



PRESS RELEASE

UNDP HELPS IN MEASURING INFORMAL ECONOMY IN GEORGIA

Wednesday, 8 November 2006 – UNDP is cooperating with the Ministry of Economic Development – Department of Statistics of Georgia in obtaining accurate picture of the size and scope of the informal economy in Georgia.

The issue of measuring the hidden economy started acquiring relevance for government's statistics. First, the informal sector does not pay taxes, thereby undermining public revenue. Second, official statistics becomes less reliable larger the informal economy. Third, developments in the informal economy are informative about society's perception of the tax and administrative burdens, as well as of the quality of governance. Thus, measuring the non-observed economy is a challenge for the government, but a vital one.

The eight month project "Capacity Development of the Ministry of Economic Development – Department of Statistics for the Accurate Estimation of the Informal Economy" launched on November 8 provides support to the government in better measuring the informal economy by at least two different internationally acknowledged methodologies. The project will also produce Analytical and Policy Recommendations Report with specific recommendations for the policy makers on policies and measures to encourage transition of the informal workers and economic units to the formal economy.

"UNDP places high importance on strengthening the statistical capacity of Georgia, which in its turn is a basis for the informed decision-making. This is demonstrated by the fact that UNDP moved in to fill the gap," said Peter Van Ruysseveldt, UNDP Resident Representative a.i. "We hope that accurate information on the scale and causes of the informal economy will help Government to accurately plan interventions aimed at integrating informal sector into the formal economy and creating basis for the long-term economic growth in the country".

Signed by Peter Van Ruysseveldt, UNDP Resident Representative a.i. and Irakli Siradze, Chairman of the Department of Statistics, at the Department of Statistics, the project will be implemented in close cooperation with the Ministry of Economic Development – Department of Statistics and other relevant institutions. UNDP will fully fund the project (US\$122,500).

For further information, please contact, Khatuna Chanukvadze, UNDP Program Associate +995 32 25 11 26, khatuna.chanukvadze@undp.org; Ketj Ghioshvili, UN PIO, +995 32 25 11 26, keti.Ghioshvili@undp.org