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Insights from Georgia

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Transition and beyond: women on the labour market in the context of changing social norms

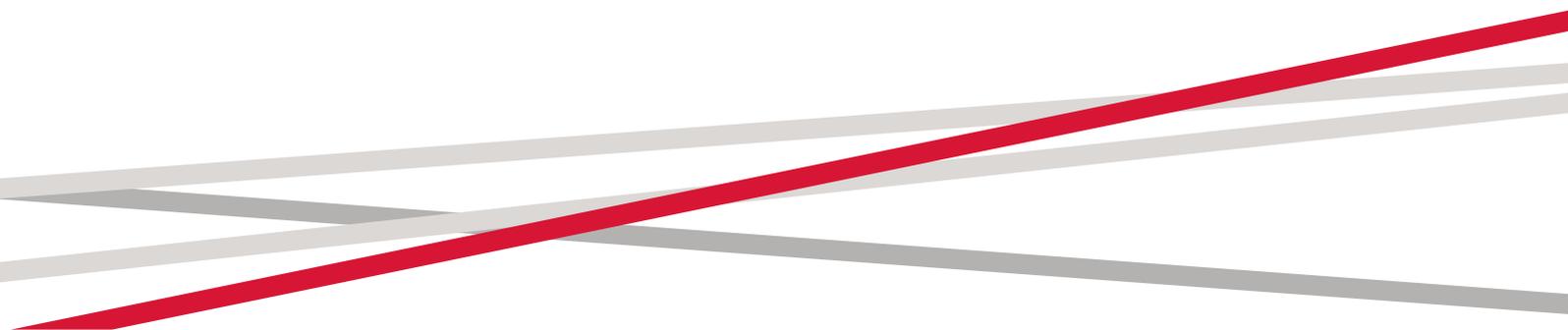
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Georgia – Women on the labour market

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Abstract

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As countries brace themselves for a severe economic slowdown in response to the COVID-19 pandemic, earlier crises, such as that which followed the political transformation of Central and Eastern Europe and the former Soviet Union in the 1990s, may serve as important points of reference. While of course different in many ways, the changes that accompanied the transition affected society as a whole, but also had heterogeneous effects across different groups. One particular dimension – also discussed in relation to the current COVID-19 crises – is that of relative costs and benefits for men and women respectively. In this brief we re-examine one specific element of this, namely the developments of gender gaps in the labour market and social norms related to labour market activity. The starting point is the fact that, at least nominally, women had a relatively strong position before the onset of transition, especially conditioning on the level of economic development of transition countries (see e.g. Campa et al. 2018). This background gives rise to several possible mechanisms and potential developments in the transition period and beyond. On the one hand, the legacy of relative gender equality creates conditions for path-dependency toward further gender equality, and the high levels of education should favour women in more competitive labour markets. On the other hand, the “centrally imposed” gender equality under state-socialism was not accompanied by actual changes of patriarchal values with respect to obligations for the household and children, and women remained responsible for these. The end of central planning could thus mean a setback for most common gender equality indicators, especially in countries with traditional divisions of family roles. In this brief we give a quick overview of what has happened in some of these dimensions over time and across countries, starting in the years before transition. The brief gives a short background for the specific country reviews that follow this introduction. It seems clear that the COVID-19 pandemic and its aftermath may also differently affect the lives of women and men. The experience of the post-communist transition of the 1990s shows that adopted policies may prevent the gender gaps in various dimensions from growing as a consequence.

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Georgia has gone through significant economic, social, and political transformation over the past 30 years. In this piece we will look at how these changes have affected female economic activity rates, how core determinants of female labor participation have changed during the transformation process, and we will study their implications. This work initially considers how political and economic hardship during the early years of independence resulted in reduced fertility, increased female economic activity, and the so called “added worker effect”, which remained for almost 10 years. Thereafter, we examine the underlying changes behind stable female labour force participation in Georgia, and why it seems to be unresponsive to the ongoing social and economic changes. The most substantial part of the research is devoted to changes in social norms and how they determine the current status of women on the Georgian labor market.

Transition and beyond: women on the labour market in the context of changing social norms

Expectations and starting conditions around 1990

It is a well-established fact that the socialist economies of Central and Eastern Europe and the Soviet Union had much higher rates of female labour force participation than the OECD in the decades before the 1990s. Many reasons for this have been considered, ranging from the near political obligation to have a job, to the economic necessity for a family to have two wage earners, to the relatively well-developed support structures, such as child-care, for enabling female economic activities (e.g. Atkinson and Mickelwright, 1992). It is also the case that women were well-represented in higher education earlier than in the OECD.

In the very beginning of transition arguments in favour of women playing a central role in economic development were put forward based on their favourable starting position. As Fong, 1993 (p. 31) put it for the case of Russia: *“Women in Russia have the capacity to play a positive role in the economic reform process, notwithstanding the tradition of concessions to women as the weaker half of the population. Women are the majority of the labor force and of the voting population. The female labor force is more highly educated than the male labor force; retraining women can take less time and be more cost-effective. Women are under-represented in declining heavy industries, and are concentrated in sectors of potential growth – commerce and trade, banking, and social services. [...] In many ways, women have a clear potential of becoming leading*

elements in reform and a pro-active stance on women in social policy reform is called for.”

At the same time there was awareness early on that some of the consequences of transition could be particularly negative for women unless counter measures were taken. For example, it was feared that radical cuts in the bureaucracy’s support staff, consisting almost entirely of women, would especially increase female unemployment, and also that an increased profit-motive would put higher demands on longer working hours making it particularly difficult for women to work (Moghadam, 1990, p. 29). That women’s status would be additionally affected by cutbacks in family related policies (state-provided or subsidized childcare, long maternity leaves, guaranteed return to work after maternity, and other systems that made it possible to re-concile women’s roles as workers and mothers) was also very clear; the following passage from Fong (1993), p. 31 illustrates this point: *“The near-exclusive dependence on women’s domestic labor for maintaining the material well-being and comfort of the household, means that much of the cost of social protection of the young, the old and the disabled is borne by women in the context of the family, through a system of labor market concessions. The transformation to a market economy has made these labor market concessions incompatible with the efficient operation of the enterprise, and necessitates a re-examination of family policy in the interest of the free movement of labor.”* In short, in some dimensions women were clearly in a favourable position, at least when compared to most OECD countries. They had been active and comparatively well represented in the labour market, often in sectors that were viewed as growing; they also had comparatively high levels of education.

So what happened?



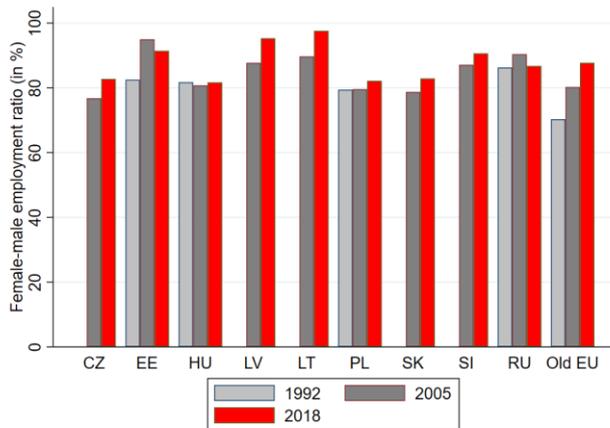
The economic turmoil in the first half of the 1990s has been well documented and it has been well known that the economic recovery and further development in the region has been very uneven across countries (see, e.g. Svejnar 2002; Campos and Coricelli, 2002, special issue of *Economics of Transition*, Vol 26:4). This heterogeneity has also been reflected in the pattern of relative changes in socio-economic outcomes for men and women (see e.g. Brainerd 2000, Fong 1996, Razzu 2015, and UNICEF 1999). The female/male labour force participation (LFP) rates have in many cases dropped relative to the early 1990s, but the changes in most countries have not been as dramatic as some expected. In many countries relative female participation rates over 25 years after the start of the transition are higher or similar to those in the early 1990s (see Figure 1A). Looking at the country rates in 2017 and comparing them to the – growing – relative average OECD values it must be noted that it is generally the developed Western countries which in terms of the relative employment rates have been catching up with those of the “Eastern block”. Such a trend has also been noted in the comparison between the former East and West Germany – with the female/male participation ratio falling in the East from 61.2% in 1991 to 54.3% in 2010, at a time when the ratio in the former Western regions of the country grew from 45.4% to 52.0% (Statistisches Bundesamt, 2019).

Data on childcare suggests that the negative scenario of significant reductions in enrolment in nurseries and kindergartens did not universally materialise in the region. Although reductions in nursery enrolment were substantial in countries where the rates were high prior to transition (esp. in the countries of the former Soviet Union), drops in nursery enrolment in the countries of Central Europe, in which they in any case were lower prior

to 1990s, were modest. Comparing rates of kindergarten enrollment in 1989 and 1997 in countries such as Poland, Bulgaria or Hungary, shows that they remained essentially unchanged, while they dropped from 78% to 65% in Russia (data from UNICEF 1999). From this point of view, transition brought more substantial changes in this regard in countries further to the East with kindergarten enrolment falling from 44% to 19% in Georgia and from 52% to 12% in Kazakhstan. Thus, while certainly not uniform across the region, the withdrawal of the state from the provision of care services in several countries certainly played a role in changing the relative position of women on the labour market. The implications of these developments may have been further corroborated by the fact that it is in these countries where social norms have been strongly skewed towards the home and family rather than professional life as the key responsibilities of women.

With regard to the relative dynamics of wages in Figure 1B we show a long-term series of averages of the female-male wage ratio for a subset of “old” EU members and some “new” post-transition EU countries. These are set against the ratios from the US, Russia and Ukraine. One clearly needs to be cautious concerning the possible effect of labour market selection which can affect these averages, but the overall picture for the years available is rather positive for the group of the Soviet-block countries which joined the EU.

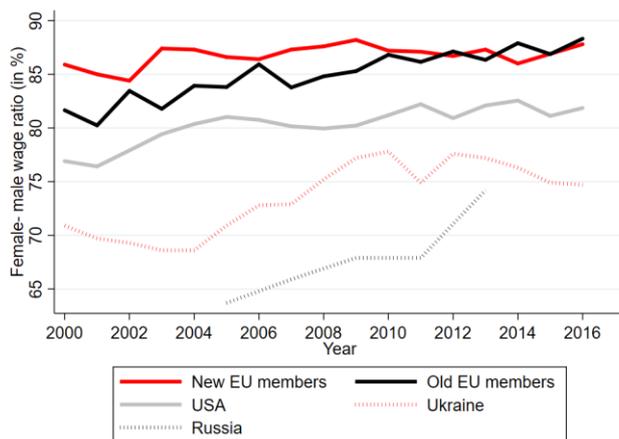
Figure 1A. Female-male labour force participation



Source: OECD database, 2019.

Notes: Czech Republic (CZ), Estonia (EE), Hungary (HU), Latvia (LV), Lithuania (LT), Poland (PL), Slovak Republic (SK), Slovenia (SI), Russian Federation (RU). "Old EU" includes the following countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

Figure 1B. Female-male wage ratios



Source: OECD database, 2019.

Notes: Due to data availability grouped countries include: "New EU" members: Estonia, Hungary, Lithuania, Slovak Republic, Slovenia, Poland (even years only), Czech Republic (except for 2000); "Old EU" members: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

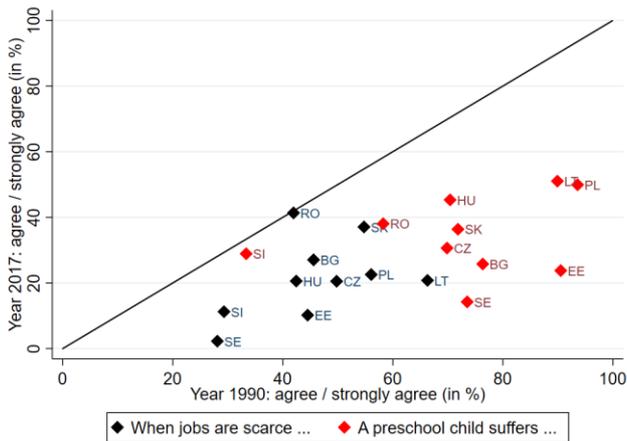
The EU group averages show a generally growing trend in relative wages, but for a significant part of the analysed period the "new" EU countries have outperformed the "old" EU average, while both groups have had significantly higher rates than the US. In the years after 2010 it looks like the ratio

in the "old" and "new" EU countries have converged. The figures show, however, that in countries further to the East, such as Russia and Ukraine, significant challenges remain with regard to wage inequality despite the very high participation of women.

The changing context of social norms

While labour demand conditions as well as the available pay offer and labour market constraints are crucial determinants of relative labour market participation rates and the gender pay gap, the prevailing social norms create the context for all of these forces, determine the supply of labour and play a significant role in determining the relative importance of constraints such as childcare for men and women. As data from the European Values Survey suggests, social norms in the region have been changing along many dimensions, and by 2017 attitudes regarding female labour market participation have become significantly less traditional. For example (see Figure 2A) while in Hungary, Czech Republic, Poland and Lithuania the range of people agreeing with the statement that "When jobs are scarce men should be given priority" was between 42.4% and 66.3% in 1990, by 2017 it dropped to less than 23% in all four countries. In 1990, in Estonia, Lithuania and Poland over 90% of individuals believed that "A preschool child suffers if his/her mother works". By 2017 this ratio fell to around 50% in Lithuania and Poland and to ca. 24% in Estonia. The numbers are still very high in comparison to Sweden - considered as one of the champions of gender equality - where in 2017 only 14.2% of individuals agreed with the first statement and only 2.3% agreed with the second, yet changes towards a less traditional division of responsibilities regarding home and market are evident across nearly the entire region.

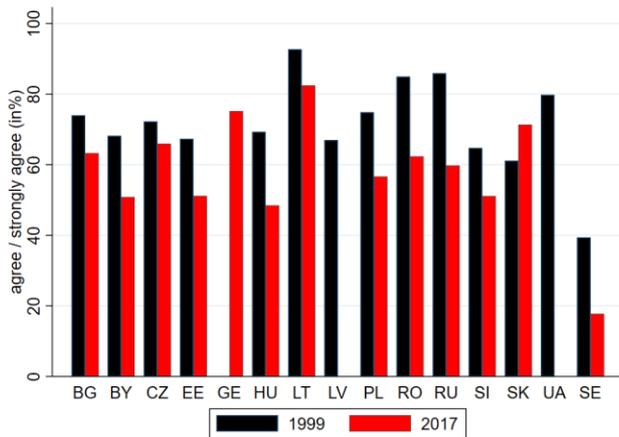
Figure 2A. Social norms: women at work, 1990-2017



Source: European Values Survey.

Notes: Full statements were: “When jobs are scarce men should be given priority”; “A preschool child is likely to suffer if his/her mother works”.

Figure 2B. Social norms: what most women really want: 1999-2017



Source: European Values Survey.

Notes: Full statement was: “A job is alright but what most women really want is a home and children.”

Social norms have also been changing with regard to the perception of women’s aspirations. In this dimension, again, the countries of Central and Eastern Europe still remain behind Sweden, but recognition of women’s professional aspirations is apparent in nearly all countries. While in 1999 85.9% of Russians believed that “A job is alright but what most women really want is a home and children”, the number dropped to 59.8% by 2017.

In Poland, the proportions dropped from 74.9% to 56.7% while in Lithuania, which appears to be the most conservative country along this dimension, from 92.7% to 82.5%. Taking Sweden as the yardstick – with only 17.8% agreeing with this statement in 2017 – the countries of the region are still some distance away from recognizing the role of female professional aspirations, but the direction of changes in social norms is clearly towards a more balanced perception of women’s role on the labour market.

Prospects for the future and the role for policy

At the onset of transition many of the countries in the region were doing relatively well in terms of gender gaps in a number of dimensions. The developments thereafter show great diversity, with some front-runners as well as some laggards. This is true both in terms of overall economic development, as well as for the relative developments on the labour market for men and women. Gender gaps in employment and wages in the countries of Central Europe which have joined the European Union have generally been low, and conditions for women in many of these countries did not worsen to a greater extent than they did for men, and they have been improving for both in recent years. The situation seems much more challenging in the republics of the former Soviet Union which remain outside of the EU. Despite high female employment levels in countries such as Russia or Ukraine, female wages continue to be much lower than those of men, and labour market constraints tend to concern women much more than men. Social norms with regard to female labour market participation and women’s aspirations may hamper the continued progress of women on the labour market in many countries of the region.

Several broad policy areas could be helpful in assisting the change towards more inclusive and

equal labour markets. Governments should take a more active role in reducing constraints related to care – both for the youngest children and for older people, and policies should put further emphasis on enforcing equal pay between men and women. Rebalancing of family responsibilities through care policies can directly influence female employment and can have an indirect effect through changes in social norms (Unterhofer and Wrohlich 2017). Governments could also support dual-earner families through tax and benefit policies. As countries in the region prepare to address the challenges of the COVID-19 pandemic and its aftermath, the implemented policies should seriously consider their relative implications for men and women in order to use the expected wave of reforms to support greater equality of opportunities as well as of social and economic outcomes.

Georgia – Women on the labour market

The onset of a social, political, and economic revolution

Prior to independence, after almost 70 years in the Soviet Union, Georgian female labour force participation (FLFP) was relatively high and similar to that of other economies within the Soviet Block. According to World Bank estimates, in 1990 the female labour force participation (FLFP) rate in Georgia stood at 58.1%, which was higher than the average level for the Former Soviet Union (FSU) as well as the OECD average in the same year (51.9% and 47.8% respectively).

The collapse of the Soviet Union was followed by significant economic hardship and civil unrest in most FSU countries. Unfortunately, Georgia was among those that suffered the most – the civil unrest and armed conflict, unsuccessful reforms,

corruption, and a high level of crime led to the vastly deteriorated socio-economic situation. The Georgian economy contracted by almost 80% between 1988-1994, the most dramatic drop of all FSU countries.

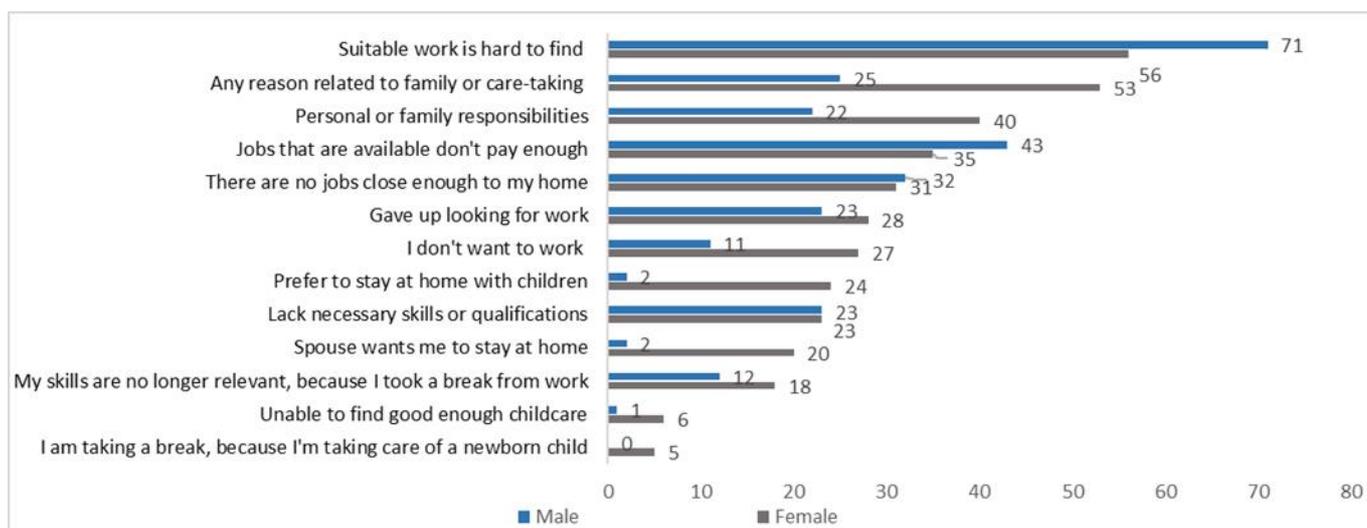
As a response to economic hardship, decreasing real incomes, and increasing male unemployment, Georgian women became more economically active, attempting to earn additional income and support their families. According to an ILO estimate for 1994, the FLFP rate reached its historical maximum of 61.4%. In the economic literature, this phenomenon is known as the “added worker effect” (Lundberg, 1985). However, as the economic situation improved, by 2003, the rate had fallen again and since then has remained in the range of 54 and 59%.

Female labour force participation since 2003

Since 2003 Georgia has managed to combat corruption, restore public order and democracy, implement free-market reforms, and achieve economic stability. Over the years Georgia has developed quite a reliable social protection scheme with increased pensions, a targeted social assistance program, and a universal healthcare system. Georgia has also rapidly transformed from a lower-middle-income country into a middle-income country, by World Bank classification.

Regardless of the changes mentioned, FLFP in Georgia seems quite stable and low compared to male labour force participation. From 2003-2019 FLFP increased only by 1.1 percentage points. As for the average difference between male and female labour force participation rates, it amounted to about 20 percentage points during the last decade. The OECD average for the same

Figure 1. Reported reasons for not working. You do not work because...? Year 2018 by gender



Source: UN Women, 2018

indicator in the last decade is only 6.1 percentage points.

A recent study commissioned by UN Women in Georgia has considered the reasons behind the low rates of female economic activity in Georgia (UN Women, 2018). Figure 1 shows reasons for not working given by survey participants, for men and women separately. It is clear that the reasons for low female economic activity lie on both sides of the labour market:

- a) *demand side reasons* – it is hard to find suitable work (56%); low salaries (35%); and no jobs in their proximity (31%).
- b) *supply side reasons* – reasons related to family care (53%); personal or family responsibilities (40%); and a spouse who wants them to stay at home (20%).

The demand side problems seem to affect both genders equally, despite some potential differences that should be further explored. For example, the literature shows that the definition of a suitable job may be different for men and women. Some studies demonstrate that flexibility, which is one feature of a suitable job, allows mothers to maintain their working hours after

childbirth (Chung & Van der Horst, 2018), and to remain in human-capital-intensive jobs in times of elevated family demand (Fuller & Hirsh, 2018), and thus it may be more highly valued by women than men.

For supply side problems, it is clear that family responsibilities and the gender division of unpaid family care more greatly affect females' level of economic activity. This would be expected in a strongly patriarchal society like Georgia, where traditions, national values, and identities are maintained and respected. In Georgia "*traditional gender roles imply that women bear the main responsibility for housework and childcare, while men are the breadwinners; these social roles are leading to women's lower labor force participation*" (UNDP, 2013). The UN Women study found that unpaid family care is unevenly distributed among males and females in Georgia. Women report spending 45 hours a week, on average, on homemaking (the equivalent of working a full-time job) and this number is the same for employed and unemployed women, as well as for women outside the workforce.

Men, on the other hand, spend on average 15 hours on unpaid family work (UN Women, 2018). Care duties with respect to children and older relatives is another issue with uneven distribution among males and females in Georgia, and this also affects women's participation on the labor market. Although since 2013, the state provides free childcare services, which increased kindergarten enrollment from 46% (2012) to 66% (2013), the quality and flexibility of childcare provision is still a challenge (World Bank, 2019). Additionally, existing social norms and perceptions regarding the responsibilities concerning the care of aging parents is a crucial factor determining the demand for eldercare services in Georgia. As put by the World Bank in a recent report: *"Caring for the elderly at home by family members is viewed as an obligation as well as the most appropriate way of helping their aging loved ones to live out their remaining years in comfort, health, peace, and dignity, in the companionship of their loved ones"* (World Bank, 2019a). As a result, in the Georgian reality, families opt for informal elderly care (relatives, family members), which further increases the burden of care on female family members.

The uneven distribution of unpaid family work may result not only from traditional gender norms, but also from different labour market outcomes for men and women. In particular, the existing wage gap in the labor market may disincentivize FLFP. Although according to the National Statistics Office of Georgia, the gender wage gap has had a decreasing trend since 2005, in 2017 the adjusted hourly wage gap controlling for various characteristics (e.g., age, education, position held, sector of employment, etc.) still stood at 24.8% (UN Women, 2020).

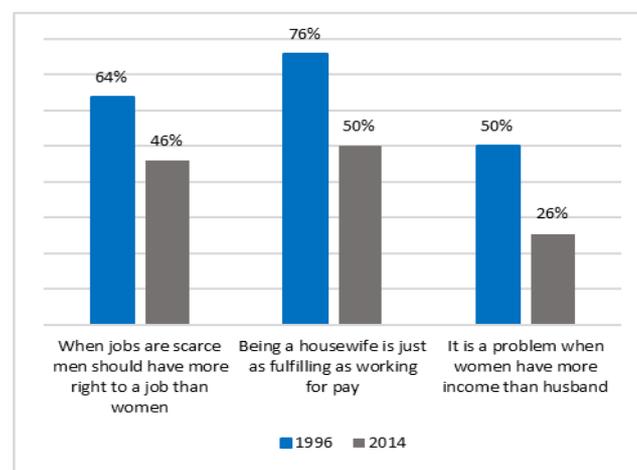
It has to be mentioned that 36% of women in Georgia (18+ population) have tertiary education, compared to 28% of men, who are more likely to

have secondary level education or less (49%) (UN Women, 2018). Despite this, well educated women are significantly underrepresented in the labour force. For example, 55% of women with tertiary education mention reasons related to family care for not working.

Positive trends

Regardless of the stability of overall female labour participation rates, changes in female employment patterns show a positive and encouraging trend. The share of women employed in agriculture, which mainly accounts for subsistence farming and is characterized by the lowest wages, is decreasing. For example, while 56.8% of working women in 2003 were employed in agriculture, this figure in 2019 stood at 45.2% (World Bank, 2019b). This reduction was mainly absorbed by the service sector.

Figure 2. World Values Survey, Wave 3: 1995-1999 and Wave 6: 2010-2014 results



Source: World Values Survey Database.

Furthermore, several surveys show how drastic the transformation of norms towards gender equality has been over the past two decades. Data from the World Values Survey (WVS) monitors how Georgian views, attitudes, and beliefs towards women's economic activity has changed from 1996 to 2014. The share of individuals agreeing with statements expressing a traditional

view towards the role of women decreased significantly and consistently over this period (see Figure 2).

More recent data from the Caucasus Barometer shows similar changes over a shorter period. For example, in the 2010 Caucasus Barometer, 83% of Georgian respondents agreed that a man should normally be the only breadwinner in the family. This share fell to 65% by 2019. While in comparison to other countries this is still a high proportion, the observed changes in social norms have the potential to encourage women to participate actively in the labour market.

Conclusion

Political, economic, and social transformations in Georgia are changing women's economic positions on the labour market, alongside broadening their economic empowerment. Irrespective of the imperceptible changes in the overall female labour force participation, the core factors determining their activity on the labour market are slowly adjusting. These factors affect labour force participation in different manners and sometime offset each other. Nonetheless, it is encouraging that the nature of female employment is shifting towards better quality jobs and away from the agricultural sector, characterized by very low productivity and remuneration. Despite many remaining challenges that need to be addressed, the country is gradually progressing towards a society with more balanced and equal gender norms.

The main policy areas that support increasing female employment should be directed towards both sides of the labour market. Examples of changes include: proper incentives for working mothers to not leave the labour market and to stay active; legislative changes and awareness campaigns to tackle social norms related to male

parenting; and to prioritize daycare provision and at-home support policies to reduce the burden of eldercare. There is also a need to overcome gender stereotypes by encouraging the more equal sharing of unpaid household work and care between men and women. Furthermore, flexible labour market arrangements would help women achieve a better work-life balance and inclusive economic growth would benefit the whole labour force by offering more and better-quality jobs. Such changes would increase female activity on the labor market and improved conditions of those who are already in the labour force.

The ongoing Covid-19 pandemic and corresponding lockdown highlighted again the unequal distribution of childcare and household work among males and females and its potential consequences in times of crises. Due to school and kindergarten closures, and to the reduced support from domestic workers, women in the labor force have seen their total daily workload increase significantly more than their male counterparts. On the bright side, the global health crisis has been encouraging the adoption of new work practices, like smart working, that increase flexibility for women and help in achieving a better work-life balance. Since working from a distance has become a more widely accepted method, companies might be encouraged to allow more distance work also in the post-pandemic period, giving more women the opportunity to participate in the labor force and accelerate closing of the gender gap.

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