



Georgia: Fiscal Resilience and Social Protection Support Program (Subprogram 1)

Project Name	Fiscal Resilience and Social Protection Support Program (Subprogram 1)	
Project Number	54271-001	
Country	Georgia	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 3993-GEO: Fiscal Management and Social Protection Support Program Ordinary capital resources US\$ 200.00 million	
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Finance - Money and capital markets Public sector management - Public expenditure and fiscal management - Reforms of state owned enterprises - Social protection initiatives	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	The proposed Program is part of a comprehensive and integrated package of support from the Asian Development Bank (ADB) to the Government of Georgia to help address adverse health, social and economic impacts of the coronavirus disease (COVID-19) pandemic. The Program supports Georgia's return to inclusive economic growth by addressing longstanding institutional fragilities that were further exposed as a result of the COVID-19 crisis. The Program is aligned with ADB's Strategy 2030, including operational priorities on addressing remaining poverty and reducing inequalities, accelerating progress in gender equality, strengthening governance and institutional capacity. The Program is also aligned with the ADB Country Partnership Strategy, 2018-2022 for Georgia.	
Project Rationale and Linkage to Country/Regional Strategy	Economic performance forecasts for FY2020 have been revised downwards. The COVID-19 pandemic had a significant negative impact on Georgian economy. While the drop in remittances and exports was less severe than initially envisioned, it did not offset the impact felt on the tourism sector and FDI, leading to an overall downward revision in forecasts for GDP growth in 2020. As a result of COVID-19, Georgian economy is now expected to contract by 5% in 2020, down from the previous estimate of -4% estimate. These revised forecasts are based on recent available data which indicate a contraction of 12.6% in growth y-o-y for the second quarter of 2020 and an overall 5.8% contraction for the first half of 2020. In the second quarter of 2020, tourism revenues reduced by \$ 849mn y-o-y which were partly, but not entirely, compensated by significantly reduced trade balance (-\$ 497mn y-o-y) as imports fell sharper than exports (down 31.8% y-o-y and 24.7% y-o-y, respectively). There was a significant drop in remittances in April due to economic lockdown globally, however it quickly rebounded in June 2020 increasing by 17.8% y-o-y for that month. After the GEL hit a record low level in March 2020, it appreciated by 6.9% q-o-q against the USD, reflecting adequate monetary policy response by the NBG, as well as external funding support and remittances. Annual inflation in June 2020 was 6.1%, above the 3% target, due to disruption to supply chains and strengthened influence of FX pass-through.	
Impact	Inclusive economic recovery from the COVID-19 crisis	
Project Outcome		
Description of Outcome	More effective management of risk exposure by the public sector and enhanced and fiscally responsible social protection of vulnerable people.	
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs	Management of public exposure to fiscal risks is strengthened. Domestic debt market for government securities is deepened. Adequacy and fiscal sustainability of social protection programs strengthened	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	C	
Involuntary Resettlement	C	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		

During Project Design

During Project Implementation

Responsible ADB Officer	de Almeida Vieira de Sa, Rogerio
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, CWRD
Executing Agencies	Ministry of Finance 16 Gorgasali St., 0114 Tbilisi Georgia

Timetable

Concept Clearance	-
Fact Finding	07 Aug 2020 to 21 Aug 2020
MRM	18 Sep 2020
Approval	29 Oct 2020
Last Review Mission	-
Last PDS Update	29 Oct 2020

Loan 3993-GEO

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	200.00	Cumulative Contract Awards			
ADB	200.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	https://www.adb.org/projects/54271-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54271-001
Date Generated	04 November 2020

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.