generally, the surroundings of Tbilisi (Kojori, Tsavkisi, Tskneti, etc.) are expensive, and the results provided in Table 19 show the same patterns – as moving out of Tbilisi, the average hourly wage increases by GEL 1.12, on average.

A very interesting finding is that of all occupations, the driver dummy is significant. On average, drivers get GEL 1.69 more per hour compared to nannies (which is set as the control variable). The representatives of other occupations do not get a statistically significant salary when compared to the income of an average nanny. This result might be explained using the gender factors affecting the wages. Almost all (if not 100 per cent) of the announcements are looking for female nannies, caretakers, cleaners and cooks, while the drivers that the employers look for should be male. it can be said that “being a driver” is equal

to “being a male”, and “being anything other than a driver” is equal to “being a female”. The gender role is definitely not the sole factor responsible for wage differences, but it clearly has its effect. Deeper analysis of a richer dataset should be conducted in order to correctly identify what is the proportion of the difference in hourly wages, which is caused due to gender discrimination.

Terms and conditions offered by domestic workers' employment agencies

The RIA team also did desk research and interviewed employment agencies about the terms and conditions that they offer to domestic workers. The findings are as follows:

- Employment agencies usually require commission fees from domestic workers, which in some cases amount to half or all of the first month's salary.
- Some employment agencies offer domestic workers an option to redistribute the commission fee over the whole year and not to have a one-time payment.
- The majority of employment agencies do not usually offer training to domestic workers. Nevertheless, two agencies have been revealed to offer free training to their employees either on request or once a year.

ANNEX 2.

QUESTIONNAIRE FOR DOMESTIC WORKERS

Survey for Domestic Workers

Welcome, and thank you for participating in the study. Please fill this out if you work in Georgia, in someone else's family or have similar work experience (including as a family helper, nanny, caretaker, family cook or personal driver). The study is conducted by the ISET Policy Institute and aims to explore the working conditions of employees in families and find ways to improve them. Your opinion is very important to us. The survey is anonymous.

* Required

1. Your gender: *

- Male
- Female

2. Please indicate your age.*

2.1 To which of the following categories of employees do you belong? (If you have more than one work experience, circle your most recent work experience) *

- Babysitter
- A helper in the family
- Family cook
- Private driver
- Caretaker
- Other: _____

3. Your work experience: *

- I am currently working
- I am not currently working, but I have experience working in one of the above-mentioned categories

Please answer the following questions based on your experience in the aforementioned services.

All questions relate to your current or most recent work experience.

4. Why did you decide to work in this field? Please circle all relevant reasons. *

- Because of the salary
- To earn extra income for the family
- Due to the flexible work schedule
- The job is located near my house
- I work with a relative or an acquaintance
- I could not find another job
- Other: _____

6. What type of contract do you have for this job? *

- Written
- Oral (agreement reached verbally)
- We do not have any agreement

6.1 Has the employer violated the terms of your contract/agreement? *

- Yes
- No

5. How did you find this job? *

- Through an employment agency, online or based on an application
- Based on the recommendation and advice of friends/relatives
- On my own via a social network (Facebook or another social network)
- Through a Facebook group
- I am employed in an employment agency
- Other: _____

6.2 If yes, what was the specific violation? You can circle one or more violations.

- I was paid late
- I was paid less than the agreed amount
- I was not paid
- I was not given the promised days off
- I had or have to work longer hours than we have agreed, without extra pay
- I do or have been doing more work than we have agreed, without extra pay
- Other: _____

Please rate the factors below using a five-point scale.

7. How would you rate your salary satisfaction level? *

I am completely unsatisfied 1-2-3-4-5 I am completely satisfied

8. How would you rate your level of satisfaction with your working conditions? *

I am completely unsatisfied 1-2-3-4-5 I am completely satisfied

9. How would you rate your level of satisfaction with your work schedule? *

I am completely unsatisfied 1-2-3-4-5 I am completely satisfied

10. How would you rate your level of satisfaction with the number of days off during the week? *

I am completely unsatisfied 1-2-3-4-5 I am completely satisfied

11. How would you rate your level of satisfaction with the length of your vacation? *

I am completely unsatisfied 1-2-3-4-5 I am completely satisfied

12. How would you rate the attitude of your employer towards you? *

Very negative 1-2-3-4-5 Very positive

13. How much do you agree with the following opinion: "I am like a family member to my employer"? *

I totally disagree 1-2-3-4-5 I totally agree

14. How much does the employer help you in case of personal problems (illness or other)? *

Does not help me at all 1-2-3-4-5 He Completely helps me

15. What extra benefits do you get from your job? Indicate all possible benefits. *

 - My employer takes me on vacation
 - My employer provides me with transportation
 - My employer provides me with food
 - Sometimes my employer gives me more salary
 - My employer helps my family members
 - I have no additional benefits
 - Other:

The following questions are related to your general views on employment.

16. How acceptable is the following situation for you:
"I can work more than 40 hours a week without additional pay if my employer asks me"? *
It is completely unacceptable 1-2-3-4-5
Absolutely acceptable

though there was no prior agreement on it"? *
It is completely unacceptable 1-2-3-4-5
Absolutely acceptable

17. How acceptable is the following situation for you: "I can do other household chores, even though there was no prior agreement on it"? *
It is completely unacceptable 1-2-3-4-5
I do not know it all 1-2-3-4-5 I know it very well

Please answer the following questions based on your experience working as a domestic worker. All questions relate to your current or most recent work experience.

19. Have you ever felt awkward and/or uncomfortable at work? Circle all possible answers. *

 - I have not had such a case
 - I have been addressed rudely
 - My employer has threatened to fire me
 - My employer has blamed me for something I never did (e.g. damage to a household item)
 - My employer has set up video cameras to monitor my every move
 - My employer has used verbal or physical abuse
 - My employer has tried to sexually harass me
 - Other: _____

20. Have you had any disputes or disagreements with your employer while working as a family employee?

- Yes continue to questions 20.1 and 20.2
- No continue to questions 20.3 and 20.4

20.1 How did this dispute end?

- We talked to each other and clarified the subject, and I continued working
- We involved other family members, solved the issue together and continued working
- I applied to the police to protect my rights, but I had to leave the job
- I applied to the Public Defender to protect my rights, but I had to leave the job
- I applied to the courts to defend my rights, but I had to leave the job
- I quit my job
- Other: _____

20.2 In future, if there is a dispute, would you apply to the courts, the Public Defender or the Labour Inspectorate, and why? *

- Yes, I would refer to them because they better protect my rights
- No, because in this case, I will have to leave the job, and it is possible I'll stay unemployed
- No, because a lawsuit in court is related to significant financial and time resources
- No, since my work is not part of formal employment, it is difficult to prove disagreements and disputes in these conditions
- No, because complaining in the courts will not give me any real result
- No, because if the State finds out that I work, I may lose my social assistance
- No, because I do not know exactly how much I am entitled to this right as an informal worker
- No, because I have heard of similar cases that did not end well
- Other: _____

20.3 In case of a dispute, how would you behave?

- We would talk to each other and clarify the

- subject, and I would continue working
- We would involve other family members, solve the issue together and continue working
- I would apply to the police to protect my rights
- I would apply to the Public Defender to protect my rights
- I would apply to the courts to defend my rights
- I would quit my job
- Other: _____

20.4 In the event of a dispute, would you apply to the courts, the Public Defender or the Labour Inspectorate, and why? *

- Yes, I would refer to them because they better protect my rights
- No, because in this case, I would have to leave the job, and it is possible I would stay unemployed
- No, because a lawsuit in court is related to significant financial and time resources
- No, since my work is not part of formal employment, it is difficult to prove disagreements and disputes in these conditions
- No, because complaining in the courts would not give me any real result
- No, because if the State found out that I work, I could lose my social assistance
- No, because I do not know exactly how much I am entitled to this right as an informal worker
- No, because I have heard of similar cases that did not end well
- Other: _____

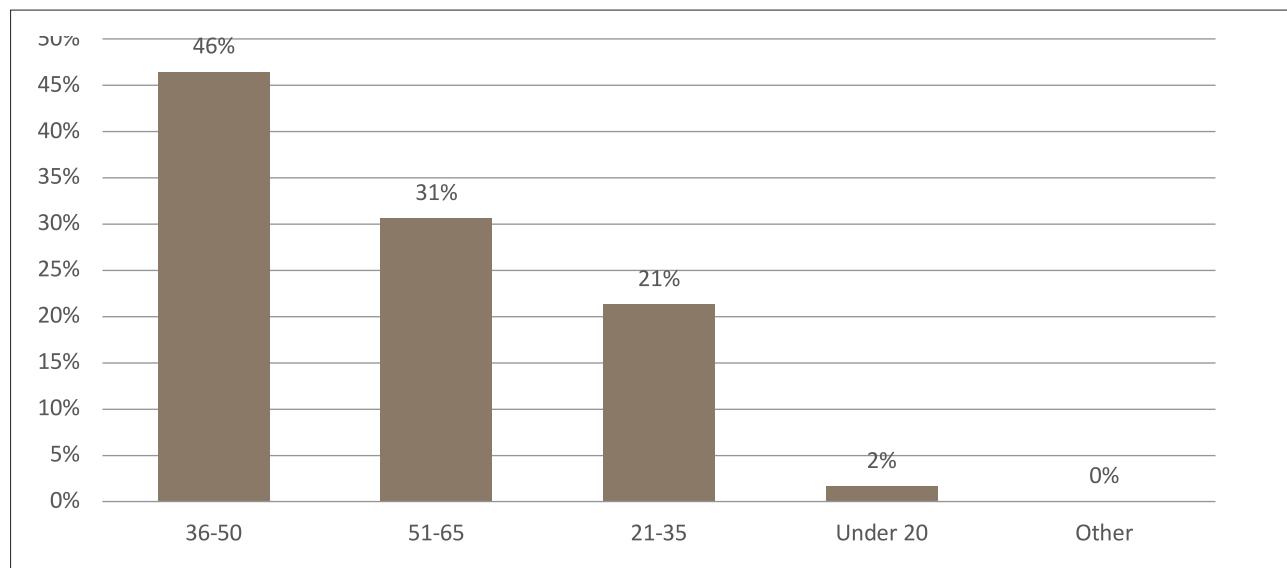
21. If there was an association that would serve to improve your working conditions as a family employee, which of the following functions would be important to you for this association to have? (Mark all possible options) *

- Sharing experience and additional skills needed for the job among association members
- Finding a new job more quickly with the help of contacts from union members in the

- event of job loss or expiration of a contract
 - Assisting each other in resolving disagreements or disputes with an employer
 - Getting information about my rights with the help of a lawyer
 - Getting advice from an association lawyer before finalizing a contract/agreement
 - Consulting with a lawyer, in the event of a dispute or conflict
 - Other: _____
22. Would you like to join the Domestic Workers' Association? *
- Yes, I would continue to question 22.1
 - No, I would not continue to question 22.2
- 22.1 Would you pay a membership fee to participate in this association?
- Yes
 - No
- 22.2 Why would you not want to join? Mark all possible answers.*
- I would not have time for that
 - My employer would not let me join
 - My employer may perceive this negatively and fire me
 - I do not see the need for such a union
 - I do not see the benefits of such a union
 - Other: _____
23. The pandemic has shown that the state approach can be differentiated between formal and informal employees. Which services offered to formally employed people are most desirable to you? (Mark the three most important)*
- Participating in the accumulative pension system
 - Receiving anti-crisis assistance during pandemics or similar crises
 - Protection of my labour rights and safety by the Labour Inspectorate
 - Taking maternity leave and receiving GEL 1,000 in state aid when a child is born
 - Regulation and control of overtime work by the State
24. What percentage of your income would you pay in taxes in exchange for the above services? *
- 20%
 - 10%-20%
 - 10%
 - 5%-10%
 - Up to 5%
 - Other: _____
25. Why might you not want to go into the formal sector of your working field and reap the benefits listed above? (Mark all possible options)*
- Regardless, I would like to become formally employed
 - Such services are not important to me
 - I think our employment will become more expensive and I may become unemployed
 - There will still be people who avoid taxes, leaving some formal-sector employees unemployed because they will be in unequal conditions
 - We will have more income reduction because we will have to pay taxes
 - Other formally employed people around me are dissatisfied with these benefits
 - I believe that the State will not be able to ensure the receipt of all the above-mentioned benefits
 - Other: _____

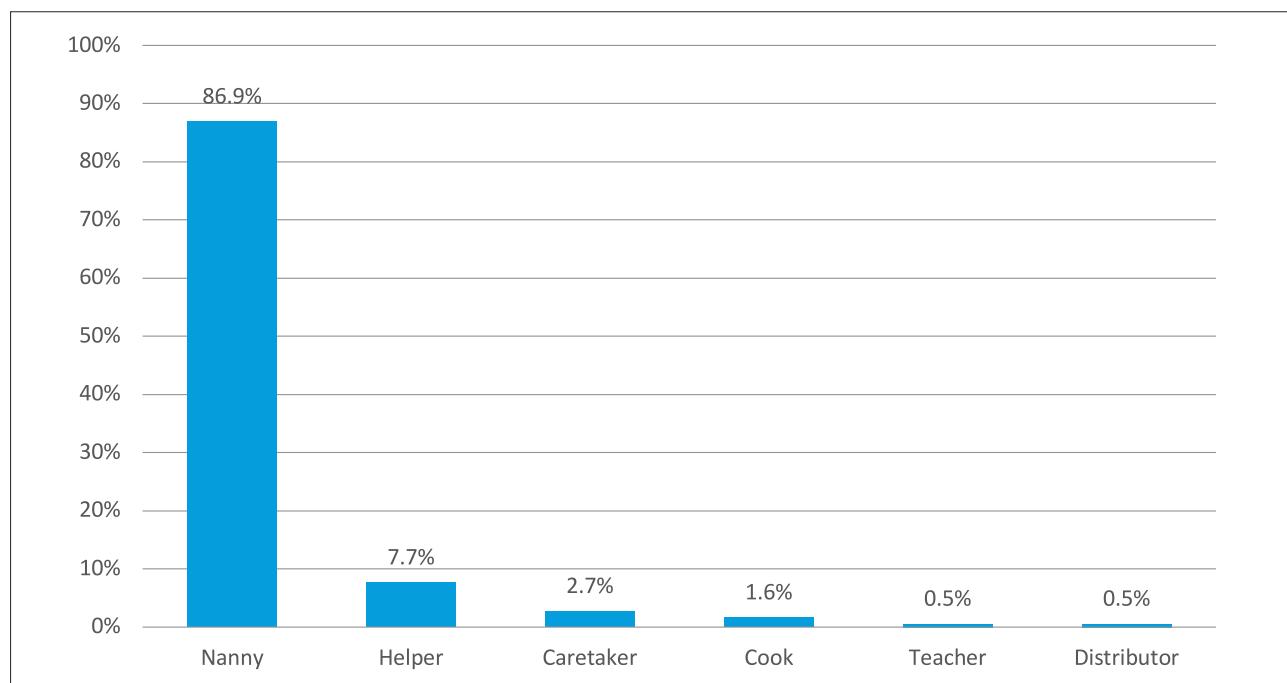
ANNEX 3. RESULTS OF THE SURVEY OF DOMESTIC WORKERS

Figure 13:
Age distribution



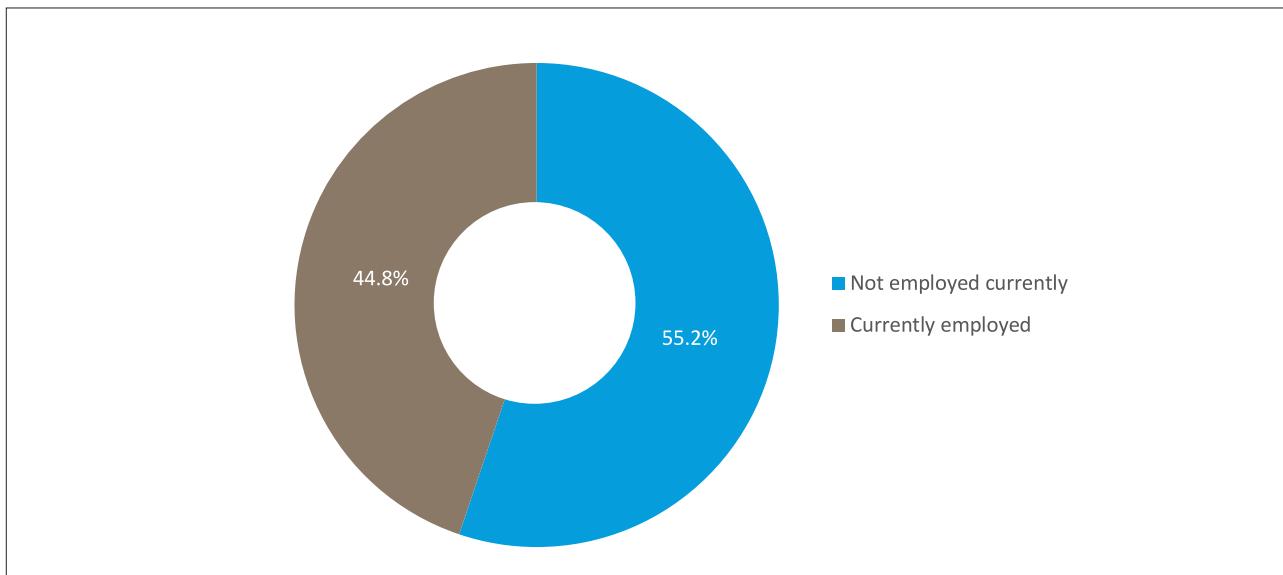
Source: Online survey of domestic workers conducted by the RIA team.

Figure 14:
Distribution of occupations



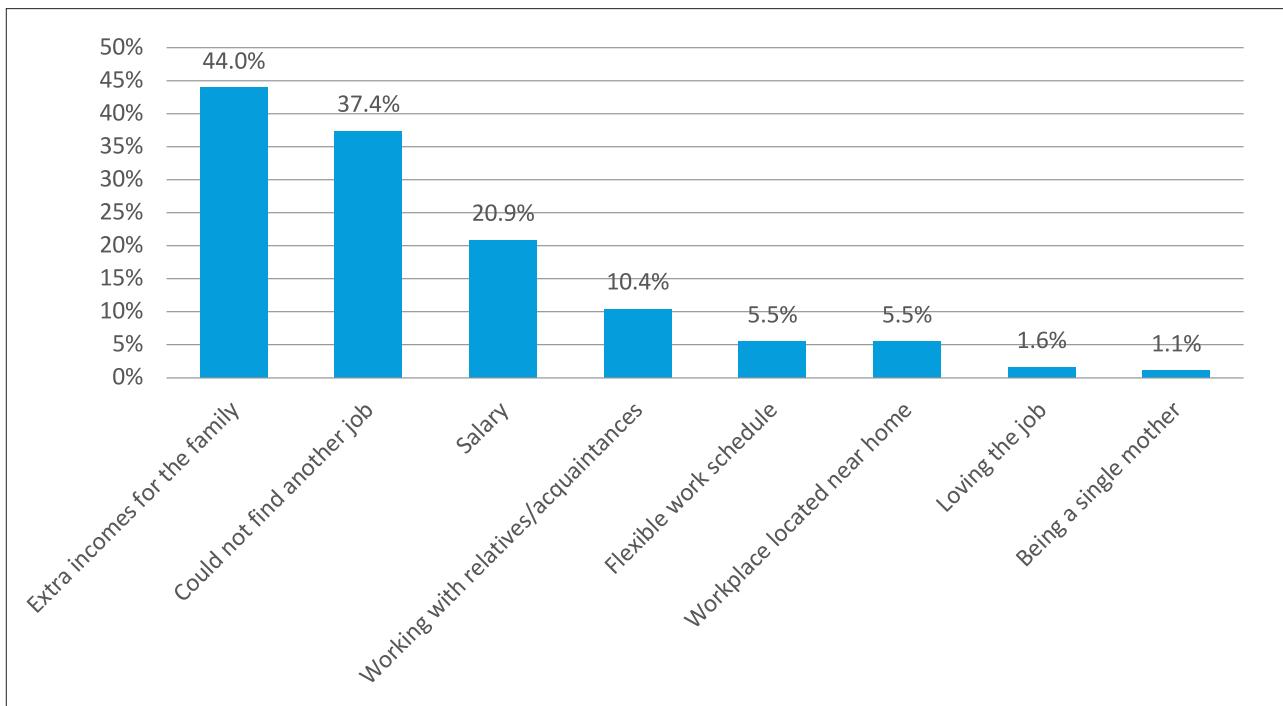
Source: Online survey of domestic workers conducted by the RIA team.

Figure 15:
Employment status



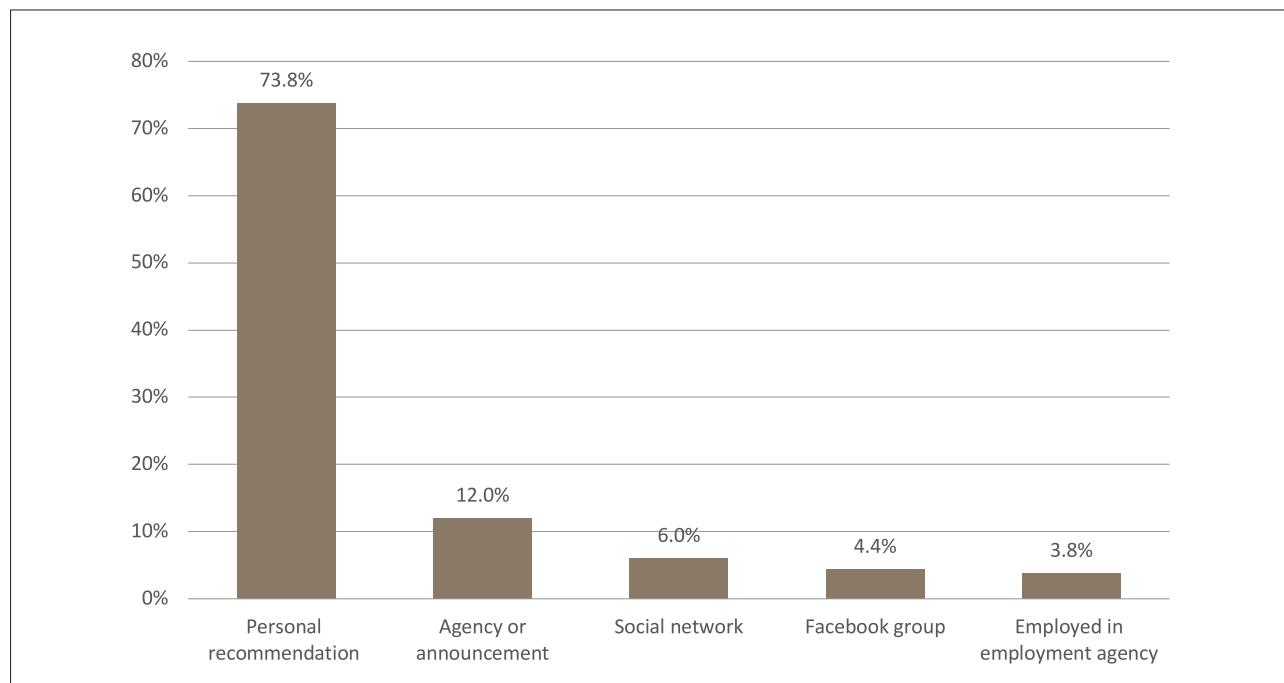
Source: Online survey of domestic workers conducted by the RIA team.

Figure 16:
Reasons for choosing this job



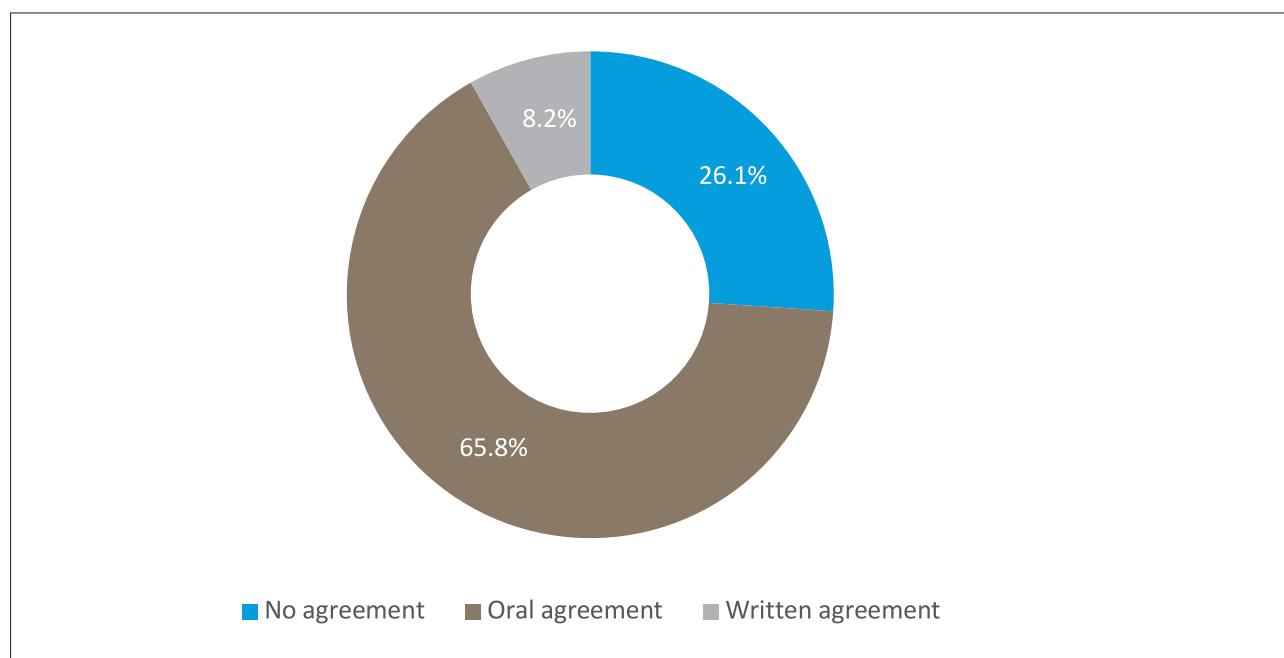
Source: Online survey of domestic workers conducted by the RIA team.

Figure 17:
Means of finding a job



Source: Online survey of domestic workers conducted by the RIA team.

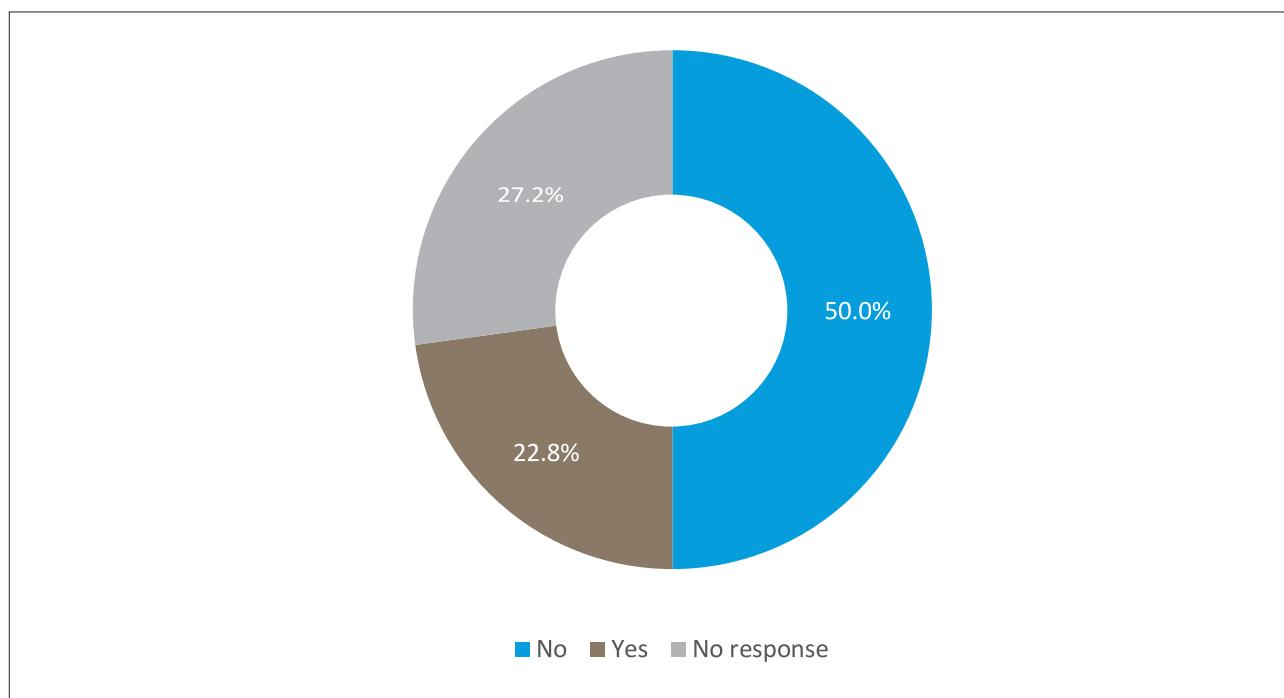
Figure 18:
Type of employment agreement



Source: Online survey of domestic workers conducted by the RIA team.

Figure 19:

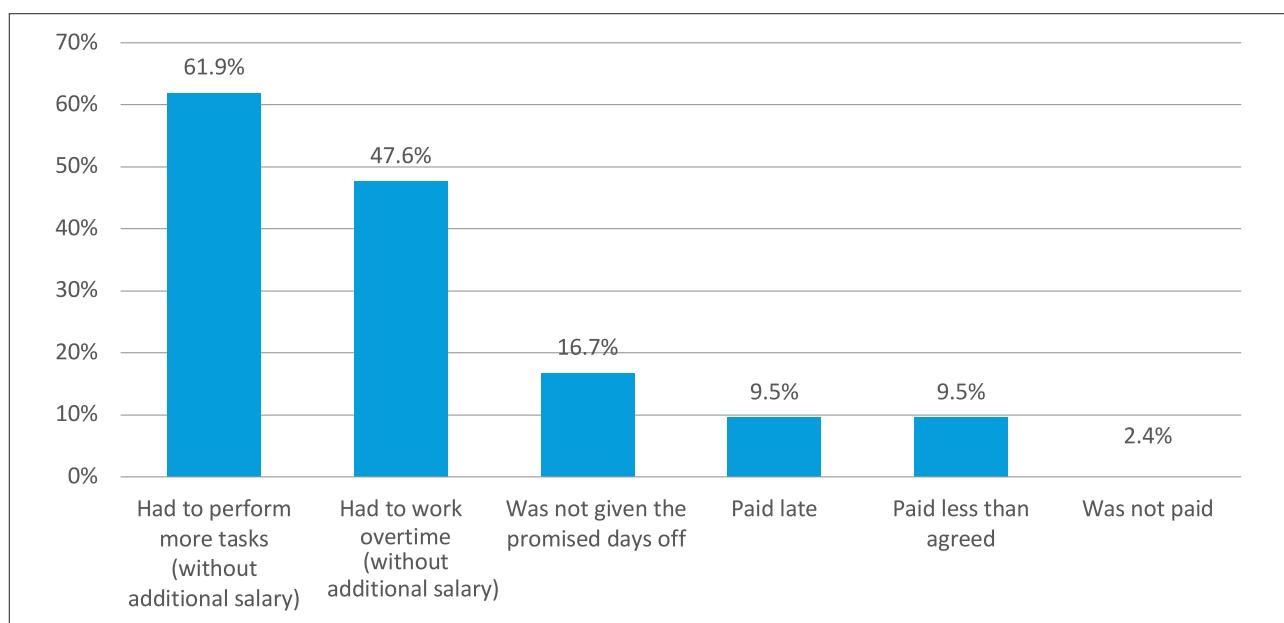
Any incident of an employer violating the agreement



Source: Online survey of domestic workers conducted by the RIA team.

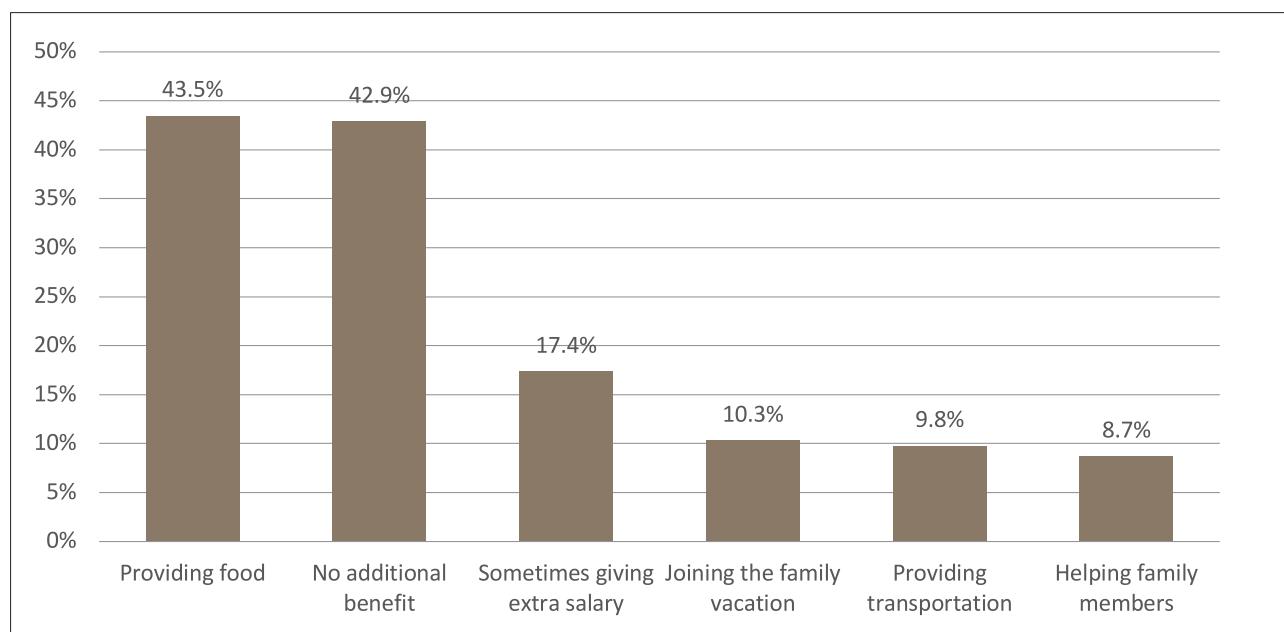
Figure 20:

Type of violation encountered



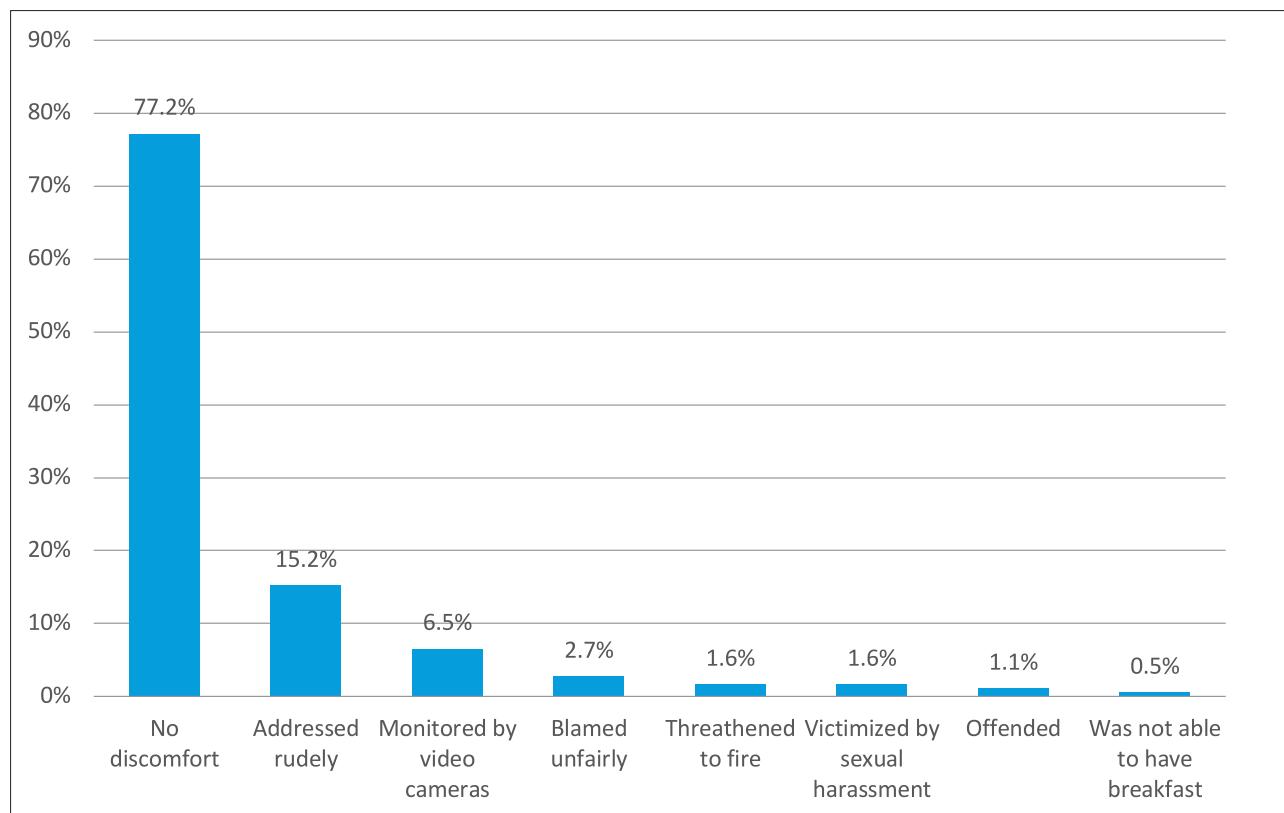
Source: Online survey of domestic workers conducted by the RIA team.

Figure 21:
Additional benefits provided by an employer



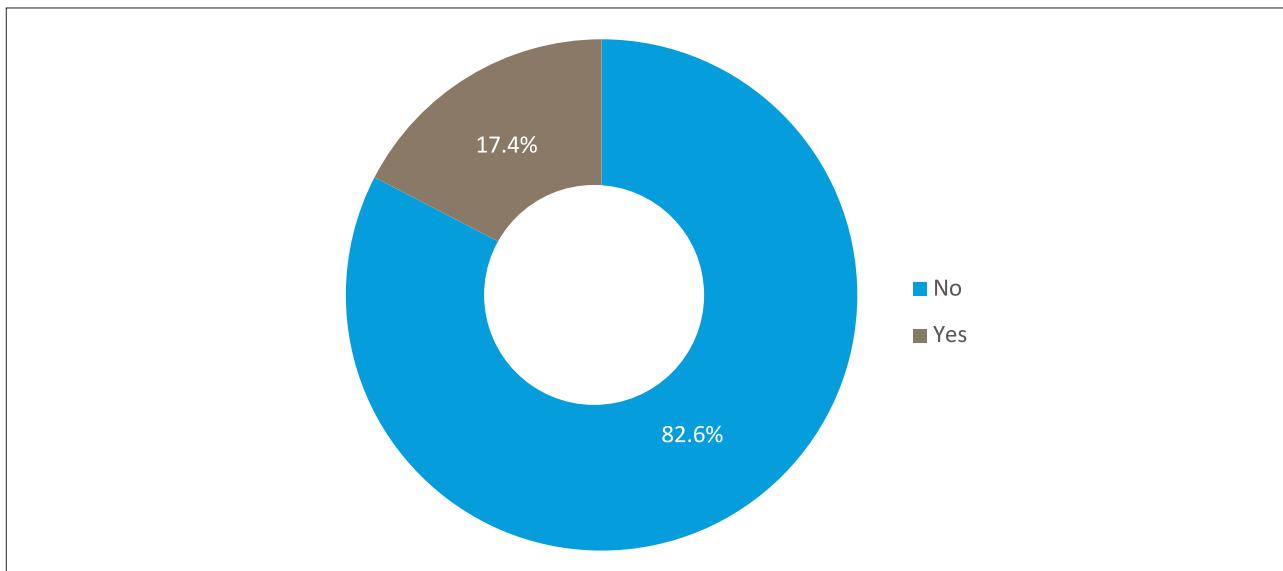
Source: Online survey of domestic workers conducted by the RIA team.

Figure 22:
Discomfort experienced by domestic workers in the workplace



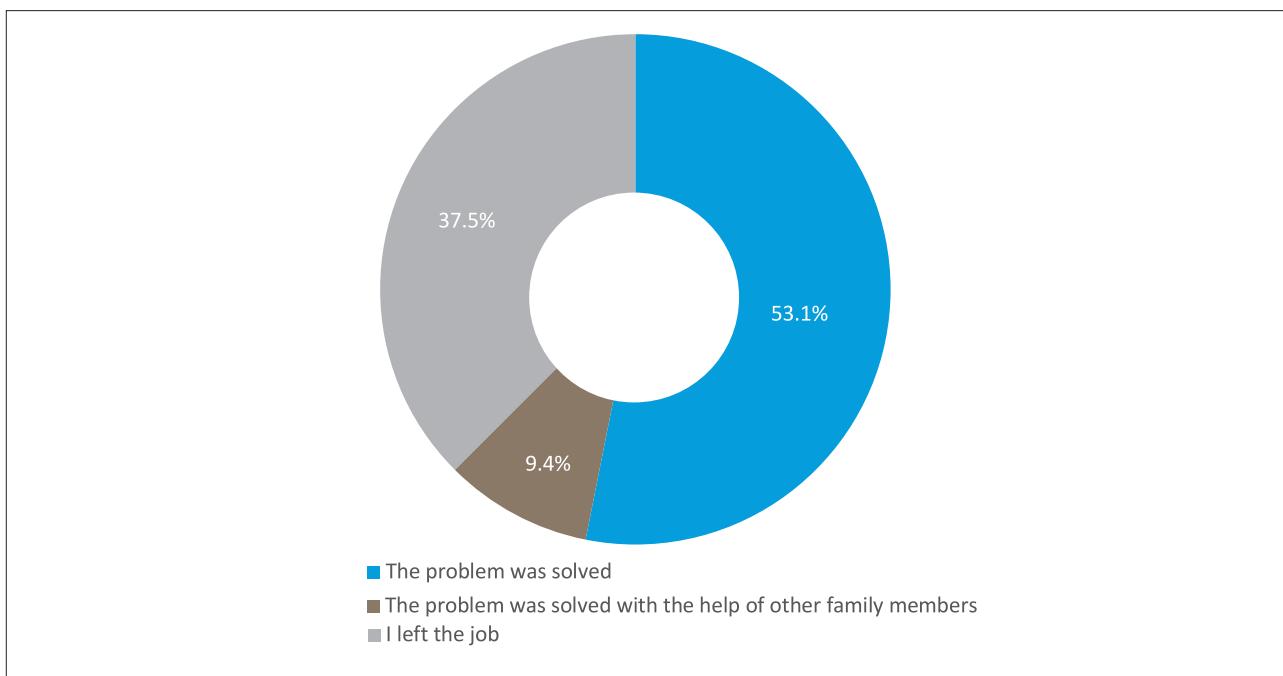
Source: Online survey of domestic workers conducted by the RIA team.

Figure 23:
Incidence of any conflict with an employer



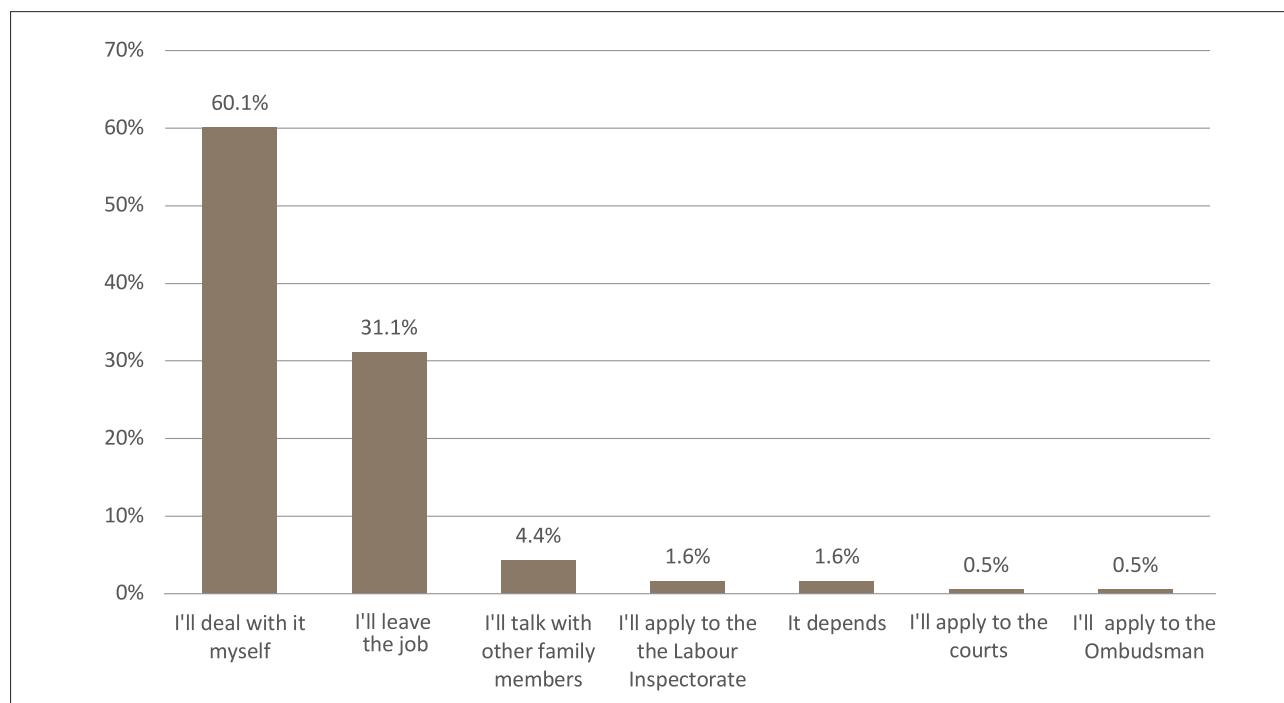
Source: Online survey of domestic workers conducted by the RIA team.

Figure 24:
Resolution of the conflict



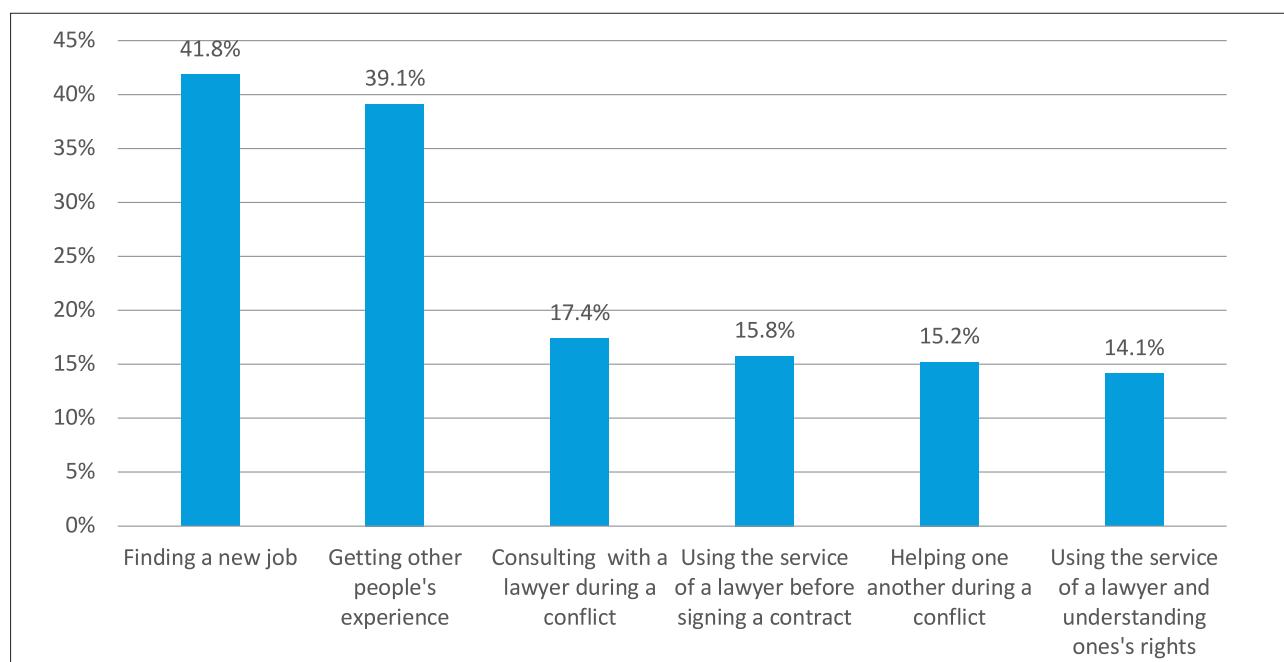
Source: Online survey of domestic workers conducted by the RIA team.

Figure 25:
Intended action in the event of a conflict⁹⁹



Source: Online survey of domestic workers conducted by the RIA team.

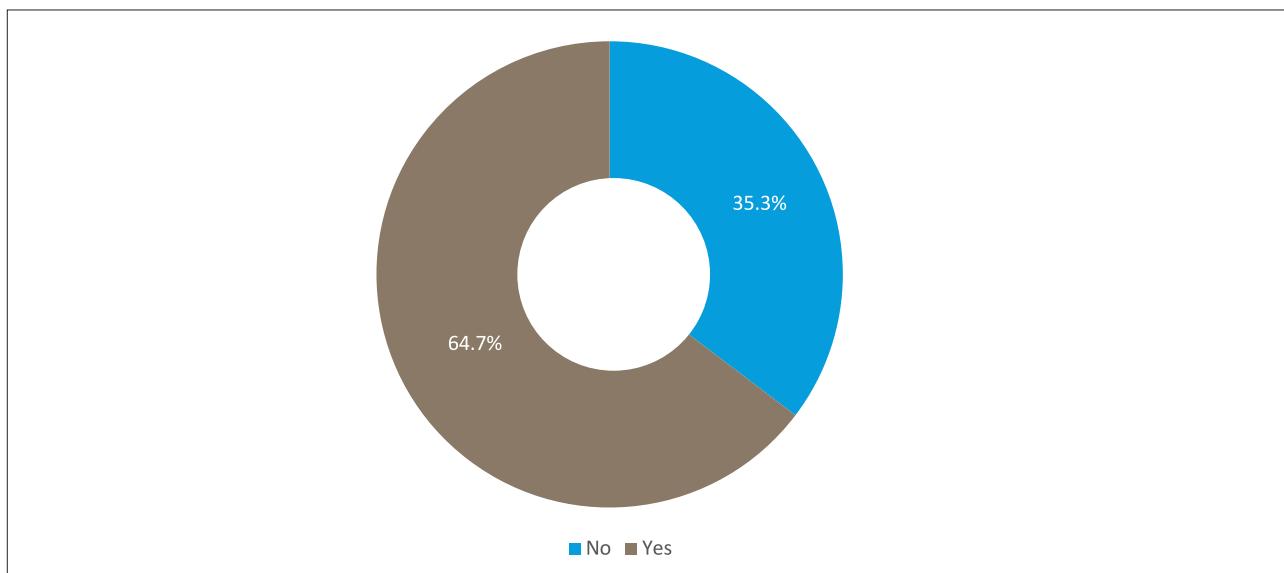
Figure 26:
Benefits of unions that are important to domestic workers



Source: Online survey of domestic workers conducted by the RIA team.

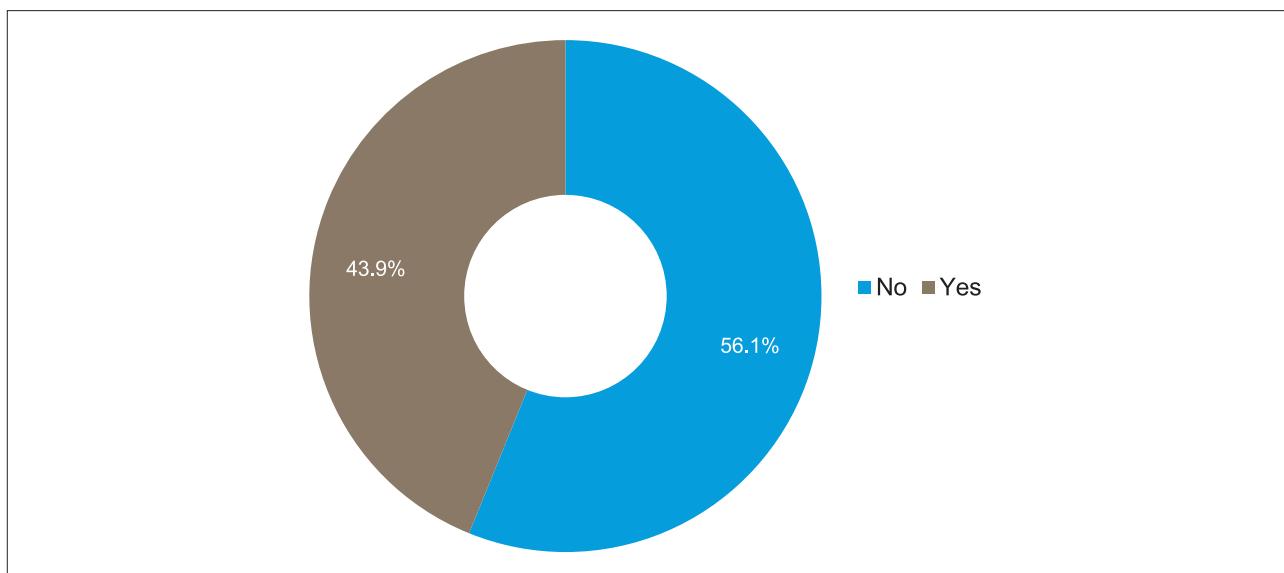
99 The question was asked to those respondents who have never had a conflict before.

Figure 27:
Interest in joining the labour union



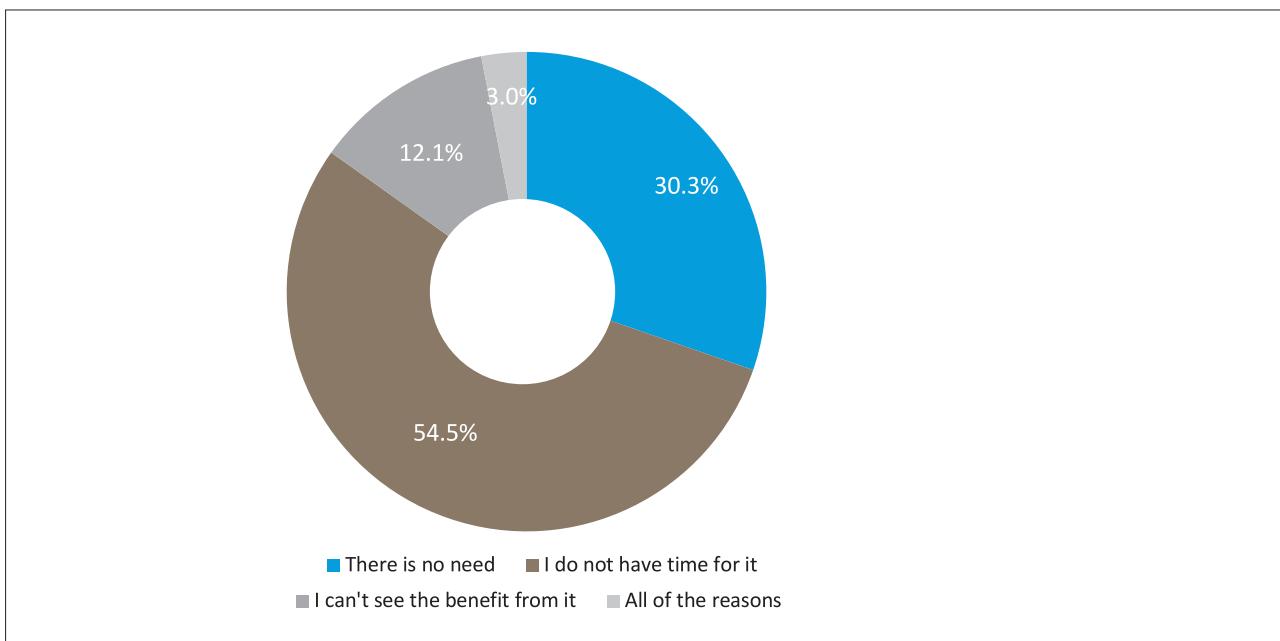
Source: Online survey of domestic workers conducted by the RIA team.

Figure 28:
Willingness to pay a membership fee to the union



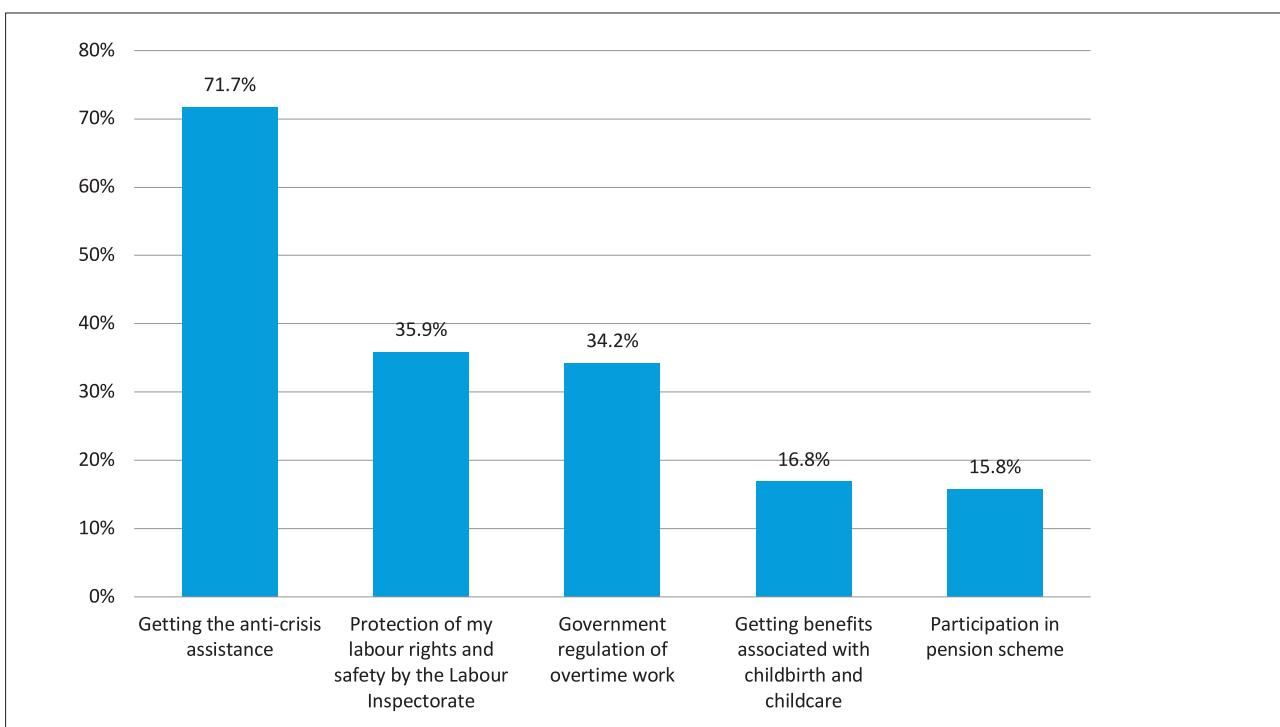
Source: Online survey of domestic workers conducted by the RIA team.

Figure 29:
Reasons for not joining the union



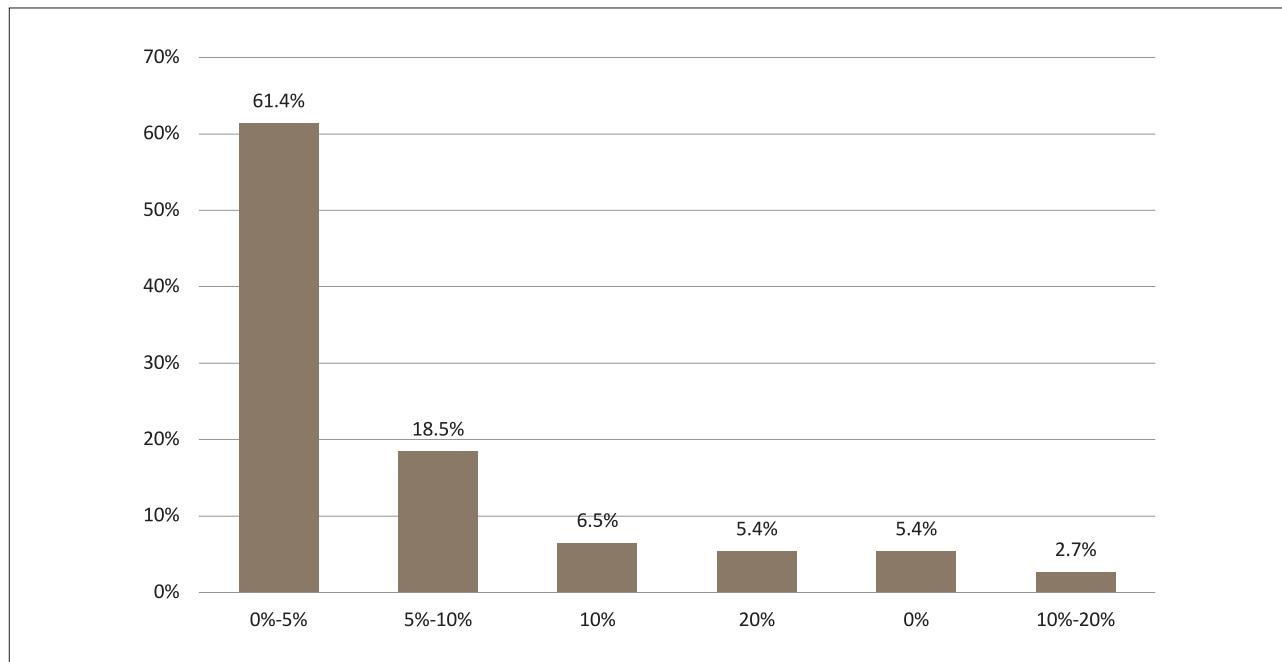
Source: Online survey of domestic workers conducted by the RIA team.

Figure 30:
The main benefits of working in the formal sector (after experiencing the pandemic)



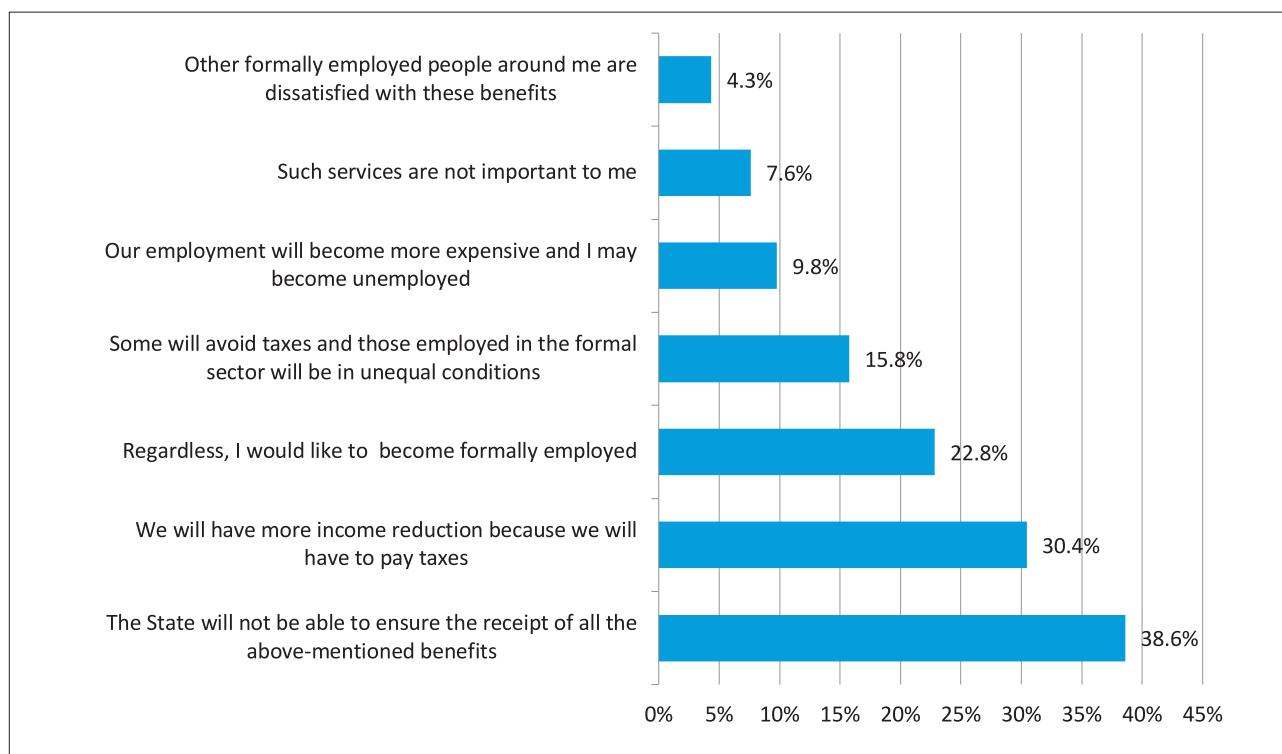
Source: Online survey of domestic workers conducted by the RIA team.

Figure 31:
Share of income one is willing to pay for the union-provided services



Source: Online survey of domestic workers conducted by the RIA team.

Figure 32:
Reasons for not going into the formal sector of one's working field and reaping the benefits listed



Source: Online survey of domestic workers conducted by the RIA team.

Table 20:
General assessment of working conditions (percentage of respondents)

Parameters	Extremely dissatisfied	Dissatisfied	Moderately satisfied	Satisfied	Extremely satisfied
Salary paid	19%	10%	35%	21%	15%
Work schedule	11%	12%	20%	24%	33%
Rest days	13%	12%	14%	17%	44%
Vacation	20%	13%	15%	15%	37%
Attitude of the employer	4%	4%	12%	19%	61%
Support for personal issues	4%	8%	8%	23%	57%
Overall working conditions	10%	10%	24%	23%	33%

Source: Online survey of domestic workers conducted by the RIA team.

ANNEX 4. RESULTS OF THE COST-BENEFIT ANALYSIS FOR DIFFERENT TAX LEVELS

Figure 33:

Comparison of incremental costs and benefits of policy options for 1 per cent income tax level (GEL)¹⁰⁰

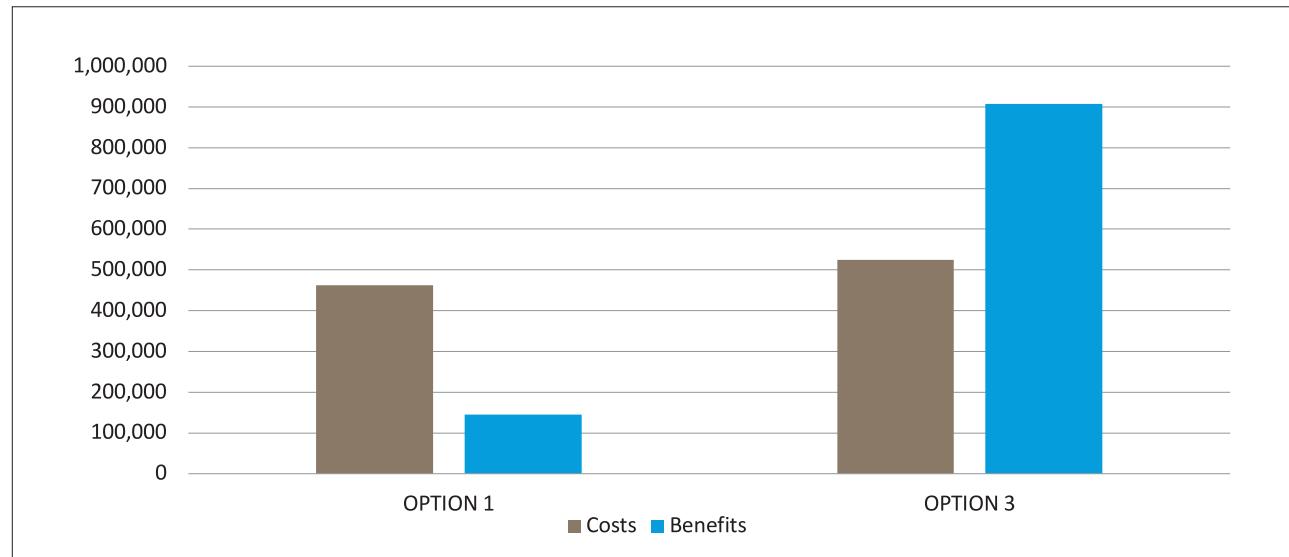
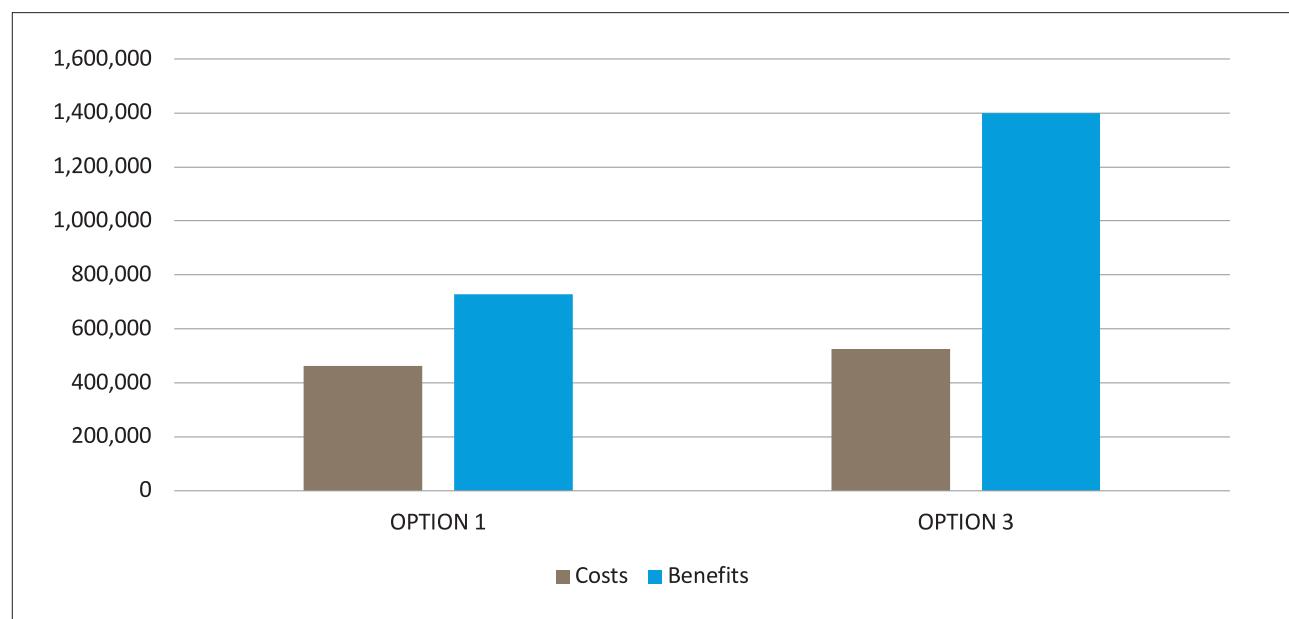


Figure 34:

Comparison of incremental costs and benefits of policy options for 5 per cent income tax level (GEL)¹⁰¹



100 1 per cent income tax level was used for Option 1; 20 per cent and 1 per cent income tax levels were used for the first and second stages of Option 3.

101 5 per cent income tax level was used for Option 1; 20 per cent and 5 per cent income tax levels were used for the first and second stages of Option 3.

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