

## ON ONE “CHEAP SOURCE” FOR INVOLVEMENT OF INTERNALLY DISPLACED PERSONS (IDPS) IN THE INCLUSIVE DEVELOPMENT OF GEORGIA

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### **Abstract**

*The article raises the issue of providing business knowledge to IDPs, so that they can start a simple business on their own and no longer depend on receiving 45 GEL allowances from the budget. The author of the article recommends taking this measure in the IDP densely populated areas of Batumi, Tskaltubo and others, and shows their need for it to the municipal government; For this purpose, an initiative team should be set up in the local government, which will develop a business plan and consistently carry out the preparatory and basic work in terms of IDP training. The author of the article shows the stages of this work, the types of work, the period of execution and so on. In addition, the estimated costs compared to the amounts of social benefits granted to IDPs are shown. The author claims that if the land area of IDPs is increased and they are provided with agricultural machinery and are taught agribusiness, they will be self-employed and they will not need social benefits, on the contrary, they will be able to replace the products imported on the Georgian market with several products.*

**Key words:** *Inclusive development; Business training courses; IDP benefits; Agricultural business; Georgian food market.*

**JEL Classification:** *I30, J00, J10, Q1, R1*

### **I. INTRODUCTION**

According to the State Statistics Service of Georgia, in 2020 the total monthly income of the population of Georgia was 321.4 GEL, while expenditures were 303.3 GEL. The subsistence level was 191.4 thousand GEL, absolute poverty was 21.3%, and relative poverty was 26.7% (Geostat, 2021, pp. 53-59). Official statistics show that a quarter of Georgia's population lives in poverty. At such times, the same official statistics show that the country's real gross domestic product is growing from year to year: in 2017 it increased by 4.8%, in 2018 by 4.8%, in 2019 by 5% (Geostat, 2021, p. 114). The exception was 2020, when it fell by 6.8%, and the reason for this was the pandemic caused by Covid-19.

As the country's economic growth, which is reflected in the increase in GDP, has not led to a significant reduction in poverty in Georgia, it means that not all segments of the economically active population are involved in economic activities and the benefits of economic growth do not reach them. This situation brought to the forefront the achievement of economic growth of the country in an inclusive way, through universal involvement of the population in economic activity. This issue is addressed in the present article on the example of one group of the population, namely, IDPs.

### **II. MAIN TEXT**

Scientists explain inclusive growth in different ways:

According to scientist Ranieri R.: "Inclusive growth along with economic growth is the reduction of poverty and inequality, active involvement of the population in economic processes and the expansion of their

opportunities" (Ranieri R., 2013).

The Asian Development Bank believes that "productive jobs, social inclusion, equal access to economic opportunities and social protection are integral to inclusive growth" (Zhuang J., ADB, 2010).

According to the World Bank, "Economic growth is inclusive if it ensures the improvement of the conditions of the poor and their active involvement in economic activity. In order for growth to be inclusive, production must be increased and new jobs created". (Klasen S., ADB, 2010).

Georgian scientist Beridze E. names progressive taxation, economic transformation, and investment in human capital among the components that support inclusive growth". (Beridze E., 2017).

These definitions clearly show the main content of inclusiveness, namely that the economic activities involve the unemployed and, consequently, the poor, so that the economy will grow and they will receive a share of their labor. It is obvious that the inclusive growth of the economy will reduce the income inequality of the population, which is a global problem today, and in addition, the employed poor will no longer need to receive social benefits from the state budget. According to the statistical information of 2020, 794687.2 thousand GEL was spent on social assistance to the target groups of the population (this group includes the unemployed), 891000.0 thousand GEL is planned to be issued in 2021, and 1001000.0 thousand GEL in 2022 (MOF, 2021). It would be good if these funds (or part of them) would be released through the employment of people in these groups and the Georgian government would use it to finance education (or healthcare).

Inclusive development requires the involvement of the people of the country and the use of their strengths not only in business, but also in government decision-making (Kharkheli M., Kimadze A., 2018).

Such inclusive growth of the economy will require a number of measures to be taken by the government of the country and it must be ready for it. The Georgian government expressed such readiness in 2013, which was recorded in the socio-economic development strategy of Georgia – in "Georgia - 2020". At that time, the Georgian government undertook to pursue an "economic policy promoting inclusive economic growth in the socio-economic development of Georgia, which implies universal involvement of the population in the process of economic development (including diaspora, migrants, ethnic minorities and other groups). The well-being of each member of society, their social equality and the improvement of the living conditions of the population" (Government of Georgia, 2014). In the same document, these liabilities were set as follows: the gross domestic product in 2020 would be 13000 GEL (9200 GEL at constant prices), the inequality rate would be reduced to 0.35, inflation to 3%, unemployment to 12%, and so on (Government of Georgia, 2014). Since 2020 ended in such a way that none of these indicators were met (with the exception of the gross domestic product per capita, which amounted to GEL 13,254 at current prices) and the government of the country did not submit a report on the implementation of the above strategy, this allows us to conclude that Commitments made by the Government of Georgia remained "written on paper".

The list of groups of people who are implicated in the universal involvement of economic activities in the strategy "Georgia - 2020" cannot stand criticism. In particular, the diaspora, migrants, ethnic minorities are named, while all others are referred to as "other groups". In spite of our great respect for ethnic minorities and migrants, the vulnerable strata of the population should be brought to the forefront, as foreign countries do. There are such people in Georgia today: IDPs (in particular, refugees from South Ossetia and Abkhazia), people with disabilities (PWDs) and the poor. If any of the migrants and ethnic minorities fall into this category, their employment obligation will be extended to the government as it is to all others. It is unfortunate that the above-mentioned document focuses more on migrants, foreign diasporas and ethnic minorities than on the main population of the country - Georgian citizens (including Georgians), who are leaving intensively due to the negligence of their employment by the Government of Georgia. The fact that till 2020 the emigration of the aboriginal population from Georgia was sharply negative, and in 2020 the migration balance of Georgian citizens was +20021 (Tsartsidze M., Latsabidze N., 2021) should not give us the right to great relief. This led to the economic downturn due to the pandemic and the restriction of labor migration opportunities.

It should also be noted that an active, working age population leaves the country. In 2020, 49% of emigrants aged 20-39 years left Georgia, 14% aged 0-20, 29% aged 40-59, and 8% aged over 60 (Tsartsidze M., Latsabidze N., 2021). This means that the Georgian gene pool is being lost to some extent. If the number of marriages per 1,000 people in 2015 was 7.8, in 2020 it fell to 4.4 (Geostat, 2021, p. 23), if the birth rate per 1000 population in 2015 was 15.9, in 2020 it dropped to 12.5 (Geostat, 2021, p. 25). In 2020, the mortality rate (13.6) exceeded the birth rate (12.5) and we no longer had a natural increase (-1.1) (Geostat, 2021, p. 25).

Against this background, the Georgian government does not see any radical, disruptive measures for the inclusive growth of the country, which will create more jobs and employ the vulnerable segments of the Georgian population - IDPs, people with disabilities and the generally poor.

When the government of the country cannot do that (we mean job creation), it should at least create conditions for self-employment for these sections of the population. The easiest way in this direction, neither too expensive nor too long-term, is to teach them a simple business (and not an innovative business). This should be

done for them free of charge, taking into account their interests and, most importantly, the demands of the labor market. If there is no demand for this or that profession in the labor market, a person of such a profession, no matter how highly professional he or she may be, will not be employed. Our offer is easy to sell in districts and cities densely populated by IDPs - Batumi, Tbilisi, Tskaltubo and elsewhere. The mayors of these cities can easily implement it. This will improve the material situation of the IDPs and will raise the image of the mayors who initiated this case. We consider business courses as a mechanism to implement our vision, the local municipal governments of the regions as the executive body, with a term of 0.5-1.0 years, the source of funding - local budgets.

The essence of our offer is that the governing body of the interested city (municipality) will create a team of 3-5 people, which will organize the training of IDPs living in a given city (or municipality) to start their own business.

The formed team should develop a business plan, which will include the work to be done, costs and benefits. The work to be performed should be divided into two parts: preparatory work and main work.

The preparatory work will include:

1. Description of the IDP population.
2. Identification of IDPs interested in learning simple business.
3. Study of labor market requirements for simple business professions (tailor, baker, baker, confectioner, etc.).
4. Report on 6-month training expenses.

The basic works will include:

1. Renting a building and purchasing the necessary equipment.
2. Development of training programs.
3. Hiring teachers.
4. Concluding agreements with practical facilities.
5. Establishing control over the learning process and its implementation.

Teaching in business courses should be theoretical-practical. More hours should be devoted to practice. This process should be done in streams and should be completed in 1 year (6 months theory, 6 months - practice). It will be optimal to train three different profile groups with 10 members each in one stream.

We recommend business courses opened in the regions of Georgia to train IDPs in agricultural professions - horticulture, poultry, beekeeping, landscaping, animal husbandry and other similar professions. Georgian fruits and vegetables are in great demand in the market, but there is no supply. The domestic market of Georgia is saturated with foreign goods. 80% of the food market is imported. This also applies to fruits and vegetables.

In these business courses, IDPs should be taught a simple business (and not an innovative business) for which 1 year is enough to study. Of which 0.5 years for theoretical training and 0.5 years for internship. The internship issue should also be resolved by the local authorities in the same district where the entrepreneurship courses will be organized. There are several enterprises in all regional centers of Georgia that will not refuse to accept the practice of able-bodied, active IDPs.

Arranging business training for IDPs resettled in different regions of Georgia is not a new thing. This event is held by all countries that have IDPs. Moreover, the former social-touring countries of Central and Eastern Europe, in the 1990s, when they began to transition to a market economy, they massively created business courses for the entire population. For this, such courses have been created in all major settlements, and the success they have today is the result of such training.

In Georgia, such an event was not implemented for IDPs or the population in general. That is why unemployment and poverty reign in the country. This is especially true for IDPs, as they have lost even their homes.

At various times, in various government documents, the Georgian government aimed to increase the population, employment opportunities and income of the IDPs, but then these goals were forgotten. In the government document adopted in 2017 - "Vision for the development of labor and social protection in Georgia by 2030" - in the given strategic priorities, the issue of employment is presented as the first priority and broken down into 11 tasks, each of which deals with employment and income growth Stimulating, transferring business education focused on labor market demands, etc. But nowhere in this document is it shown what mechanisms, by what measures the government of Georgia intends to solve these problems, who will be the body responsible for their implementation, in what period and through what source of funding they will be implemented and so on.

In contrast, we also named the implementation mechanism (business courses), the executive body (local government bodies), the implementation period (0.5-1.0 years) and the source of funding (local budgets) for the measures we propose.

If our offer of easy business training for IDPs is accepted by the Georgian government and becomes its



At the beginning of this article, when we cited the World Bank definition of inclusive growth, the role of output growth appeared in it. The word "production" may not have meant agricultural production in the World Bank, but for Georgia, among all industries (industrial production, construction, agricultural production) we must put agricultural production in the forefront today, because the country has a culture of leading it and has the necessary resources. Georgia has always had and still has this potential. At the same time, in the current "pandemic conditions, the need for an uninterrupted supply of food to the country puts on the agenda the task of stimulating local production of basic food products" (Kakulia M. 2020, p. 48).

The same opinion is expressed by Professor Djibuti M.: "Due to the pandemic, the closure of borders poses a certain threat to imports, and even with the availability of money, it will be impossible to purchase basic, vital products" (Djibuti M, 2020, p. 41).

Professor Pirveli E. is of the same opinion. "Observation proves," he writes, "that the country's economy is developing in an inefficient direction." The growth of enterprises in the material production sector should be a priority for government agencies" (Pirveli E., 2020, p. 115-116). As for Professor Koguashvili P., who is a great specialist in agriculture, his following words are enough to support the development of agriculture in Georgia: "A peasant man is the backbone of the Georgian nation, the breadwinner of society" (Koguashvili P., 2015, p. 25).

It should be noted that the Georgian Dream party, which came to power in Georgia in 2012, began to turn to agriculture and stated in its program: "The greatest effect on Georgia can be brought by the production of ecologically clean food ...", but this reversal was not fully realized. The villagers and the IDPs living in Tserovani themselves were waiting for something new, which also had to do with their employment. 9 years have passed since 2012 and the Georgian food market is still saturated with 80% of imported products. We cannot name even one type of food, which has been completely replaced by Georgian products.

However, in our opinion, even IDPs would be enough to do it. It was necessary to move them not only to the cities, but also to the villages, the villages on the fertile lands, to build houses for them, to give them lands, equipment and to teach agribusiness. 5% of the US population is engaged in agriculture and they feed all US and also export products; With the right management, our IDPs also had the potential to do that, but we missed it. Then all the IDPs would get involved in agribusiness, now not everyone will get involved, but whoever gets involved, let them take business courses and help them choose a profile.

The above-mentioned scientists see the potential for this in Georgia. We see this too. Herewith., agricultural activity is not a difficult task. It is a simple matter. IDPs from Abkhazia and South Ossetia are traditionally close to this case. 90% of them are refugees from villages. They probably even know about agriculture, but they will need to understand the "Ana-Banas" (principles) of the business, in particular, marketing skills, market positioning, the importance of advertising, the value of money over time and more. Here, these business determinants should be taught in the business courses named after them. Those equipped with this knowledge will no longer find it difficult to start their own business, to be Self-employed. In this way, they will save their families, refuse to receive social assistance and, moreover, increase the income of the Georgian budget by paying taxes.

### **III. CONCLUSION**

The economic benefits gained by Georgia's economic growth do not go to all segments of the population. It is therefore necessary to maximize the involvement of the unemployed population in economic activities and thus reduce poverty. First of all, it should concern the IDPs. For their self-employment, it is necessary to organize business courses at the expense of the budget, where IDPs will learn simple business. Preference should be given to mastering them in the agricultural business, because there is a demand for these professions in the labor market and there is a great demand for Georgian-made agricultural products. At the same time, the IDPs themselves traditionally have a culture of managing agriculture.

This case will be most successfully mastered by IDPs from Tskhinvali living in Tserovani settlement, who have also been given agricultural lands. It will be good if we not only teach them agribusiness, but also increase the land area and provide the necessary technical means.

Our recommendation is to organize business courses for IDPs from Tskhinvali in Tserovani, where able-bodied IDPs will learn agribusiness. For this purpose, the Mtskheta-Mtianeti regional government should set up an initiative-organizing group, which will lead this case.

This measure should be implemented in stages. In the first and second stages, preparatory works should be carried out, in the third, fourth and fifth stages - basic works. Preparatory works include identifying those who want to study business from IDPs and arranging the material and technical base of business courses, as for the

direct training and then 6 months of internship–practice, it is included in basic works.

Large sums of money have been spent from the budget in the form of allowances for the IDPs settled in Tserovani. If we do not employ IDPs in one way or another, there will be no limit to the funds spent from the budget for this purpose.

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