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GEORGIA MUNICIPAL LIVEABILITY INDEX

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BACKGROUND

Economic development of the municipalities (outside capital) is one of the key sustainable development challenges in Georgia. The capital city of Tbilisi, while accounting for nearly 1/3 of the country's population generates 50% of GDP and keeps expanding, whereas the municipalities, with few exceptions, are losing population and suffering from high incidence of poverty, unemployment, and slow and weak economic development. 55% of the population lives under the poverty line of USD 6.85 a day (in Purchasing Power Parity) and one third is falling back to poverty. While local economic development is key, non-economic factors of poverty and liveability also are critical factors of people's well-being. What determines the attractiveness of a particular place for businesses and people are not just economic opportunities, but also other factors of "liveability", embracing aspects related to the social factors, governance, connectivity, and much more. Thus, tracking the indicators of liveability in the municipalities of Georgia will enable to identify progress towards removing constraints to local economic development and various aspects of the well-being of the population. It will also enable local decision-makers and other relevant stakeholders to identify and address priority actions for removing local development challenges. At the same time, it will energize the notion of 'local competitiveness' to encourage local governments to deliver more and better for its population and improve environment for local development.

RATIONAL BEHIND THE MUNICIPAL LIVEABILITY INDEX FOR GEORGIA

ISET Policy Institute has developed a detailed and salient "liveability" index for the municipalities of Georgia, with baseline year 2023. The objective of the Index is to provide a credible, transparent, data-driven, and reliable tool for measuring local liveability progress across the municipalities, allow for benchmarking of the progress across the country, and inform decisions on removing local development constraints.

Georgia lacks a uniform data collection system for municipalities. Implementation of a standardized approach to data collection at the municipal level is essential to ensure consistency and comparability. A unified framework would allow for better monitoring of demographic, economic, and social trends, enabling evidence-based decision-making. It would also facilitate data sharing between municipalities and other authorities, improving coordination and responsiveness to local needs. By establishing a baseline and tracking municipal data on an annual basis the Index promises to become (i) a tool to inform policymakers to make evidence-based, data-driven municipal policies through prioritizing interventions in areas that require the most attention and /or have greatest potential, (ii) enable benchmarking of municipalities in terms of progress towards improved liveability and energize local competitiveness; as well as (iii) a tool for empowerment of local stakeholders to effectively participate in local development decision-making.

Currently, there are no similar tools in Georgia that collect and/or consolidate municipal-level data and allow for benchmarking of the development progress across municipalities. In Georgia, two indices have been developed to assess and improve municipal performance across the country; however, the nature and focus of these indices are very different from the proposed ISET Liveability Index. One is the

Municipality Index of Georgia,¹ which covers five self-governing cities as well as the 20 largest self-governing districts from various regions. Its primary aim is to track municipal performance through three main criteria: service to citizens, support for entrepreneurship, and overall efficiency in governance. The other is the **Local Self-Government Index**,² which evaluates municipalities based on several dimensions, including proactive disclosure of public information, the use of e-governance tools, and the level of citizen participation and accountability in decision-making processes.

The municipality liveability index developed by ISET Policy Institute measures liveability level across municipalities and is comprehensive and multidimensional index covering four main domains: (1) Economy, (2) Connectivity, Infrastructure, and Services, (3) Demographics and Social Inclusion, and (4) Local Governance and Gender Equity, where the Local Governance incorporates the Local Self-Government Index as a key indicator. This Index would allow to see how different municipalities compare to each other in terms of progress towards improving the liveability and vulnerability spectrum, and where the binding constraints to development and the potential might lie. This will introduce some notion of healthy 'competitiveness' among municipalities in terms of the progress and improvements they deliver to population.

LIVEABILITY MEASURED GLOBALLY

Liveability and development indices have become essential tools globally and nationally for evaluating and comparing the quality of life, municipal performance, and development outcomes across regions. At the global level, indices like the **Mercer Quality of Living Ranking** and the **Global Liveability Index** by the Economist Intelligence Unit (EIU) assess cities worldwide based on factors such as political stability, healthcare, education, infrastructure, and the cultural environment. The **Regional Multidimensional Poverty Index** of Sweden³ offers a comprehensive framework for evaluating poverty through multiple dimensions, including health, education, employment, and access to essential resources.

Nationally, countries have adopted customized indices to address their specific development contexts. For instance, **North Macedonia's Municipal Development Index** assesses 80 municipalities using dimensions like (1) institutions, infrastructure and economy, (2) healthcare, education and social security, (3) culture, sport, safety and environment. Ukraine's **Rural Development Index** covers 24 regions, focusing on economic, social, infrastructural, demographic, employment factors. **India's Municipal Performance Index** evaluates 111 cities based on services, finances, planning, technology, and governance factors. In North America, the **Best States Ranking** in the U.S. and **Best Places to Live** in Canada utilize indicators like healthcare, economy, affordability, and environment quality. These indices play a vital role in guiding public policy, informing residents, and supporting evidence-based decision-making. They also aid in the effective allocation of resources and the development of strategic plans aimed at fostering sustainable and inclusive growth.

¹ Municipality Index of Georgia was developed by the New Economic School-Georgia in collaboration with the Friedrich Naumann Foundation for Freedom South Caucasus Office.

² **Local Self-Government Index** was developed jointly by the Consulting and Training Center (CTC), the Institute for the Development of Freedom of Information (IDFI), and the Management Systems Development Center (MSDC), with financial support from the Open Society Foundation Georgia (OSGF).

³ Sweden's Regional Multidimensional Poverty Index served as an initial inspiration for the ISET Policy Institute in developing the Municipal Liveability Index for Georgia.

LIVEABILITY INDEXES

INDEX/RANKING	LEVEL/COVERAGE	KEY FACTORS CONSIDERED
Municipal Development Index for North Macedonia (UNDP)	National, 80 municipalities	Institutions, infrastructure, economy, healthcare, education and social security, culture, sport, safety, environment
Rural Development Index for Territorial Units of Ukraine	National, 24 regions	Economic, social, infrastructural, demographic, employment
Municipal Performance Index in India	National, 111 cities	Services, finances, planning, technology, governance
Mercer Quality of Living Ranking	Global, 241 cities worldwide	Political stability, crime rates, healthcare quality, education, infrastructure
Global Liveability Index (EIU)	Global, 173 cities worldwide	Stability, healthcare, culture and environment, education, infrastructure
Best States ranking (U.S. News & World Report, USA)	National, States	Healthcare, education, economy, infrastructure, opportunity, fiscal stability, crime rate, natural environment
Best Places to Live (MoneySense, Canada)	National, 417 cities	Affordability, healthcare, economy, weather, crime rate
Regional Multidimensional Poverty Index (Sweden)	Global	Income poverty, employment, access to resources, food security, health, education, social protection

ISET'S MUNICIPAL LIVEABILITY INDEX

The ISET Policy Institute envisioned the idea of the index in 2021 with an objective to create a data-driven basis for benchmarking of municipalities in terms of progress and informing policymakers to make evidence-based decisions aimed at improving liveability. It took time and effort to steer down to the most relevant framework, indicators and available data. The first publication of the **ISET Municipal Liveability Index** is in March 2025 covering 2023 as a baseline year and first year in the future time-series. The ISET Municipal Liveability Index combines four core domains: (1) Economy, (2) Connectivity, infrastructure and Services, (3) Demography and Social Access, (4) Local Democracy and Gender Equality. Each domain is comprised of sub-domains (11 sub-domains in total), which include indicators (50 indicators in total) from national sources.

The methodology of the Municipal Liveability Index consists of the following phases:

SELECTION, ACQUISITION AND PROCESSING OF INDICATORS

The index encompasses a variety of datasets, including (1) secondary data at the municipal level provided by different public institutions (such as Geostat, Ministry of Finance, The National Agency of Public Registry, Public Service Hall, etc.), (2) municipal data obtained from local authorities, (3) secondary data at the municipal level obtained from private sector (such as main private Banks, petrol providers, and electronics stores) and other sources (such as Google Map, IDFI). The data was subjected to comprehensive cleaning, and gaps or missing values were addressed through statistical imputation methods.

CONSTRUCTION OF THE MUNICIPAL LIVEABILITY INDEX

Construction of the Municipal Liveability Index entails the following steps: (1) normalizing the indicators to a uniform scale unit; (2) indicators are aggregated at sub-domain level using weighted arithmetic mean, with the weights calculated based on the Principal Component Analysis (PCA); (3) sub-domains are aggregated at domain level using the arithmetic mean and weighted equally; (4) the index follows a weighting system where each domain contributes 25% to the overall score, ensuring a balanced representation of economic, social, infrastructural, and governance factors. The Municipal Liveability Index assesses which locations provide the best or the worst living conditions. Each municipality is rated, with ratings falling on a scale from 0 to 1, where values closer to 1 are associated with more favorable living conditions, while values closer to 0 indicate worse living conditions.

Core Domain 1: Economy (weight: 25% of total)

SUB-DOMAIN	INDICATOR	SOURCE
	Value Added created by Cities and Municipalities (million GEL per 1000 person)	National Statistics Office of Georgia (Geostat)
	Investments in fixed assets by Municipalities (million GEL per 1000 person)	National Statistics Office of Georgia (Geostat)
	Employed persons by Cities and Municipalities per 1000 persons	National Statistics Office of Georgia (Geostat)
	Average monthly salary of employed persons by Municipalities (GEL)	National Statistics Office of Georgia (Geostat)
	Share of population in urban settlements %	National Statistics Office of Georgia (Geostat)
	Permissions granted for construction per 1000 population	National Statistics Office of Georgia (Geostat)
Economic Activity	Completed objects per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of ports	Desk Research
	Budget expenditures (thousand GEL per 1000 population)	National Statistics Office of Georgia (Geostat); Ministry of Finance of Georgia
	Number of hotels and hotel-type establishments per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of rooms in hotels and hotel-type establishments per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of guests in hotels and hotel-type establishments per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of employees in hotels and hotel-type establishments per 1000 population	National Statistics Office of Georgia (Geostat)
	Share of socially vulnerable persons per 1000 population	National Statistics Office of Georgia (Geostat)
Social Vulnerability	Old age dependency ratio (Share of population over 65 years old over the labor force)	National Statistics Office of Georgia (Geostat)

Core Domain 2: Connectivity, infrastructure and Services (weight: 25% of total)

SUB-DOMAIN	INDICATOR	SOURCE
Connectivity	Number of municipal transports per 1000 population	Municipalities, National Statistics Office of Georgia (Geostat)
	Distance to the nearest Airport (km)	Google Maps
	Number of railway stations per 1000 population	Georgian Railway
Services	Number of markets and fairs per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of Justice Houses	Public Service Hall
	Number of bank branches (TBC, BOG, Liberty) per 1000 population	TBC Bank, Bank of Georgia, Liberty Bank
	Number of gas stations (Wissol, Gulf, Romepetrol, Lukoil, Socar) per 1000 population	Wissol, Gulf, Romepetrol, Lukoil, Socar
	Number of electronics stores (Elit Electronics, Megatechnica, Alta) per 1000 population	Elit Electronics, Megatechnica, Alta
	Number of trash cans per 1000 population	Municipalities
	Number of garbage trucks per trash can	Municipalities
Infrastructure	Access to gasification %	National Statistics Office of Georgia (Geostat)
	Access to clean water (water supply system in the apartment) %	National Statistics Office of Georgia (Geostat)

Core Domain 3: Demography and Social Access (weight: 25% of total)

SUB-DOMAIN	INDICATOR	SOURCE
Demography	Share of youth (15-24) over population	National Statistics Office of Georgia (Geostat)
	Birth rate (number of births per 1000 population)	National Statistics Office of Georgia (Geostat)
	Share of population over 65 years old over population	National Statistics Office of Georgia (Geostat)
Healthcare	Number of hospital beds per 1000 population	National Statistics Office of Georgia (Geostat)
	Hospitals and medical centers per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of healthcare personnel (doctors, nursing staff) per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of doctor visits per 1000 population	National Statistics Office of Georgia (Geostat)
	Mortality rate of children under 5 years of age	National Statistics Office of Georgia (Geostat)
Education	Average number of children in public preschool and education institutions per teacher	National Statistics Office of Georgia (Geostat)

	Number of schools per 1000 population	National Statistics Office of Georgia (Geostat)
	Number of universities	National Assessment and Examinations Center (NAEC), National Statistics Office of Georgia (Geostat)
	Number of vocational education institutions	National Statistics Office of Georgia (Geostat)
Sports, Recreation and Culture	Area of parks as a share of the total area of the municipality	Municipalities, National Statistics Office of Georgia (Geostat)
	Sports facilities, infrastructure (fields, stadiums, swimming pools, etc.) per 1000 population	Municipalities, National Statistics Office of Georgia (Geostat)
	Number of theatre and museums	National Statistics Office of Georgia (Geostat)

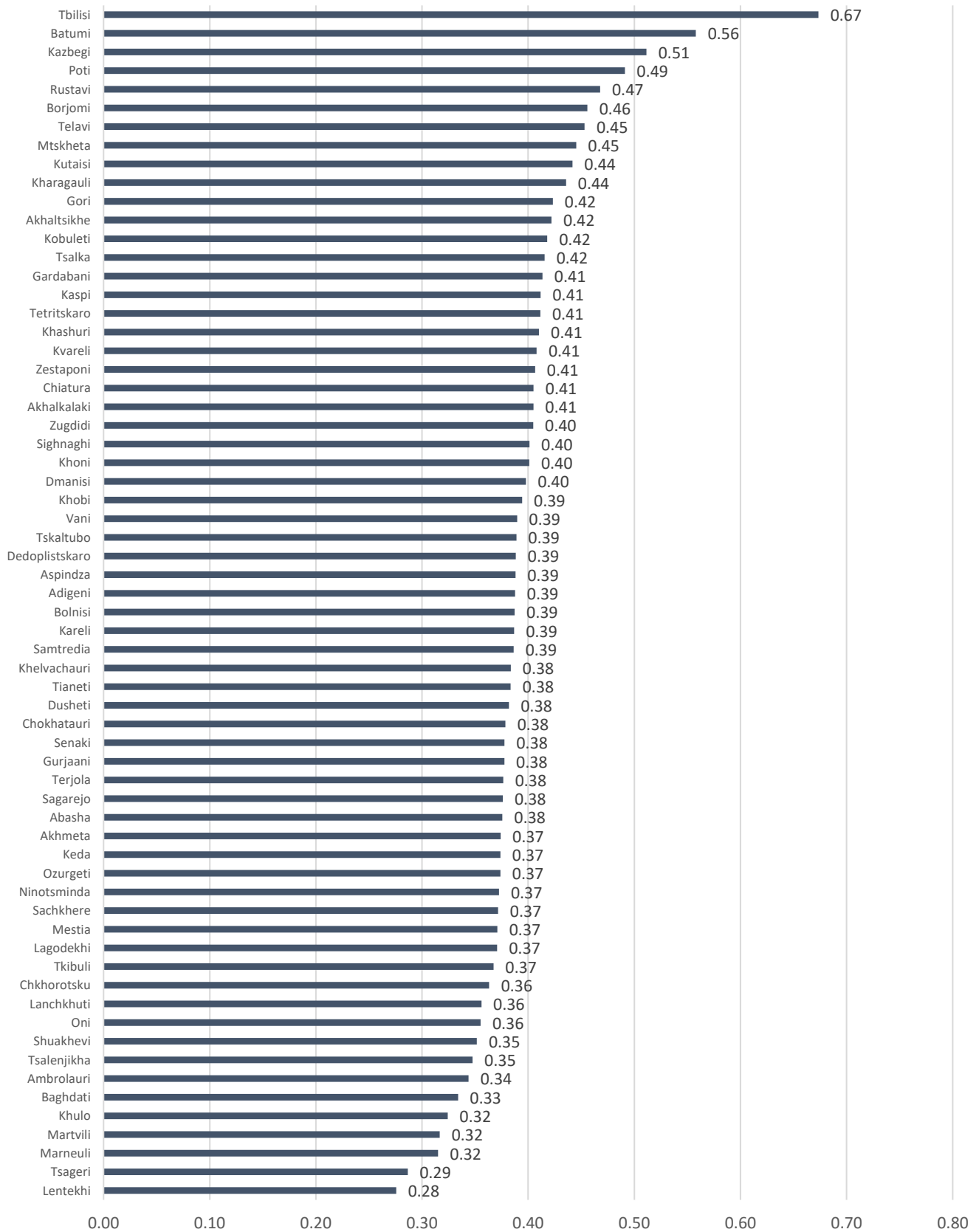
Core Domain 4: Local Democracy and Gender Equality (weight: 25% of total)

SUB-DOMAIN	INDICATOR	SOURCE
Local Democracy	Activity in national elections %	Election Administration of Georgia
	Number of political parties represented in the Local Council	Municipalities
	LSG Index	Institute for Development of Freedom of Information (IDFI)
	Election HHI Index 2024	Authors calculations based on Election Administration of Georgia Data
	Local Media	Communications Commission
Gender Equality	Representation of women in local self-government	Municipalities
	Share of businesses registered to women %	National Statistics Office of Georgia (Geostat)
	Share of real estate registered to women %	The National Agency of Public Registry (NAPR)

MUNICIPAL LIVEABILITY INDEX RESULTS

The Municipal Liveability Index measures and compares the quality of life and level of liveability across municipalities in Georgia. The liveability index for 2023 score ranges from a high of 0.67, achieved by Tbilisi, the capital, to a low of 0.28, recorded in Lentekhi municipality. Graph 1 displays the ranking across all 64 municipalities. Tbilisi stands out with significantly higher score, followed by Batumi, while the differences among the remaining municipalities are relatively minor. On average, the index score is 0.40, with 22 municipalities scoring above this average and 38 municipalities falling below the average score.

Graph 1. The Liveability Index across Municipalities



According to the estimates, Tbilisi is the most livable city in Georgia. Tbilisi ranks highest among all the four sub-indices, attaining 0.67 index points overall. In Economy domain Tbilisi has attained 0.78 index points, while its weakest area is the Demography and Social Access, due to the high population size.

Tbilisi is followed by Batumi, a highly expected result, with a 0.11 index point difference between them. Batumi performs strongest in the Economy sub-index, closely following the capital. However, its lowest-scoring sub-index is Local Democracy and Gender Equality, lags a bit behind in activity in national elections.

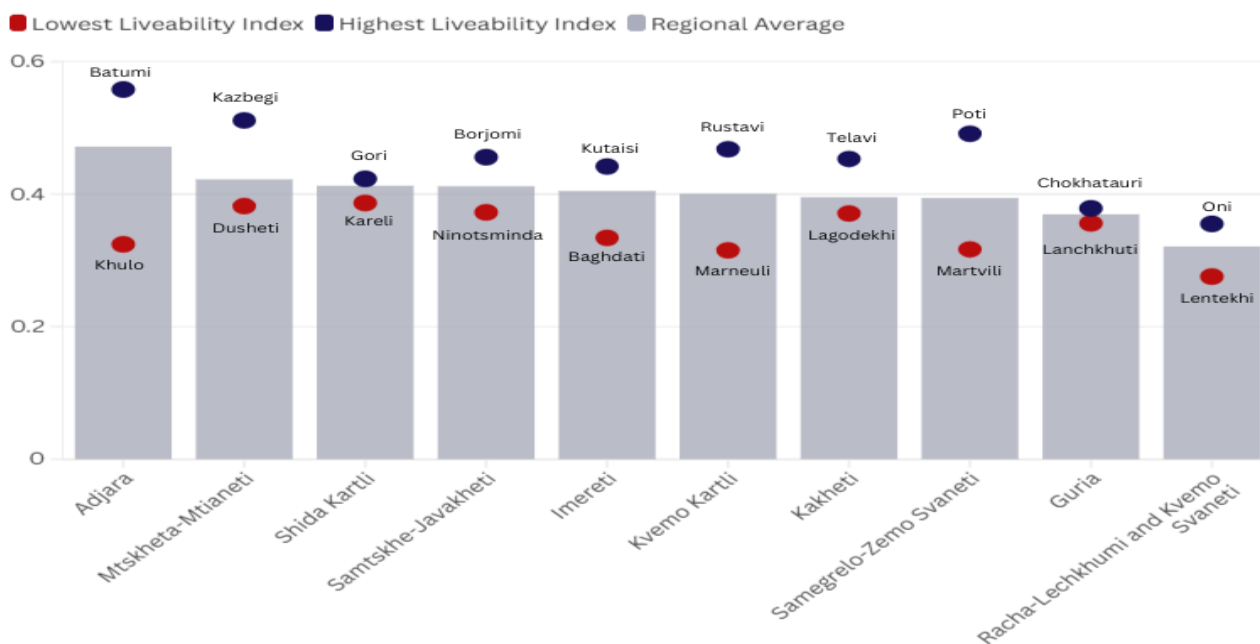
Kazbegi comes in third place, with a 0.16-point gap from Tbilisi and 0.05 points behind Batumi. Its top-performing sub-index is Economy, which mainly comes due to the high performance in several tourism indicators and relatively low social vulnerability. However, its weakest area is Local Democracy and Gender Equality, particularly in local governance, relative to its other sub-indices.

Top 10 Municipalities

LOCATION	RANK	INDEX	ECONOMY	CONNECTIVITY, INFRASTRUCTURE AND SERVICES	DEMOGRAPHY AND SOCIAL ACCESS	LOCAL DEMOCRACY AND GENDER EQUALITY
Tbilisi	1	0.67	0.78	0.71	0.53	0.69
Batumi	2	0.56	0.74	0.53	0.52	0.44
Kazbegi	3	0.51	0.72	0.50	0.44	0.39
Poti	4	0.49	0.67	0.33	0.37	0.59
Rustavi	5	0.47	0.58	0.44	0.38	0.47
Borjomi	6	0.46	0.62	0.45	0.40	0.35
Telavi	7	0.45	0.48	0.50	0.32	0.51
Mtskheta	8	0.45	0.63	0.43	0.30	0.43
Kutaisi	9	0.44	0.39	0.49	0.44	0.44
Kharagauli	10	0.44	0.38	0.48	0.28	0.61

Graph 2 depicts the average liveability scores for each region (excluding Tbilisi), highlighting the municipalities with the highest and lowest levels of Liveability Index. The Adjara region records the highest average liveability index score at 0.47, with Batumi leading and Khulo ranking the lowest among Adjarian municipalities. Mtskheta-Mtianeti follows with an average liveability index score of 0.42, where Kazbegi ranks as the highest-scoring municipality. Racha-Lechkhumi and Kvemo Svaneti has the lowest average score at 0.32, just below Guria, which scores 0.37.

Graph 2. Municipalities with Highest and Lowest Liveability Index within regions (excluding Tbilisi)



CONCLUSIONS: WHAT IS EXPECTED NEXT?

The Index Establishes a municipal data repository: The Municipal Liveability Index is so far only and major municipal data repository for Georgia. It is a new tool for the country for collecting comprehensive time series enabling to track local liveability progress. The Municipal Liveability Index 2023, which is the baseline one, reveals significant disparities among municipalities, particularly in the domains of Economy and Connectivity, Infrastructure, and Services. It empowers municipalities and local actors to make informed decisions through best practice sharing benchmarking and tracking performance overtime. The next Index annual publication is expected in January 2026, and every winter following years.

Open Access and user-friendly tool: ISET Policy Institute intends to continue tracking the Index on an annual basis and establish time series for use of policymakers, researchers and scholars, experts, business community and local stakeholders. ISET Policy institute is now working on the user-friendly interactive open platform, accessible for all interested parties.

Further Improving Data availability at the Municipal Level: Given the current limitations in data availability at the municipal level, it is recommended that Geostat and public institutions prioritize the systematic collection and dissemination of key indicators to support comprehensive local-level assessments. Few example, data on environmental factors, such as air pollution and quality, natural disasters, and green spaces; security related data, including the number of police officers and crime rates, which is essential for evaluating public safety; data on educational quality and outcome, such as average scores on national exams; and much more.

Ensuring the availability of these indicators at the municipal level will enable more accurate assessments and support informed decision-making for local development.

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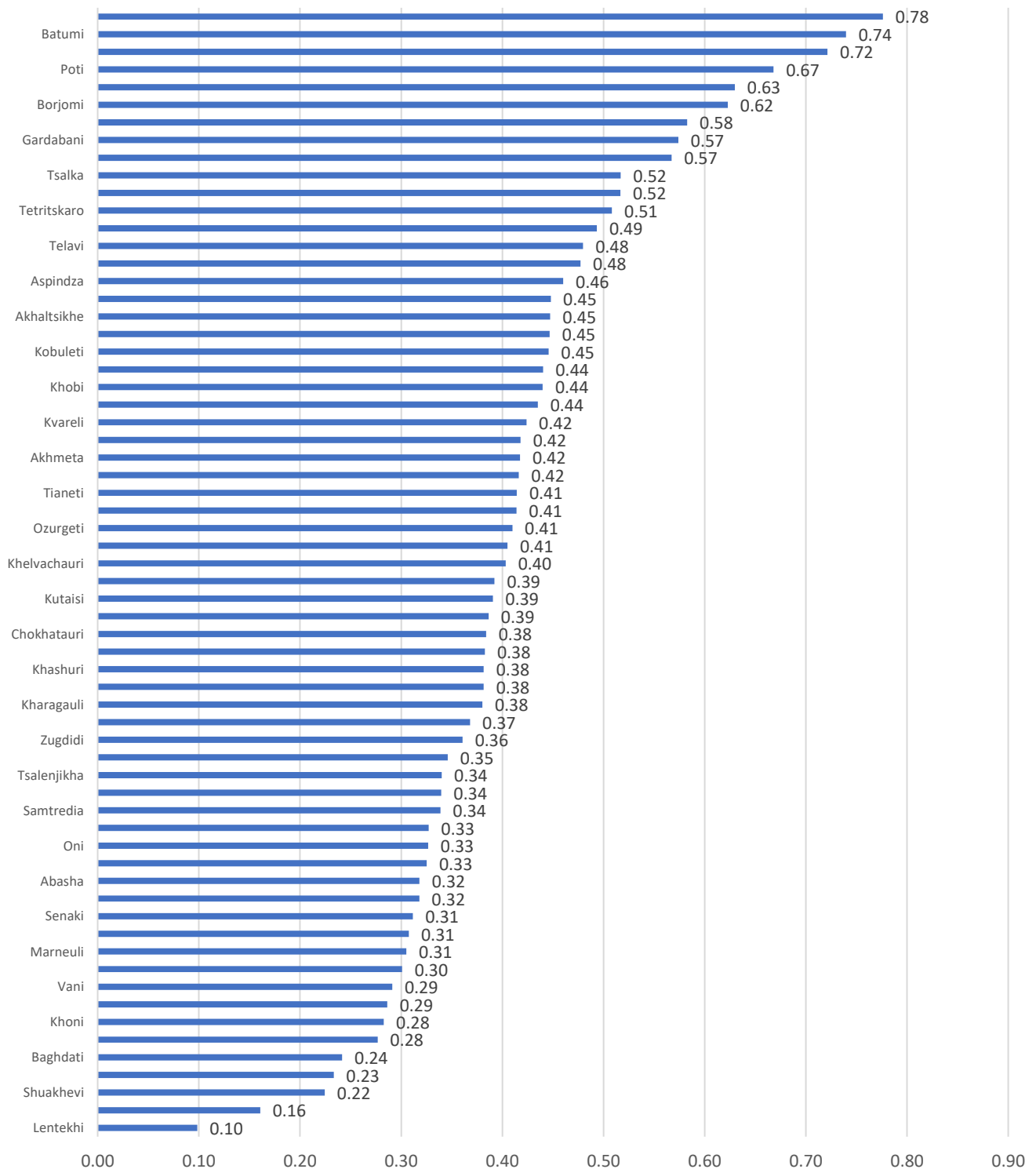
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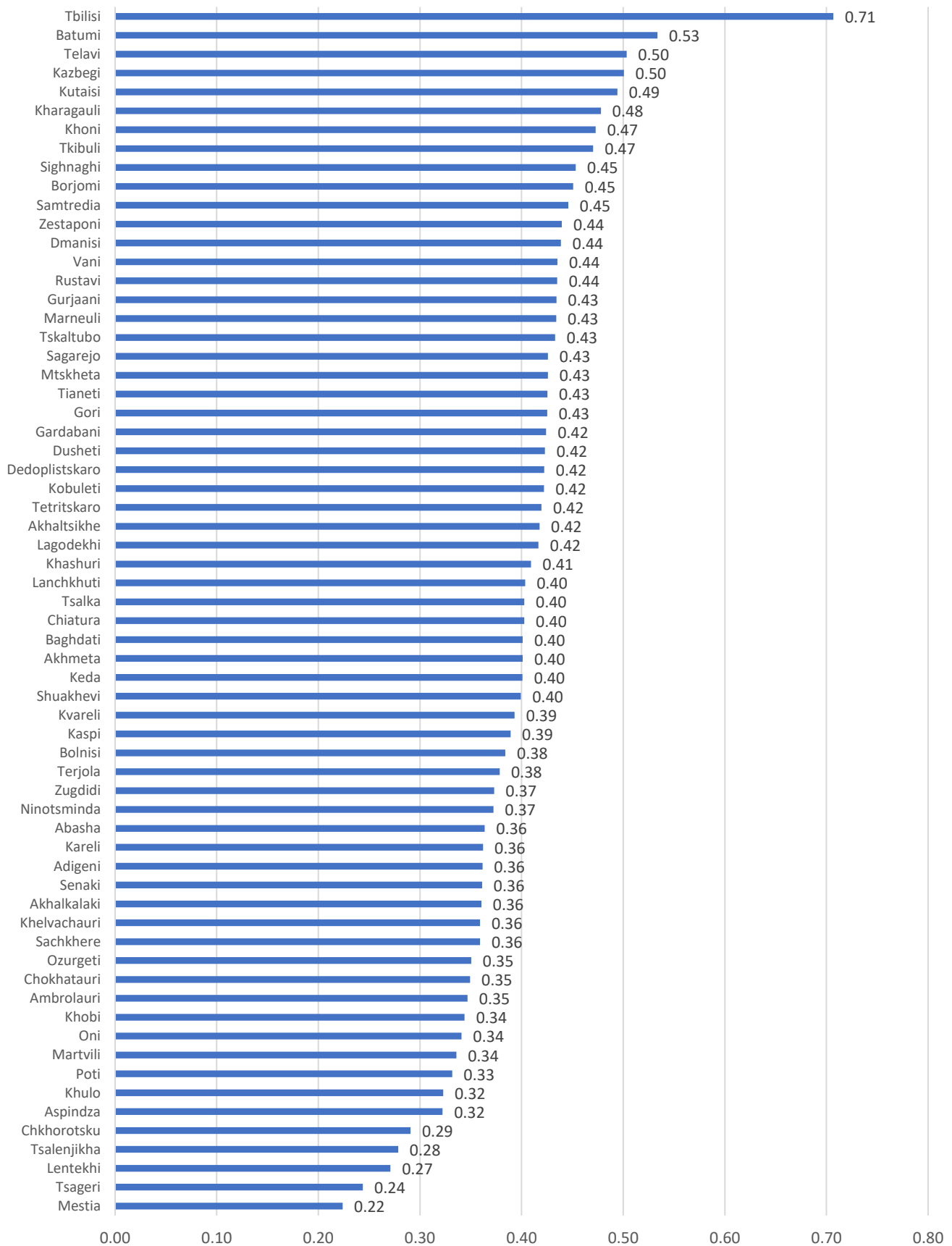
ANNEXES

Annex 1. Municipality Liveability Index by Domain

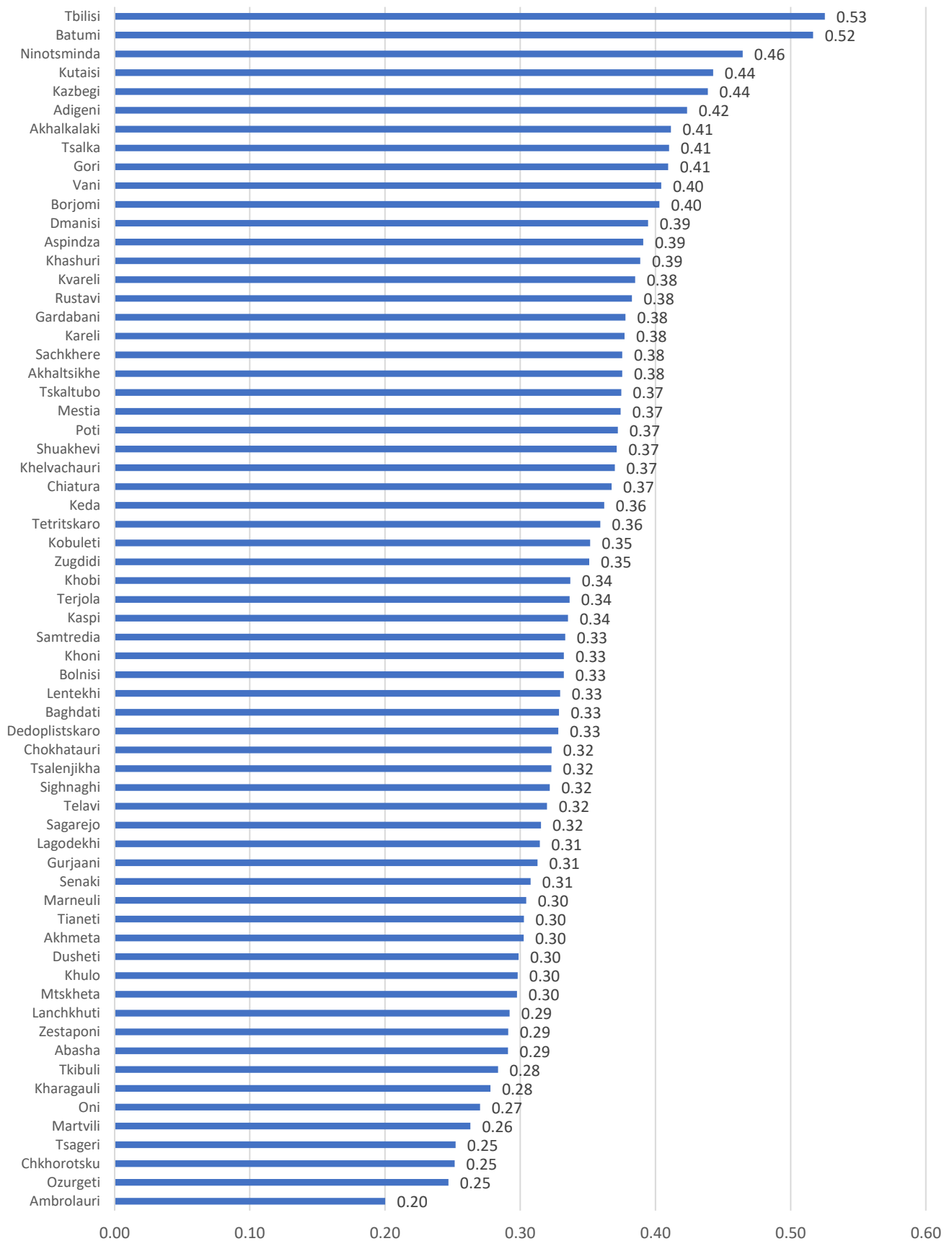
Municipality Liveability Index by Economy domain



Municipality Liveability Index by Connectivity, infrastructure and Services domain



Municipality Liveability Index by Demography and Social Access domain



Municipality Liveability Index by Local Democracy and Gender Equality domain

