

Demology

Comparative Analysis of Regulations Concerning Maternity Benefit in Georgia and European Union

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(Presented by Academy Member Vazha Lordkipanidze)

The aim of this research is to analyze the relevance, feasibility and costs of increasing the maternity benefit rate in Georgia, in line with the European Social Charter. The Charter states that the benefit rate should not be less than 70% of the previous wage. The study is based on the data from Geostat, the Social Service Agency, the Ministry of Finance of Georgia and the European Bank for Reconstruction and Development. This is the first comprehensive study in Georgia that examines the maternity benefit field, encompassing the analysis of poverty rate, number of beneficiaries, Georgian GDP growth rate compared to other countries in the region, tax revenues of the budget, and average monthly nominal wage. The EU law, ILO's International Labour Standards, and several EU member states' legislation on maternity leave are also studied. The research contains recommendations to approximate Georgian labour law with European standards in the mentioned field. It has been found that the increase in maternity allowance (until it complies with the Charter) is financially feasible, given the rate of increase in tax revenues in recent years and estimated growth in GDP/tax revenues for the coming years in Georgia. The study suggests setting an upper threshold for the allowance to save budget resources and direct them to the most vulnerable. The upper threshold may correspond to 70% of the average net wage of female employees in Georgia. The threshold should be increased annually based on the average wage growth, in line with the widespread practice in European countries. © 2024 Bull. Georg. Natl. Acad. Sci.

maternity leave, maternity benefit, Social Charter, labour rights, Georgia

Since January 2023 the upper threshold of the allowance for an employee who takes leave for pregnancy and childbirth or adoption has been increased from 1000 GEL to 2000 GEL. The allowance is compensated from the state budget (general taxes). Employer and employee may agree on extra pay for said periods of leave. In public service, the allowance amounts to the full salary of the civil servant. Such a large gap between civil

service and the rest of organizations/institutions is not a fair approach. An employee is granted a paid maternity leave of 126 days, and in case of complications during childbirth or the birth of twins – 143 days. An employee is granted parental leave of 604 days (in case of complications during childbirth or the birth of twins – 587 days), 57 days of which is paid.

According to the standard of the European Social Charter, the allowance for maternity leave shall be equal to the previous salary or close to its value, and not less than 70% of the previous wage [1]. Pursuant to the standard of the International Labour Organization (ILO), established in the Maternity Protection Convention, 2000 (No. 183), the amount of such benefit shall not be less than two-thirds of the woman's previous earnings [2]. On the way to European integration, it is essential for Georgia to comply gradually with these standards. The substantial increase in maternity and parental benefits is essential due to the high national poverty rate among children in Georgia – 20.4%, which is higher than the total poverty rate in the country – 15.6% [3]. The duration of the maternity leave in Georgia (126 days) is in conformity with the Social Charter, the EU Directive 92/85/EEC on pregnant workers and the Convention, where employed women are entitled to a period of maternity leave of at least 14 weeks, i.e. 98 days.

To improve health and living conditions of mothers and children, it is important to introduce the benefit, which will not be significantly less than the relevant employees' salary and maintain the standard of living the family had before taking the maternity leave. This should be made for all employees, not only for civil servants. The research assesses the relevance, feasibility and costs of increasing maternity benefit rate in Georgia. Based on the results of the analysis, the main findings and recommendations are formulated.

Recently, several studies have been conducted concerning the improvements in maternity leave provisions in Georgia. Kashakashvili reviews international legal acts and national provisions of Western countries and compares them with Georgian legislation [4]. A Regulatory Impact Assessment (RIA) to study the prospects and organize a policy dialogue towards the possible ratification of the Maternity Protection Convention, 2000 (No. 183) was implemented [5]. Both studies

recommend the introduction of the EU law and ILO standards into Georgian legislation in terms of protection of maternity and ensuring work-life balance for both parents.

Methodology

The documents and secondary data were analyzed. The materials were collected from the following sources: the National Statistics Office of Georgia (Geostat), state agencies, and international organizations. The research assesses the relevance, feasibility and costs of increasing maternity benefit rate in Georgia. The assessment is based on the data from Geostat, Social Service Agency, the Ministry of Finance of Georgia, the European Bank for Reconstruction and Development. The following indicators are analyzed: poverty rate; Georgian GDP growth rate in comparison with other countries in the region; tax revenues of the budget; average monthly nominal wage. The following materials concerning remuneration of maternity leave were reviewed: a) the EU law and ILO's International Labour Standards; b) reports of the following institutions analyzing various countries' policies/best practices: the US Social Security Administration [6], the World Bank [7], OECD[8], International Network on Leave Policies and Research [9], European Parliamentary Research Service [10].

Maternity benefits. The minimum level of maternity benefit in the EU countries is 70% of the employee's wage (e.g. Czech Republic, Croatia, Hungary). In almost half of the EU member states (13), maternity benefit is paid at a rate of 100% of the wage (e.g. Germany, France, Italy, Estonia) [8, 10].

In Georgia, the upper threshold of the allowance for maternity, parental and adoption leave has been increased from 1000 GEL to 2000 GEL since January 2023. The next step should be the approximation of the maternity benefit rate with the European Social Charter, which sets the rate at 70% of the wage. As current maternity and parental

benefit calculation in Georgia is based on gross earnings, it is essential not to worsen the standards for low-wage earners and continue to calculate their benefits based on gross (rather than net) wage. That is why the threshold - e.g. 500 GEL per month - should be set for low-wage earners, whose gross wage will be replaced at 100%. The 500 GEL threshold should rise according to the inflation rate. Workers whose wage is higher than 500 GEL will receive no less than the given threshold: e.g. worker's wage is 550 GEL, his/her benefit shall amount to 500 GEL rather than 70% of the wage.

According to the LC, "father has a right to take the days of the [maternity] leave which has not been used the mother" [11]. It has to be decided whether fathers shall have a right to increased maternity benefit. The option of transferring the right to maternity leave/benefit to fathers is not mentioned either in the Directive 92/85/EEC [12] or the Social Charter, or the Convention. The maternity leave/benefit aims to protect the health of employed women who is pregnant or has recently given birth or who is breastfeeding. Hence, there is no necessity to grant fathers the mentioned right. Besides, the financial feasibility of this option is doubtful due to the state budget's limited resources. Therefore, the allowance of 70% of the wage should be paid to mothers only, while fathers shall receive 2000 GEL per month for the period of 126 days (the duration of maternity leave) if the leave has not been used by the mother. A father may have a right to increased maternity allowance (70% of the wage) only if the mother deceased.

From 2019 to 2022, maternity and parental benefit was paid to 13 300 beneficiaries annually on average (The information was requested from Social Service Agency and received in 2023). The average wage in Georgia in the first quarter of 2023 was 1717 GEL. From 2016 to 2023, it grew by 10.7% on average [13]. The average wage of women employees in the first quarter of 2023 was 1376 GEL, which is a 15.7% increase compared to the first quarter of 2022 [13]. Therefore, we can

assume that the average wage for women employees for 2023 could be 1490 GEL. If the growth rate of 10.7% continues, then the average wage of women employees for 2024 will grow to 1649 GEL, while the net wage (after-tax) will reach 1319 GEL, and 70% of the net wage will be 923 GEL. Based on these figures, it is possible to estimate the annual budget expenditure on the increased maternity allowance for 2024: 923×4 (months) \times 13 300 (beneficiaries) = 49.1 million GEL. We should also consider expenditure on parental leave allowance – 623 GEL for 57 days: $2000(\text{GEL}) : 183(\text{days of the leave}) = 10.93 \text{ GEL}$; $10.93(\text{GEL}) \times 57(\text{days of parental leave}) = 623 \text{ GEL}$.

It requires an additional 8.3 million GEL ($623 \times 13 300$ (beneficiaries)) per year. Thus, the overall cost will amount to 57.4 million GEL - a 33 million GEL increase compared to 2023 (according to the information requested from Social Service Agency the budget expenditure on maternity/parental leave for 2023 is planned to be 24 371 000 GEL). In case the average wage grows at the same rate – 10.7% in the following years, additional cost (compared to 2023) in 2025 will reach 38.3 million GEL and 44.1 million GEL in 2026.

Pursuant to the widespread practice in European countries, it is important to set the upper threshold for the allowance [8] to save the budget resources and divert them to the most vulnerable. The upper threshold may correspond to 70% of the average net wage of woman employees in Georgia. The threshold should be increased annually according to the average wage growth.

The following indicators are important to determine the feasibility of this change in Georgian labour law: 1) GDP growth rate - The European Bank for Reconstruction and Development projects Georgia's GDP growth to be 5% in 2023 and 5.3% in 2024. Georgia is a leader in projected GDP growth rate among Central and Eastern European countries (The European Bank for Reconstruction and Development, 2023) [14]; 2) In Georgia, tax revenues of the budget increased by 22% (2.4

billion GEL) in 2021 and by 30% (4 billion GEL) in 2022 and are expected to grow by 8-10% annually in 2023-2025 (1.6-1.7 billion GEL per year) (Ministry of Finance of Georgia, 2023) [15]. These figures suggest that the changes in the Labour Code proposed by the research are certainly possible to implement in the nearest future and financially feasible if the government prioritizes the issue.

Conclusion

In 2023, the allowance for maternity and parental leave doubled in Georgia and amounted to a maximum of 2000 GEL, which is significant

progress towards improvement in the health and wellbeing of mother and child. However, the government needs to make much more effort to approximate Georgian regulations on maternity leave remuneration with the standards of European Social Charter - 70% of the wage, subject to the ceiling. The research indicates that the increase in maternity allowance (until it complies with the Charter) is financially feasible, given the rate of increase in tax revenues in recent years and estimated growth in GDP/tax revenues for the coming years in Georgia.

დემოლოგია

დედობის შვებულების ანაზღაურების მარეგულირებელი სამართლებრივი ნორმები საქართველოსა და ევროკავშირში: შედარებითი ანალიზი

ჯ. უროტაძე

ივანე ჯავახიშვილის სახელობის თბილისის სახელმწიფო უნივერსიტეტი, სოციალურ და პოლიტიკურ მეცნიერებათა ფაკულტეტი, თბილისი, საქართველო

(წარმოდგენილია აკადემიის წევრის ვ. ლორთქიფანიძის მიერ)

წინამდებარე კვლევის მიზანია საქართველოში დედობის შვებულებაზე გასაცემი დახმარების ოდენობის გაზრდის შესაძლებლობა და ხარჯების შეფასება ევროპის სოციალური ქარტიის მოთხოვნების შესაბამისად. ქარტიის სტანდარტით, დედობის შვებულების ანაზღაურება არ უნდა იყოს დასაქმებულის ხელფასის 70%-ზე ნაკლები. კვლევა ეფუძნება მონაცემებს შემდეგი დაწესებულებებიდან - საქსტატი, სოციალური მომსახურების სააგენტო, საქართველოს ფინანსთა სამინისტრო და ევროპის რეკონსტრუქციისა და განვითარების ბანკი. ნაშრომის მეცნიერულ სიახლეს წარმოადგენს საკითხის კომპლექსური შესწავლა - გაანალიზდა შემდეგი ინდიკატორები: სიღარიბის დონე, ბენეფიციარების რაოდენობა, საქართველოს მშპ-ის ზრდის ტემ-

პი რეგიონის სხვა ქვეყნებთან შედარებით, ბიუჯეტის საგადასახადო შემოსავლები, საშუალო ყოველთვიური ხელფასი. კვლევის ფარგლებში ასევე შესწავლილია ევროკავშირის კანონმდებლობა, შსო-ის სტანდარტები და ევროკავშირის წევრი ქვეყნების შესაბამისი კანონმდებლობა დედობის შვებულების ანაზღაურებასთან დაკავშირებით; მოცემულია რეკომენდაციები საქართველოში დედობის შვებულების ანაზღაურების თაობაზე რეგულაციების ევროპულ სტანდარტებთან დასაახლოებლად. კვლევის შედეგად დადგინდა, რომ ქარტიის მოთხოვნებთან დედობის შვებულების ანაზღაურების შესაბამისობაში მოყვანა შესაძლებელია უახლოეს პერიოდში, თუ გავითვალისწინებთ საქართველოში მშპ-ის და საგადასახადო შემოსავლების ზრდის ტემპის თაობაზე პროგნოზს. ევროპის ქვეყნებში გავრცელებული პრაქტიკის შესაბამისად, მიზანშეწონილია დახმარების ოდენობის ზედა ზღვრის დაწესება საბიუჯეტო რესურსების ეფექტიანად ხარჯვის მიზნით. ეს ზღვარი შეიძლება შეესაბამებოდეს ქალის საშუალო თვიური ხელზე ასაღები ხელფასის 70%-ს. ანაზღაურების ზედა ზღვარი უმჯობესია ყოველწლიურად გაიზარდოს ქვეყანაში საშუალო ხელფასის ზრდის მიხედვით.

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