

## POLICY BRIEF

# INVISIBLE HANDS: FORMALIZATION OF DOMESTIC WORK IN GEORGIA

Photo: Natela Grigalashvili

## Domestic work in Georgia

According to the definition set forth in the Domestic Workers Convention, 2011 (No. 189), of the International Labour Organization (ILO), a domestic worker is a person who performs work in or for one or more households within the scope of an employment relationship. In 2023, there were 17,000 people engaged in domestic work in Georgia.<sup>1</sup> The majority of the domestic workers (99 per cent) are women.<sup>2</sup>

Domestic work is a women's rights issue, not only because the vast majority of domestic workers are women, but also because it involves tasks that women typically perform without remuneration.

Domestic work is often characterized as informal and invisible employment, placing workers in a vulnerable position, accord-

ing to the ILO. Informal workers are generally defined as those whose labour is neither recognized nor protected by labour and social security laws.

The Georgian State has not yet ratified Convention No. 189, adopted by the ILO in 2011. Local labour legislation does not recognize domestic work; and until now, the courts have never discussed whether domestic work is a labour relation as defined by the Labour Code of Georgia.

In February 2024, in response to an appeal from a nanny employed in a private household, the Labour Inspection Office of Georgia explained that its mandate does not extend to the domestic work sector. According to the Labour Inspection Office, in the case of domestic work, the employer is a private house-

1 The National Statistics Office of Georgia considers cooks, babysitters, waiters, launderers, gardeners, gatekeepers, drivers, caretakers, tutors, secretaries and other employees who are hired by households for household chores to be domestic workers. See: National Statistics Office of Georgia. 2023. "Labour Force Survey: Distribution of employed persons by economic activity and sex." Accessed 20 May 2023. <https://www.geostat.ge/en/modules/categories/683/Employment-Unemployment>.

2 N. Pignatti, M. Chitanava, M. Lobjanidze and M. Tsulukidze. 2021. *Regulatory Impact Assessment of ILO C189 – Domestic Workers Convention*. Tbilisi: UN Women, pp. 27-28.

hold, and its private and family affairs are protected by constitutional rights in which the Labour Inspection Office cannot interfere.

In Georgia, domestic workers do not enjoy the same basic labour rights and benefits provided by the Labour Code of Georgia as formally employed workers do.

**Table 1:** Informal and formal employment in Georgia

Labour rights and benefits	Formal employment	Informal employment
Employment status	Yes	No
40-hour work week	Yes	No
Paid overtime work	Yes	No
Uninterrupted 24-hour weekly rest period	Yes	No
1-hour rest break after 6-hour work period	Yes	No
12-hour uninterrupted rest time between working days	Yes	No
Days off on official holidays	Yes	No
Annual paid leave	Yes	No
Guarantees of labour safety	Yes	No
Protection against unjust and arbitrary dismissal	Yes	No
Right to appeal to the Labour Inspection Office	Yes	No
Maternity leave (prenatal, postnatal)	Yes	No
Severance pay	Yes	No

**Source:** Based on the author's analysis of the Labour Code of Georgia.

The insecurity of domestic workers is further exacerbated by the personal nature of their duties, which is typical of domestic care work. For this reason, domestic workers often find it challenging to discuss their labour rights with their employers. Policies regarding social security and tax legislation in Georgia do not employ approaches that would foster the formalization of domestic work. One of the main reasons that formalization remains unattractive to domestic workers is the obligation to pay income tax, which amounts to 20 per cent.

In addition, Georgia does not have certain vital pillars of a labour and social security system, such as minimum wage and unemployment or accident insurance, which would be substantial differences between informal and formal employment statuses and would encourage informal workers to formalize their labour.

Moreover, in Georgia, informal workers might even lose certain social benefits by formalizing their employment. For example, the Universal Healthcare Program of Georgia offers different funding models for citizens according to their income level. Domestic workers whose income is unknown to the State receive a better health insurance package than they would have if their income were visible to the State.

Gaining access to the rights and benefits provided by the labour legislation of Georgia is a matter of critical importance to domestic workers. Together with work and rest times, the issues of paid leave and severance pay are of utmost importance to nannies and caregivers in particular. However, the study revealed that relying simply on the labour rights provided by the Labour Code of Georgia will not create enough incentives to formalize domestic work. Reforming social security and tax legislation is also needed.

## International experience of formalization

The Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), of the ILO applies to various distinct sectors of informal employment. Domestic work is one of the vulnerable types of informal labour. The ILO considers formalization to be a complex process that involves the State's efforts to prevent the informalization of formal employment on the one hand and to move towards formalizing informal employment on the other hand. At the centre of this logic is the assumption that formalization should be appealing to workers; that is, the loss of their formal status of employment should result in the loss of specific labour and social benefits.

After the adoption of ILO Convention No. 189 and its accompanying Domestic Workers Recommendation, 2011 (No. 201), several countries implemented legislative and institutional reforms to protect the labour rights and social security of domestic workers. These reforms aimed to transition domestic workers from informal to formal employment. In most cases, States pursued comprehensive reforms to ensure full equality between domestic work and other forms of paid employment. Other countries introduced new protective measures and amended existing labour and social security regulations for domestic workers, such as providing unemployment insurance or a minimum wage for domestic workers.

According to international practice, the success of formalization depends heavily on how it will be able to convince the domestic worker that formalization will be a useful solution for him/her. To be attractive, formalization has to respond to the labour and social needs of domestic workers and offer them better protection.

### Formalization: the vision for Georgia

The vision for the formalization of domestic work in Georgia, on the one hand, is based on the study of the local context and, on the other hand, takes into account international experience. The vision is based on the principle that formalization should be attractive to domestic workers: during formalization, workers must

receive access to the rights and benefits that they would not have if they had remained engaged in informal employment. To that end, it is important to take into account the following recommendations:

- The State should recognize domestic work as a labour relation and provide domestic workers with the labour rights outlined in the Labour Code of Georgia. There are four possible methods to achieve this recognition: passing a new law specifically for domestic work; making amendments to the existing labour legislation of Georgia; redefining labour relations through the Labour Inspection Office; and pursuing strategic litigation, which can be initiated by domestic workers or their organizations.
- The authority of the Labour Inspection Office should extend to the domestic work sector, and the Office should be responsible for addressing complaints from domestic workers, as well as educating employers and employees about their respective rights and obligations.
- Social security schemes, such as the funded pension system, state universal health care and social assistance programme, need to be reformed to ensure that domestic workers do not lose rights and benefits when they formalize their work, particularly during the transition phase.
- The State should introduce an unemployment insurance programme for all workers, including domestic workers. Nannies and caregivers who took part in the study unequivocally claim that unemployment insurance would be a major incentive for them to formalize their work.
- The State should establish a special tax regime for domestic workers. During the transition period, domestic workers should be exempt from income tax, similar to those with micro-business status. After the transition period, domestic workers could benefit from reduced income tax rates.



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