



Report and Recommendation of the President to the Board of Directors

Project Number: 55195-001
September 2021

Proposed Loans Georgia: COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 August 2021)

Currency unit	–	lari (GEL)		
GEL1.00	=	\$0.32	or	€0.27
\$1.00	=	GEL3.10	or	€0.84
€1.00	=	\$1.19	or	GEL3.65

ABBREVIATIONS

ADB	–	Asian Development Bank
APVAX	–	Asia Pacific Vaccine Access Facility
COVAX	–	COVID-19 Vaccines Global Access
COVID-19	–	coronavirus disease
GDP	–	gross domestic product
MOILHSA	–	Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs
NCDC	–	National Center for Disease Control and Public Health
NVDP	–	National Vaccine Deployment Plan (Georgia COVID-19 Vaccine National Deployment Plan)
PIC	–	project investment component
PIU	–	project implementation unit
RRC	–	rapid response component
UMIC	–	upper middle-income country
WHO	–	World Health Organization

NOTE

In this report, "\$" refers to United States dollars.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 55195-001	
Project Name	COVID-19 Vaccine Support under the Asia Pacific Vaccine Access Facility	Department/Division	CWRD/CWSS
Country Borrower	Georgia	Executing Agency	Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs (MOILHSA)
Country Economic Indicators Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=55195-001-CEI https://www.adb.org/Documents/LinkedDocs/?id=55195-001-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Health	Disease control of communicable disease		15.00
		Total	15.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Fostering regional cooperation and integration			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.5		Effective gender mainstreaming (EGM)	✓
SDG 3.d			
SDG 5.1		Poverty Targeting	
SDG 6.a		General Intervention on Poverty	✓
SDG 10.4			
4. Risk Categorization:	Complex		
5. Safeguard Categorization	Environment: C Involuntary Resettlement: C Indigenous Peoples: C		
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		15.00	
Sovereign Asia Pacific Vaccine Access Facility (Regular Loan): Ordinary capital resources		15.00	
Cofinancing		0.00	
None		0.00	
Counterpart		2.70	
Government		2.70	
Total		17.70	
Currency of ADB Financing: Euro			

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on proposed loans to Georgia for the COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility (APVAX).

2. The project will provide the Government of Georgia with financing for coronavirus disease (COVID-19) vaccine procurement and logistics and capacity-strengthening activities through the APVAX.¹ The rapid response component (RRC) under the APVAX will be used to support the procurement of Asian Development Bank (ADB)-eligible COVID-19 vaccines, including delivery and related international logistics, handling fees, and insurance.² The project investment component (PIC) under the APVAX will help strengthen capacity to implement the vaccination program and contain COVID-19 transmission and its significant health and socioeconomic impact. Georgia has met all APVAX access criteria (Table 1).

Table 1: Compliance with Access Criteria of the Asia Pacific Vaccine Access Facility

Access Criteria	ADB Staff Assessment
Demonstrated adverse impact of COVID-19	COVID-19 adversely impacted the economy in 2020; GDP declined by 6.2% compared with a 5% growth in 2019. ^a For FY2021, GDP growth is expected to be 7.7%. The absolute poverty incidence based on \$1.90 per day is expected to rise from 3.8% in 2019 to 5.4% in 2020. ^b
Completed needs assessment	Assessment of readiness, which covers needs assessment, using WHO's COVID-19 Vaccine Introduction Readiness Assessment Tool and the World Bank's Vaccination Readiness Assessment Framework, is updated periodically with support from WHO and other development partners.
National vaccination allocation plan	The MOILHSA developed the NVDP through eight technical working groups comprising different ministries, departments, experts, and development partners. The ministry is aligned with the WHO strategic advisory group of experts on global COVID-19 policies and strategies. The ministry prioritizes health workers, residents and staff of long-term care centers, elderly persons and persons with chronic diseases, and essential service providers.
Incremental medical waste management plan	The Waste Management Code and Resolution of the Government of Georgia on Medical Waste Management (No. 294, 2017) stipulates that health-care facilities must develop comprehensive 5-year corporate waste management plans. The Environmental Supervision Department of the Ministry of Environment Protection and Agriculture is authorized to inspect health-care facilities to assure compliance of waste management practices.
Governor's letter	ADB has received the Governor's letter confirming the government's commitment to implement the NVDP, including the prioritization plan, and compliance with APVAX vaccine eligibility criteria.
Established effective development partner coordination mechanism with clear ADB role	The COVID-19 vaccine Coordinating Commission was established in December 2020, chaired by the MOILHSA and including development partners, to coordinate and monitor implementation of the NVDP. Eight technical working groups with development partner participation were established to help prepare and update the NVDP. Strong coordination by MOILHSA is in place to ensure the complementarity of all contributions.

APVAX = Asia Pacific Vaccine Access Facility; COVID-19 = coronavirus disease; FY = fiscal year; GDP = gross domestic product; MOILHSA = Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs; NVDP = National Vaccine Deployment Plan (Georgia COVID-19 Vaccine National Deployment Plan); WHO = World Health Organization.

^a ADB. 2021. [Asian Development Outlook 2021: Financing a Green and Inclusive Recovery](#). Manila.

^b J. Bulan et al. COVID-19 and Poverty: Some Scenarios. Unpublished note prepared for the Economic Research and Regional Cooperation Department, ADB.

Source: Asian Development Bank.

¹ The proposed project was prepared under the One ADB approach, following streamlined business processes outlined in the APVAX policy paper. ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila; ADB. 2021. [Proposed Amendment to ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

² ADB. 2020. [ADB's Comprehensive Response to the COVID-19 Pandemic: Policy Paper](#) Manila; ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

3. The project will support the implementation of the COVID-19 National Vaccine Deployment Plan (NVDP).³ The project is in line with ADB's Strategy 2030, the upcoming Indicative Country Pipeline and Monitoring Report, 2022–2024, and the Central Asia Regional Economic Cooperation (CAREC) Strategy 2030.⁴

II. THE PROJECT

A. Rationale

1. COVID-19 Pandemic

4. **Status of the pandemic.** The Government of Georgia reported the country's first COVID-19 case on 26 February 2020, followed by the first wave from September 2020 to February 2021, the second, milder wave beginning in March 2021 and a third wave beginning in June 2021. As of 11 August 2021, Georgia had reported 461,198 confirmed COVID-19 cases and 6,230 deaths.⁵ Higher infection rates were recorded in the capital, Tbilisi, and the autonomous Adjara region.⁶ The peak number of daily new confirmed cases was at 6,208 in August 2021 during the third wave, compared with 2,171 during the second wave from March to June 2021.⁷ According to the National Center for Disease Control and Public Health (NCDC), 36.2% of persons presenting for pre-hospital admission testing positive for COVID-19 did not show symptoms. Most (56%) hospitalizations were mild cases, 35% moderate, 7% severe, and 2% critical.⁸ The case fatality rate of COVID-19 admissions was about 1% (footnote 6). Most fatal cases were elderly persons and those with significant comorbidity.

5. **Country context.** Georgia is an upper middle-income country (UMIC) in the Caucasus, with a population of 3.7 million in 2021.⁹ Georgia's health sector has been highly decentralized and extensively privatized by ambitious sector reforms since 2007. The Universal Health Care Coverage Program was introduced in 2013 and includes a defined benefits package.¹⁰ Georgia's key health indicators are better than the average for UMICs. For example, immunization rates in Georgia are high, with 99% for measles (93% for UMICs) and 94% for diphtheria-pertussis-tetanus (92% for UMICs) in 2019.¹¹ While the number of hospital beds is close to the average for UMICs at 2.9 beds per 1,000 people, the government mobilized clinics with 7,000 beds by December 2020 to augment capacity to treat COVID-19 patients.¹² A challenge remains: out-of-pocket expenditure is relatively high at 47.7% of health expenditure (2018) because of high outpatient pharmaceutical costs.

³ The title of the document is Georgia COVID-19 Vaccine National Deployment Plan but it is better known as National Vaccine Deployment Plan (NVDP) (Georgia. 2021. *Georgia COVID-19 Vaccine National Deployment Plan*. 8 April). ADB's strategic focus in Georgia is agreed in the forthcoming country operations business plan, 2022–2024.

⁴ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila. The project is aligned with operational priority 1 through tackling remaining poverty and reducing inequalities by increasing access to COVID-19 vaccines of those most at risk, operational priority 2 through accelerating progress in gender equality, and operational priority 7 through regional cooperation and integration (ADB. 2017. *CAREC 2030: Connecting the Region for Shared and Sustainable Development*. Manila).

⁵ National Center for Disease Control and Public Health (NCDC).

⁶ NCDC. 2021. *One Year with COVID-19. Report of the National Center for Disease Control and Public Health. The Fifth Revision*. Tbilisi.

⁷ NCDC. *COVID-19 Confirmed Cases in Georgia* (accessed 2 September 2021).

⁸ NCDC. 2020. *COVID-19 in Georgia. The Fourth Revision*. Tbilisi.

⁹ National Statistics Office of Georgia. *Population and Demography* (accessed 22 June 2021). The data exclude the occupied territories of Abkhazia and Tskhinvali.

¹⁰ T. Chanturidze et al. 2009. *Georgia: Health System Review. Health Systems in Transition*. 11 (8).

¹¹ World Bank. *World Development Indicators: Georgia* (accessed 30 June 2021).

¹² World Bank. *World Development Indicators: Georgia* (accessed 30 June 2021); and footnote 6.

2. Impact of the Pandemic

6. **Cost to the economy.** Gross domestic product (GDP) declined by 6.2% in 2020 because of the COVID-19 pandemic, compared with 5.0% GDP growth in 2019.¹³ Global and national pandemic control measures have resulted in reduced productivity and consumption; an inflow of Georgian migrant laborers from abroad; and increased unemployment, from 17.6% in 2019 to 18.5% in 2020.¹⁴ Adjusted for population increase, per capita income declined from \$4,696 in 2019 to \$4,275 in 2020.¹⁵ The fiscal deficit increased from 2.1% in 2019 to 9.3% in 2020. COVID-19 mitigation measures are largely financed from aid inflows. The public debt–GDP ratio increased from 40.4% of GDP in 2019 to 60.0% in 2020 and 60.7% in 2021 but is expected to remain sustainable.¹⁶ Trade and tourism have been severely affected by COVID-19, with exports declining by 12.3%, imports by 13.8%, and revenue from tourism by 90.0%. Real GDP growth rebounded strongly to 12.7% in the first half of 2021. Growth was broad-based across all sectors and is expected to reach 7.7% for 2021.¹⁷ Recovery, gaining impressive momentum, was underpinned by significant support to businesses and households, propped up with sizeable donor support. Strong growth in remittances and exports and faster than expected rebound in tourism have supported the economic recovery and helped reduce the current account deficit.

7. **Impact on poor and vulnerable groups.** The poor and vulnerable are disproportionately affected by the pandemic. Without interventions to protect the poor through social assistance and other interventions, the pandemic would have more than doubled poverty levels.¹⁸ The initial government response to the pandemic reduced poverty in the short term, but overall it remains higher than before the pandemic.¹⁹ In 2020, 21.3% of the population lived below the national poverty line (19.5% in 2019), with the rural poverty rate at 27.5% and the urban poverty rate at 17.1%.²⁰ Absolute poverty, measured using the international poverty line (\$1.90 per day), is estimated to increase from 3.8% in 2019 to 5.4% in 2020 because of the effects of COVID-19.²¹ The pandemic's impact on poverty is significant because of a large number of self-employed and informal sector workers and migrant workers returning home. In addition, the basic cost of living for the poor has increased.

8. **Impact on gender equality.** The NCDC reports that more women (57%) than men (43%) have been infected with COVID-19 (footnote 6). The Georgia National Action Plan on Gender Equality draws attention to the needs of about 246,000 internally displaced persons—55% of

¹³ ADB. 2021. [Asian Development Outlook 2021: Financing a Green and Inclusive Recovery](#). Manila.

¹⁴ National Statistics Office of Georgia. [Labor Force Indicators](#).

¹⁵ Ministry of Finance. [Gross Domestic Product](#).

¹⁶ According to a latest assessment by IMF on April 2021 and the State Budget 2021 (a Budget Supplement passed on 22 July 2021), real GDP growth is now projected to reach 7.7% in 2021 compared to previous estimate of 3.5%. With faster than expected economic growth, total public debt-to-GDP ratio is projected to decline to 55.3% in 2021 and further to 54.3% by 2022. IMF. [Georgia: Staff Concluding Statement of the 2021 Article IV Mission](#) (accessed 2 August 2021); Georgia: [Eighth Review Under the Extended Fund Facility Arrangement](#). April 2021 (accessed 2 August 2021); Ministry of Finance. 2021. [State Budget 2021](#) (accessed 2 August 2021).

¹⁷ National Statistics Office of Georgia. [Rapid Estimates of Economic Growth](#) (accessed 2 August 2021).

¹⁸ With ADB support, the government social assistance package of GEL1.035 billion (\$329 million) was tailored to mitigate the adverse effects of the COVID-19 crisis on the unemployed, poor, and vulnerable. The package mitigated a surge in poverty incidence and loss of income across income groups and contributed to improved and fiscally responsible social protection. Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2). ADB. 2020. [Georgia: COVID-19 Active Response and Expenditure Support Program](#); and ADB. 2020. [Georgia: Fiscal Resilience and Social Protection Support Program \(Subprogram 1\)](#).

¹⁹ L. Carraro. Inputs into Concept Paper of Social Protection in Georgia. Unpublished.

²⁰ National Statistics Office of Georgia. [Share of Population Under Absolute Poverty Line](#).

²¹ J. Bulan et al. COVID-19 and Poverty: Some Scenarios. Unpublished. Note prepared for the Economic Research and Regional Cooperation Department, ADB.

whom are women—and conflict-affected persons in Georgia. They comprise 6% of the population. Poor living conditions increase their risk of exposure to COVID-19.²² Another issue exacerbating women’s vulnerability to COVID-19 is the reported significant increase in unpaid care work during the pandemic. More women than men reported that the pandemic affected them psychologically. Households with children and disabled members, and more women than men, reported higher levels of stress and anxiety. Women carry out most household work, including being the primary care takers of family members with COVID-19.²³

9. **Impact on the health system.** Georgia ranks 42nd out of 195 countries in the Global Health Security Index and is better prepared for epidemics and pandemics. Testing capacity increased significantly from 100 polymerase chain reaction (PCR) tests per day in March 2020 to 20,000 per day by July 2021. The health sector budget has increased from GEL1.57 billion (9.7% of the state budget) in 2020 to GEL2.01 billion (10.3%) in 2021.²⁴ Treatment is free for COVID-19 patients. Early data show that the pandemic has affected the health system, particularly routine primary care services. Although the services continued without interruption, their use deteriorated, especially during mobility restrictions. Childhood immunization coverage declined by up to 8% for most vaccines, with a dramatic drop for booster doses (25%–30%) in 2020. A twofold reduction was observed for cancer screening.²⁵ Hospital admissions, although reduced during the first wave, were not affected.

10. **Initial government measures to control the pandemic.** In January 2020, the government approved the COVID-19 national emergency response plan (NERP) and established the Interagency Coordination Council.²⁶ The NERP details core elements and the resource requirements to prevent, detect, and respond to the COVID-19 emergency.²⁷ Georgia’s early action during the first global wave gave the country time to prepare the health system for increased COVID-19 cases. The government enacted several measures to control the pandemic and strengthen the health system’s capacity, including (i) reducing the risk of transmission by restricting social gathering and closing public institutions and schools; (ii) tightening epidemic control through detection, tracing, isolation, and surveillance (e.g., upgrading testing capacity); (iii) increasing capacity to treat confirmed cases by expanding hospital bed capacity, health worker training, establishment of fever centers, and remote patient management through online platforms; and (iv) risk communication to encourage face-mask wearing, social distancing, among others (footnote 6). In April 2020, the government announced a GEL3.5 billion response program, which accounted for about 7.4% of GDP.²⁸ In the budget for FY2021, GEL 1.36 billion has been allocated for COVID-19 response (footnote 24).

11. **Lessons learned.** The implementation of COVID-19 vaccination to date has shown that it must be constantly monitored and adjusted, depending on the availability of vaccines and the latest recommendations. Vaccination was gradually opened to more priority groups, depending

²² World Bank. 2016. [Georgia Transitioning from Status to Needs Based Assistance for IDPs](#). Washington, DC.

²³ United Nations Development Programme (UNDP), United Nations Population Fund (UNFPA), and United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). 2021. [Second Wave of the Rapid Gender Assessment of the COVID-19 Situation in Georgia](#). Georgia.

²⁴ Ministry of Finance. 2021. State Budget (Supplement).

²⁵ NCDC. 2020. *Georgia Health Care Statistical Yearbook*. Preliminary data.

²⁶ Government of Georgia. 2020. Decree No. 164. [On the Approval of Measures to Prevent the Possible Spread of the Novel Coronavirus in Georgia and the Emergency Response Plan for the Cases of Novel Coronavirus Disease](#).

²⁷ The NERP includes (i) COVID-19 public awareness campaigns and community outreach; (ii) enhanced surveillance, risk assessment, and outbreak response; (iii) laboratory testing capacity; (iv) isolation facilities; (v) COVID-19 treatment facilities in designated hospitals; (vi) maintaining essential health services; (vii) business and employment promotion; (viii) education and social safety support; and (ix) fiscal measures, including price control.

²⁸ Government of Georgia. [The Anti-Crisis Economic Plan](#) (accessed 2 July 2021).

on considerations such as vaccine storage and administration requirements and age-group recommendations. Following a fatal case early in the vaccination process, the government reacted quickly to change service delivery arrangements. Essential health service provision has been adjusted to new realities at all levels of care to ensure uninterrupted and safe care delivery, such as by introducing new protocols for infection control and transitioning to online and phone services where possible.

3. Government's Response

12. **Needs assessment.** The government has noted that any further escalation of COVID-19 will have a serious health and socioeconomic impact and further delay economic recovery. Containing the COVID-19 pandemic with vaccination clearly outweighs the costs, reduces the number of severe COVID-19 cases, and reduces the burden on the health system while COVID-19 treatment is not available. The need for rapid vaccination has become even more pertinent with the emergence of new variants of the virus. The NVDP was originally costed at about \$48 million (maximum), considering the vaccines-mix and costs known during its preparation. ADB updated the cost estimates to about \$71.6 million based on more recent information, considering an updated vaccines-mix and wastage rate, average price per dose of \$13.7, updated service delivery, cold chain logistics, and other costs.²⁹

13. **National Vaccines Deployment Plan.** The NVDP was developed under the leadership of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs (MOILHSA) through eight technical working groups, in consultation with other ministries and development partners. The NVDP was approved in January 2021 and updated in April 2021.³⁰ The plan builds on the joint Vaccine Introduction Readiness Assessment Tool (VIRAT) and Vaccine Readiness Assessment Framework (VRAF) supported by the World Health Organization (WHO) and the World Bank. The vaccination program set out in the plan aims to vaccinate 60% of the total adult population (18 and above) or about 1.7 million people by the end of 2021 (about 45% of the total population). Vaccination is open to anyone with a Georgian identification card, including internally displaced persons. Foreign nationals and stateless persons with a valid visa or a residence permit, or who are staying in Georgia in line with visa-free regulations and entered Georgia at least 3 months before, are also eligible.³¹ The plan follows the recommendations of the WHO strategic advisory group of experts on immunization on global COVID-19 policies and strategies for vaccine development and vaccination programs. The plan prioritizes vaccination of health workers, residents and staff of long-term care centers, elderly persons and persons with chronic diseases, and essential service providers. MOILHSA is considering extending vaccination to a larger share of the adult population and add younger age groups toward 2022. Booster doses may be considered.

14. Vaccines may be procured through several channels. As a self-financing country of the COVID-19 Vaccines Global Access (COVAX) Facility, one of the four pillars of the Access to COVID-19 Tools (ACT) Accelerator under WHO, Georgia is eligible to purchase vaccines for 20% of the total population (equivalent of 1,484,400 doses).³² Additional COVID-19 vaccines may be

²⁹ ADB estimates. As the NVDP is a living document, costs will need regular updates as well.

³⁰ Georgia. 2021. *Georgia COVID-19 Vaccine National Deployment Plan*. 8 April.

³¹ There is no vaccination by the government in occupied territories. People from occupied territories can be vaccinated in other regions. Order N 01-285/o, signed by the minister of health on 22 July 2021, defines further eligible population groups.

³² Launched in April 2020, the ACT Accelerator is a groundbreaking global collaboration (The Coalition for Epidemic Preparedness Innovations; Gavi, The Vaccine Alliance (GAVI); WHO; and the World Bank) to accelerate

purchased via the COVAX Facility.³³ The government is also procuring vaccines through bilateral deals with manufacturers, including Sinopharm, Sinovac, and Pfizer, and is in early-stage negotiations with Novavax, Moderna, and Johnson & Johnson. Lastly, the government is scoping to get access to excess vaccines from other countries, including from the European Union. As of 11 August 2021, 2,583,330 doses had been delivered to Georgia, of which 160,270 doses of AstraZeneca and Pfizer were from the COVAX Facility; 1,819,960 doses from bilateral deals with Sinopharm, Sinovac, and Pfizer; a donation of 100,000 doses from the People's Republic of China; and a donation of 503,100 Pfizer doses from the United States government. More supplies are expected in the third quarter of 2021.³⁴

15. COVID-19 vaccination started in March 2021, following the NVDP priority groups and gradually expanding to further population groups, depending on the availability and uptake of vaccines. As of 11 August, 688,940 persons had been vaccinated (40.5% of 2021 target population) of which 210,776 were fully vaccinated (two doses) (12.4% of 2021 target population). A risk communication and community engagement strategy is being implemented by the MOILHSA with support from several development partners.³⁵ The strategy aims to increase confidence in, acceptance of, and demand for a COVID-19 vaccine (footnote 3). Activities are targeted to increase uptake of vaccination among certain groups such as health workers, and the Red Cross Society works with the NCDC on video clips in local languages for broadcast on local television.

16. Vaccine logistics (storage and vaccination delivery) are vaccine dependent. Some vaccines are administered only in hospitals because of cold chain requirements and to monitor potential adverse events following immunization (AEFIs); other vaccines are administered at the primary-care level. Mass vaccination centers are planned. Mobile teams are expediting the vaccination of persons with disabilities and persons in long-term care facilities and penitentiaries. The Red Cross Society is actively involved in identifying and compiling lists of vulnerable population groups unable to reach vaccination facilities, mostly the elderly, together with the NCDC. The lists are submitted to MOILHSA for mobile team outreach. Cold chain capacity is adequate and delivery of vaccines is efficiently sequenced. WHO and other development partners are helping improve cold chain capacity with additional vaccine carriers and refrigerators for additional vaccines. Vaccine stock and vaccination progress are monitored through the electronic inventory management module and electronic immunization module (IMEM). All vaccination facilities need to be linked to the IMEM, which monitors vaccination registration in real time. The IMEM is linked to the civil registry or national identification and issues short messaging service (SMS) notifications for booking confirmation, reminders before the vaccination, and notification for second doses. A hotline for assistance with booking, questions, and complaints on the vaccination process has been established by MOILHSA. All health staff were trained and a quality control system and monitoring are in place. AEFIs are monitored vigilantly and its forms updated to reflect COVID-19 vaccination requirements, including managing anaphylactic shocks. The electronic integrated disease surveillance system has been further updated to monitor COVID-19 vaccine AEFIs.

development, production, and equitable access to COVID-19 tests, treatments, and vaccines. It is organized into four pillars: diagnostics, treatment (therapeutics), vaccines, and health system strengthening. [COVAX](#) and WHO. [The Access to COVID-19 Tools \(ACT\) Accelerator](#).

³³ COVID-19 vaccines procured through the COVAX Facility are not free, but because of the nature of the pooled procurement, a global fair allocation plan may be cheaper than direct procurement from manufacturers.

³⁴ Information on overall vaccine needs can be retrieved from the Vaccine Needs Assessment (accessible from the list of linked documents in Appendix 2).

³⁵ Strategic communication elements include (i) capacity building of health-care specialists; (ii) social listening, media engagement, and disinformation management; (iii) risk communication and public engagement; and (iv) crisis communication, including in case of possible complications after immunization.

4. Development Partner Coordination

17. The government is working closely with all development partners to mobilize funding and ensure that partners are coordinated in delivering priority assistance. MOILHSA is coordinating the health sector response with all partners. ADB is in regular consultation with development partners through the United Nations Resident Coordinator and on a bilateral basis. ADB's support complements other development partners' assistance to support vaccine procurement and delivery and strengthen program implementation capacity. The World Bank has approved additional financing for vaccine procurement and a capacity development loan of \$34.5 million. The European Investment Bank will provide a flexible amount reprogrammed from an existing project and will cover most of the government's contribution to the COVAX Facility. WHO and the United Nations Children's Fund (UNICEF) are providing technical assistance and capacity development in behavior change communication, service delivery and vaccine administration, and updating of information systems. WHO will procure refrigerators and vaccine carriers to strengthen cold chain capacity.

B. Project Description

1. Impact and Outcome

18. The project is aligned with the following impacts: (i) stabilize the situation and save lives (footnote 3); and (ii) spread, morbidity, and mortality of COVID-19 reduced and confidence of citizens restored (footnote 1). The project outcome is that the target populations per the NVDP are vaccinated against COVID-19.

2. Outputs

19. **Output 1. COVID-19 vaccine procured and delivered to designated points.** The project will finance procurement and delivery of vaccines through bilateral deals between the government and manufacturers and/or through the COVAX Facility. Procurement through bilateral deals with other countries will be considered, subject to due diligence and necessary approvals. To vaccinate an estimated 0.3 million persons, 0.7 million doses of COVID-19 vaccines (assuming 10% adjustment for wastage) will be delivered to regional warehouses according to the NVDP. The expenditure items under the RRC will include (i) vaccines that meet any of the eligibility requirements of the APVAX policy, including advance payments; (ii) international logistics and related services required to transport vaccines from the place of purchase to regional warehouses; and (iii) ancillary items such as syringes, safety boxes, and other items required to administer the vaccines. The NCDC will be responsible for transporting the vaccine from the regional warehouses to the vaccine administration sites. Before the disbursement of the loan proceeds, MOILHSA shall submit to ADB purchase agreements for the vaccines that comply with APVAX policy requirements.

20. **Output 2. Vaccine program implementation capacity strengthened.** Under the PIC, the project will support activities that will strengthen (i) the project implementation unit (PIU) under the MOILHSA to help implement and monitor the COVID-19 vaccination program; and (ii) carry out gender mainstreaming activities, which include approving updated budget and guidelines for mobile teams to reach marginalized groups, including women. Additional staff will be hired under the project to augment PIU capacity.

3. Value Addition

21. The proposed project is part of ADB's holistic support for Georgia's response to the COVID-19 crisis, and will help mitigate adverse health, social, and economic impacts while targeting vulnerable population segments and ensuring gender mainstreaming. By contributing to the recovery of Georgia's trade in goods and services with regional partners through reduced cross-border health threats, the project will have positive implications for regional cooperation and integration.³⁶ ADB has been engaged early to back up the government's COVID-19 response with budget support through the COVID-19 Active Response and Expenditure Support (CARES) Program, and grants to improve laboratory diagnostic and testing capacity and procure personal protective equipment and other medical supplies. ADB provided upstream technical assistance starting in December 2020 to develop the NVDP.³⁷ As a trusted partner, ADB may continue its support to Georgia with a proposed health sector project being discussed for the forthcoming indicative country pipeline and monitoring report, 2022–2024 to boost longer-term health system strengthening and health sector reforms. ADB support for capacity building will help ensure that high-quality vaccines are procured and delivered; the most vulnerable target groups are served; and gender, social, and environmental safeguards are met.

4. Summary Cost Estimates and Financing Plan

22. The project is estimated to cost €14.92 million inclusive of taxes and duties, physical and price contingencies, interest, and other charges during implementation (Table 2). Detailed cost estimates by expenditure category are included in the project administration manual.³⁸ Cost estimates are based on certain assumptions on the types of vaccines to be procured and their market prices.

Table 2: Summary Cost Estimates
(€ million)

Item	Amount ^a
A. Base cost^b	
1. Output 1: COVID-19 vaccines procured and delivered at designated points	12.71
2. Output 2: Procurement and delivery capacity for vaccines increased	0.50
Subtotal (A)	13.21
B. Contingencies^c	1.50
C. Financial charges during implementation^d	0.21
Total (A+B+C)	14.92

COVID-19 = coronavirus disease.

^a Numbers may not sum precisely because of rounding. Prices as of 4 August 2021.

^b Includes taxes and duties of €2.00 million, fully covered by government counterpart finances via tax and duty exemptions and in-kind contribution in the form of office space for project amounting to €0.05.

^c Contingencies consist of €1.27 million from ADB funding and €0.23 million from government funding. Total physical contingencies represent 7.7% computed at 7% for vaccine procurement and 10% for all other cost categories and price contingencies represent 3.7% which are calculated based on escalation rates for domestic and international costs estimated for Georgia, including provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate. Annual escalation rate for international costs is estimated at 1.6% for 2021 and 1.7% for 2022 and for 2023. The annual escalation rate for domestic costs is estimated at 6.5% for 2021, 4.0% for 2022, and 3.0% for 2023.

³⁶ Georgia's merchandise exports fell by 12.3% and imports by 13.8% in 2020 compared with the previous year. Service exports tumbled by 65.5% as international arrivals plunged by more than 80% and revenue from tourism by 90%. More than 40% of Georgia's external trade in 2019 was with countries in Asia while about 34% of tourists visiting Georgia in 2019 came from Armenia and Azerbaijan.

³⁷ ADB. 2020. [Georgia: COVID-19 Emergency Response Project](#); ADB. 2020. [Regional: Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases](#); ADB. 2020. [Addressing Health Threats in Central Asia Regional Economic Cooperation Countries and the Caucasus](#).

³⁸ Project Administration Manual (accessible from the list of linked documents in Appendix 2).

^d Includes interest, commitment, and other charges on all sources of financing. [Amendments to Loan Agreement \(Special Operations\)](#).

Sources: Asian Development Bank and Government of Georgia.

23. The government has requested (i) a regular loan of €12.18 million from ADB's ordinary capital resources under the RRC of the APVAX, and (ii) a regular loan of €0.46 million from ADB's ordinary capital resources under the PIC of the APVAX. The loan under the RRC will have a 10-year term, including a grace period of 3 years, while the loan under the PIC will have a 22-year term, including a grace period of 15 years. Both loans will have an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per annum; and such other terms and conditions set forth in the draft loan agreements. Based on the straight-line method, the average maturity of the loan under the RRC is 6.75 years and no maturity premium is payable to ADB. Based on the custom-tailored amortization method, the average maturity of the loan under the PIC is 18.99 years and the maturity premium payable to ADB is 0.20% per year. The government has made an independent decision to borrow under ADB's LIBOR-based lending facility and has given an undertaking that the choice was not made based on any advice from ADB.

24. The summary financing plan is in Table 3. For output 1 under the RRC, ADB will finance eligible expenditures to procure and deliver COVID-19 vaccines and ancillary goods to regional warehouses. For output 2 under the PIC, ADB will finance expenditures for project management and gender-related activities. The government will contribute the equivalent of €2.28 million to cover taxes and duties through exemption, project management, and contingencies, as agreed with the government. Contingencies (€1.50 million) and interest payments (€0.21 million) will come from the loan.

Table 3: Summary Financing Plan

Source	Amount (€ million)	Share of Total (%)
Asian Development Bank (ordinary capital resources, APVAX)		
Rapid response component	12.18	81.6
Project investment component	0.46	3.1
Government of Georgia		
Taxes and duties exemption and other in-kind contributions	2.28	15.3
Total	14.92	100.0

APVAX = Asia Pacific Vaccine Access Facility.

Sources: Asian Development Bank and Government of Georgia.

5. Debt Sustainability Analysis

25. The International Monetary Fund debt sustainability analysis suggests that the public debt–GDP ratio, which stood at about 40% in 2019, rose sharply to 61% by 2020 mainly because of the widening of the fiscal deficit, exchange rate depreciation, and economic contraction.³⁹ The analysis, however, corroborates that the debt–GDP ratio is projected to decline to 51.3% by 2026, as one-off spending measures wane and economic growth resumes. The analysis confirms that public debt will remain sustainable and below the high-risk thresholds in all standardized macro-fiscal stress tests, considering shocks to real GDP growth, the primary balance, real interest rate, and exchange rate depreciation. The lending from ADB (€12.64 million or \$15 million), which represents about 0.2% of Georgia's outstanding public debt stock during 2020, will not deteriorate debt sustainability in the medium term.

³⁹ International Monetary Fund. 2021. [Georgia: Eighth Review Under the Extended Fund Facility Arrangement-Press Release; and Staff Report](#). *IMF Country Report*. No. 2021/079. Washington, DC.

6. Implementation Arrangements

26. Implementation arrangements are summarized in Table 4 and described in detail in the project administration manual. The MOILHSA will be the executing agency and will be supported by the NCDC and the Ministry of Finance. The MOILHSA PIU, established in 2020 under the World Bank-financed COVID-19 response project, will support project implementation. Additional PIU staff will be hired to support financial management; environmental safeguards, including medical waste management; gender-related activities; and monitoring and evaluation. Additional international expertise may be organized through existing technical assistance.⁴⁰ The deputy minister in charge of health will oversee project implementation.

27. The MOILHSA has overall responsibility for procurement of vaccines under bilateral deals between the government and manufacturers and/or through the COVAX Facility. The MOILHSA will procure ancillary items financed by the project. The PIU will support the procurement of vaccines and ancillary items and has sufficient capacity to do so. Value for money in procurement will be achieved by (i) securing vaccines through bilateral deals with manufacturers or other governments, or through the COVAX Facility on reasonable commercial terms, thus providing options to the government and balancing supply availability and brand choice for the national vaccination program; (ii) negotiating deals that are reasonable, noting the significantly constrained market conditions; and (iii) having sellers deliver to Georgia or contract for logistics separately, either way transferring international cold chain risk to specialist service providers.

28. **Governance structure.** The Interagency Coordination Council, under the Prime Minister, is the main high-level decision maker for the COVID-19 vaccination campaign. The Coordinating Commission, chaired by the MOILHSA minister, leads the coordination of the COVID-19 vaccination campaign and oversees NVDP implementation. The National Immunization Technical Advisory Group provides technical recommendations on priority groups and age restrictions. Eight technical working groups helped prepare and update the NVDP. The MOILHSA is the lead agency for the overall vaccination program. The NCDC is responsible for operationalizing the NVDP and carries out training activities, supervision, communication activities, monitoring of vaccine stocks and administration, and investigation and reporting of any adverse reactions. The concerned regulatory authorities approve vaccines. Planning, coordination, management, and monitoring mechanisms have been established at the regional, municipal, and service delivery levels.

Table 4: Implementation Arrangements

Aspects	Arrangements
Implementation period ^a	October 2021–April 2023
Estimated completion date	30 April 2023
Estimated loan closing date	31 October 2023
Management	
(i) Oversight body	Coordinating Commission chaired by the MOILHSA minister
(ii) Executing agency	MOILHSA
(iii) Implementation unit	Existing PIU under MOILHSA to be shared with World Bank and other development partners Current staff to be augmented by five additional PIU support staff for ADB project

⁴⁰ ADB. 2020. [Regional: Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases](#) and ADB. 2020. [Regional: Addressing Health Threats in Central Asia Regional Economic Cooperation Countries and the Caucasus](#).

Aspects	Arrangements		
Procurement	Direct contracts with manufacturers for vaccine supply	Multiple contracts	\$12.0 million
	International transport and logistics, including port clearance for delivery of vaccines to regional warehouses, provided by (i) vaccine manufacturers or (ii) third-party service providers	Multiple contracts	\$2.77 million
	Ancillary items (safety boxes, syringes)	Multiple contracts	\$0.27 million
Consulting services	Individual consultants (support to MOILHSA)	Multiple contracts	\$0.33 million
	CQS (performance and APFS audit firm)	1 contract	\$0.21 million
Retroactive financing and/or advance contracting	Retroactive financing is envisaged to reimburse eligible expenditures on COVID-19 vaccines, national consultants, logistics, and transport of vaccines to designated points, subject to a maximum of 30% of the loan amount, provided that expenditures are incurred before loan effectiveness but after declaration of the COVID-19 emergency in March 2020 or the allocation of resources for it, and not earlier than 12 months before the date of the loan agreement; and provided that disbursement conditions are met. Withdrawals from the loan account may be made for advance financing in an amount of up to 6 months of estimated eligible expenditures or 50% of the RRC loan amount, whichever is lower. The combined outstanding balance of advance financing and retroactive financing should not, at any time, exceed 60% of the RRC loan amount, while the advance financing and retroactive financing remain within their respective ceilings. Any advance financing and retroactive financing will be subject to vaccine eligibility criteria and other requirements under the APVAX policy being fully met. The issuance of invitations to bid and of consulting service recruitment notices under advance contracting and retroactive financing will be subject to ADB approval. The government and executing agency were advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.		
Disbursement ^b	The loan proceeds will be disbursed following ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank; APFS = Audited Project Financial Statements; APVAX = Asia Pacific Vaccine Access Facility; COVID-19 = coronavirus disease; MOILHSA = Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs; PIU = project implementation unit; RRC = rapid response component.

^a The implementation period starts from the expected month of commitment or signing.

^b For guidance, refer to ADB's [Loan Disbursement Handbook](#).

Note: Estimated costs of contracts are inclusive of taxes.

Source: Asian Development Bank.

III. DUE DILIGENCE

A. Economic and Financial Analysis

29. The achievement of herd immunity from COVID-19 through the vaccination program will result in substantially reducing mortality and morbidity and contribute to putting the economy back on a normal development track by encouraging the resumption of economic activities, including production, investment, and trade. Financial analysis concluded that the vaccination program's financial sustainability has moderate risk. Health sector spending increased significantly in 2020, in absolute and relative terms, reflecting Georgia's determined effort to end the COVID-19

pandemic. The financial analysis shows that annual health sector spending was stable during 2016–2019 in relative terms, indicating a good basis to ensure regular operations and asset maintenance. Budget execution by the MOILHSA is high in all years. Funding for COVID-19 pandemic management from the health sector budget is set at GEL350 million for 2021. Government funding, together with external support, will help adequately finance the implementation of the government’s COVID-19 vaccination program. Medium-term health sector allocations (2022–2024) are below the 2021 spending level, but nothing indicates that the government should not be able to maintain existing service levels and ensure sustainable operations. The government is preparing a dedicated budget to implement the NVDP, to be adopted in the third quarter of 2021, which will outline the level and timing of funding required and its sources. Project financial viability was not assessed since the project is not meant to recover costs.

B. Governance and Anticorruption

30. Georgia has adequate legislation and institutions in place that ensure accountability, including the General Code of Ethics and Conduct for Civil Service Decree portal and the Law on Conflict of Interest and Corruption in Public Institutions, which also applies to all MOILHSA staff and employees. The Civil Service Bureau has a whistleblower portal, where issues and concerns can be reported anonymously. Georgia’s ombudsman institution is the Public Defender, which determines whether state laws, policies, and practices comply with international standards. Investigation and prosecution of corruption cases are the remit of the Prosecutor’s Office Division of Criminal Prosecution of Corruption Crimes.⁴¹

31. As per the most recent Public Expenditure and Financial Accountability Assessment (2018),⁴² Georgia performed particularly well in budget reliability, transparency of public finances, policy-based fiscal strategy and budgeting, and predictability and control in budget execution. The fiduciary risk associated with the government’s public financial management system is deemed to be moderate overall and has improved with the implementation of reforms. Governance risks related to procurement and delivery of vaccines will be mitigated through detailed planning, coordination, capacity building, inspection, and audit. ADB’s Anticorruption Policy (1998, as amended to date) has been explained to and discussed with the government and the MOILHSA.

C. Environment and Social Safeguards

32. In compliance with ADB’s Safeguard Policy Statement (2009), the project’s safeguard categories are as follows.⁴³

33. **Environment (category C).** The project will not entail civil works or other activities with potential for significant adverse impacts on the environment. The distribution and use of COVID-19 vaccines will result in a temporary increase in immunization waste generation. The NVDP defines waste management arrangements and responsibilities. Health-care facilities are required to develop waste management plans prepared according to the national regulation.

34. **Involuntary resettlement and indigenous peoples (category C).** The project will not entail civil works or other activities with potential for land acquisition and resettlement impacts.

⁴¹ [Prosecutor's Office of Georgia](#).

⁴² Government of Georgia. 2018. *Public Expenditure and Financial Accountability (PEFA) Assessment 2017*. Tbilisi.

⁴³ ADB. 2009. [Safeguard Policy Statement](#).

While Georgia has many ethnic groups, all citizens have equal human rights under the constitution. No indigenous people will be affected by the project as defined by the ADB Safeguard Policy Statement (2009). Thus, the project is categorized as C for involuntary resettlement.

D. Poverty, Social, and Gender

35. **Poverty and social considerations.** Vaccination will help to further reduce the pandemic's impact on poverty by reducing the burden of disease, allowing health services to recover and, more broadly, allowing for speedy recovery of employment and business.⁴⁴ Health workers, persons with chronic infections, and the elderly are particularly vulnerable to the impact of COVID-19 (footnote 6). There are about 64,000 health workers in Georgia, about 90,000 people aged 18–54 years with chronic disease, and a rapidly aging population, with 28% above 55 years old (footnote 3). Prioritizing vaccination of these target groups will significantly reduce the risk of infection, severity, and fatal outcomes of COVID-19.

36. **Gender.** The project is categorized as effective gender mainstreaming.⁴⁵ The COVID-19 pandemic has likely amplified gender differences in access to services and increased household pressures. A study on public attitudes toward COVID-19 vaccination reports that more women than men in Georgia believe that vaccination is not effective.⁴⁶ The project gender action plan helps tackle gender issues related to the vaccination program. The plan contains key gender actions: (i) conduct gender sensitivity training sessions on capacity-building activities for health workers, vaccinators, and staff in vaccination centers; (ii) integrate gender sensitivity into guidelines for mobile teams to reach marginalized groups, especially women; (iii) update communication plans to increase gender sensitivity, deal with vaccine hesitancy, and help health workers ensure that people know the benefits of vaccination and safe post-vaccination care procedures; (iv) develop a sex-disaggregated database of the targeted population for vaccination; and (v) conduct a satisfaction survey on the vaccinated population to assess the gender-sensitive approaches to vaccination and inform the sex-disaggregated database.

E. Financial Due Diligence

37. **Financial management.** The financial management assessment finds the project financial management risk to be substantial, owing in part to the risks associated with some weaknesses in the MOILHSA's financial management procedures and first engagement with ADB projects. A time-bound financial management action plan has been agreed between ADB and the government to manage these weaknesses. Risk mitigation measures are agreed as summarized in Table 5. Based on the timely implementation of the mitigation measures outlined in the financial management action plan, including that new PIU staff will receive training on ADB's financial management requirements and procedures, the overall project financial management risk is moderate (post mitigation) and the planned project financial management arrangements are deemed satisfactory.

F. Procurement

38. Procurement due diligence has been carried out and procurement risk rated as moderate. While vaccine supply markets and supply chains remain complex, the MOILHSA's existing

⁴⁴ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

⁴⁵ Gender Action Plan (accessible from the list of linked documents in Appendix 2).

⁴⁶ CAREC Institute. 2021. *Analysis of Public Attitudes Towards COVID-19 Vaccination in CAREC*. Manila.

procurement capacity and Georgia's low to moderate country risk rating allow for a moderate procurement risk rating. Procurement will be undertaken in a manner consistent with the simplified and expedient procedures permitted under ADB's Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017 as amended from time to time). Following para. 33 of the APVAX policy paper (footnote 1), ADB's member country procurement eligibility requirement is waived. Whether through bilateral deals with manufacturers, other governments with excess vaccines, or procurement of additional doses through the COVAX Facility, the MOILHSA's PIU will support procurement of vaccines and ancillary items from local or international supply sources and has sufficient capacity to do so. Consultants will be engaged for key specializations to ensure that implementation activities are conducted. In all cases, procurement transactions will be subject to prior review.

G. Summary of Risk Assessment and Risk Management Plan

39. Major risks and mitigating measures are summarized in Table 5 and described in detail in the risk assessment and risk management plan.⁴⁷

Table 5: Summary of Risks and Mitigating Measures

Risks	Mitigation Measures
Delays in access to and delivery of vaccines caused by high global demand and manufacturing bottlenecks	The government is resorting to diverse channels to increase its access to vaccine supply, including through the COVAX Facility, bilateral deals, and dialogue with countries and the European Union for possible reselling of excess vaccines.
Substantially imbalanced contracts (seller's market) that may be offered by vaccine manufacturers (including the need for significant advance payments, unacceptance of advance payment guarantee, no commitments to lead time) are an implementation risk faced by the national vaccination program.	The MOILHSA will prioritize deals with more balanced terms and conditions, attempt to negotiate advance payment guarantee, and will engage ADB's Procurement, Portfolio and Financial Management Department, as needed, for support in negotiations.
The MOILHSA's FM functions are adequately organized, but audit opinions issued by the SAO show weaknesses in applied FM procedures, absence of FM manuals, and vacant positions in Internal Audit Department for extended periods. Staff do not have experience with ADB-financed projects and are not familiar with ADB's FM requirements and procedures.	The PIU will hire additional staff to oversee and manage the FM-related project aspects. The PIU and Finance and Economics Department staff will receive training on ADB's FM requirements and procedures. The PIU will prepare an FM manual for ADB-financed projects.
Shortcomings in the MOILHSA's preparation of its consolidated annual financial statements in terms of financial transactions between the MOILHSA's central office and subordinate agencies that are being eliminated or excluded, as required	The Finance and Economics Department will prepare a status report on the implementation of the SAO's audit recommendations, and a time-bound plan on how to resolve the issues.
The unit costs of reimbursing service providers (health facilities) for vaccination services could be set too low (below actual costs), which would adversely affect the rollout of the vaccination program.	The NCDC will, in collaboration with service provider representatives, regularly assess the cost calculations and adjust the established unit costs, if and as required.

ADB = Asian Development Bank; COVAX = COVID-19 Vaccines Global Access; FM = financial management; MOILHSA = Ministry of Internally Displaced People from the Occupied Territories, Labor, Health and Social Affairs; NCDC = National Center for Disease Control and Public Health; PIU = project implementation unit; SAO = State Audit Office.

Source: Asian Development Bank.

⁴⁷ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

IV. ASSURANCES AND CONDITIONS

40. The government has assured ADB that implementation of the project shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, financial management, and disbursement as described in detail in the project administration manual and loan documents. The government has agreed with ADB on certain covenants for the project, which are set forth in the draft loan agreements.

41. No withdrawals shall be made from the loan account for financing a contract to supply eligible vaccines until ADB has received a letter from the project executing agency confirming (i) which COVID-19 vaccines have been selected to be procured using the proceeds of the loan; (ii) which of the APVAX vaccine eligibility criteria have been satisfied in respect of the COVID-19 vaccines to be procured; (iii) such COVID-19 vaccines have received all necessary authorizations of the government, and have been authorized by the Regulation Agency for Medical and Pharmaceutical Activities and any other relevant regulatory authorities for distribution and administration within the territory of the country; and (iv) that, based on the information provided in the aforementioned letter, ADB has notified the government that the COVID-19 vaccines to be procured are designated as eligible vaccines.

V. RECOMMENDATION

42. I am satisfied that the proposed loans would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve:

- (i) the loan of €12,179,000 to Georgia for the COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility, from ADB's ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; for a term of 10 years, including a grace period of 3 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board; and
- (ii) the loan of €464,000 to Georgia for the COVID-19 Vaccine Support Project under the Asia Pacific Vaccine Access Facility, from ADB's ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB's LIBOR-based lending facility; for a term of 22 years, including a grace period of 15 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Masatsugu Asakawa
President

2 September 2021

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with:			
<ul style="list-style-type: none"> • Stabilize the situation and save lives (NVDP for Georgia) • COVID-19 spread, morbidity, and mortality reduced, and confidence of citizens restored (ADB's Support to Enhance Access to COVID-19 Vaccine, 2020) 			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Assumptions
Outcome			
Target populations per the NVDP vaccinated against COVID-19	By 2023: About 0.3 million people vaccinated, disaggregated by sex (2021 baseline: 0) (OP 1.1)	Periodic progress reports prepared by MOILHSA PIU	A: Vaccines are utilized right away. A: Wastage rate is 10%. R: Vaccine hesitancy slows down vaccination rates.
Outputs			
1. COVID-19 vaccine procured and delivered to designated points	By 2022: 1.1 At least 0.7 million doses (assuming two doses per person) of COVID-19 vaccine delivered to regional vaccine stores (with retroactive financing, 2021 baseline: 0) (OP 1.1.2)	Periodic progress reports prepared by MOILHSA PIU	A: Timely approval of vaccines by national regulatory authority and NITAG A: Adequate transport and storage capacity R: Delays in procurement because of supply constraints
2. Vaccine program implementation capacity strengthened	2.1. MOILHSA PIU strengthened to effectively oversee ADB-financed procurement and the delivery of vaccines and monitoring of supply and vaccination (2020 baseline = NA) 2.2. Budget and guidelines for mobile teams to reach marginalized groups, especially women, updated and approved ^a (2021 baseline: 0) 2.3. 80% of trainees (at least 40% women) demonstrated gender-sensitive skills in COVID-19 vaccine administration (2020 baseline= N/A) (OP 1.1.1)	Periodic progress reports prepared by MOILHSA PIU MOILHSA PIU progress report	R: Price and exchange rate fluctuations beyond project projections may raise costs.

Key Activities with Milestones**Output 1: COVID-19 vaccine procured and delivered to designated points**

- 1.1 MOILHSA to award contracts to vaccine manufacturer for procurement of COVID-19 vaccines (Q3 2021–Q2 2022)
- 1.2 Plan and finalize ancillary items to be procured (Q3–Q4 2021).
- 1.3 Procure COVID-19 vaccines (Q3 2021–Q3 2022).
- 1.4 Coordinate with NCDC and development partners on the vaccine rollout (Q3 2021–Q1 2023).
- 1.5 Closely monitor COVID-19 vaccine rollout (Q3 2021–Q1 2023).

Output 2: Vaccine program implementation capacity strengthened

- 2.1. Hire PIU support staff in financial management, disbursement, monitoring and evaluation, environmental safeguards (waste management), and gender and social development (Q3–Q4 2021).
- 2.2. PIU to recruit performance and project financial statements audit firm (Q4 2021)

Project Management Activities

- Establish baseline and data collection and reporting systems to report on design and monitoring indicators, including collection of sex- and age-disaggregated and gender-related information relevant to the gender action plan.
- Prepare annual audits and quarterly progress reports.
- Conduct midterm review by Q3 2022.
- Prepare project completion report by Q4 2023.

Inputs

ADB: €12.64 million (ordinary capital resources, APVAX)

Government: €2.28 million (in-kind contribution)

Assumptions for Partner Financing

The government will finance operational expenses of the COVID-19 vaccination program.

A = assumption; ADB = Asian Development Bank; APVAX = Asia Pacific Vaccine Access Facility; COVID-19 = coronavirus disease; MOILHSA = Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs; NITAG = National Immunization Technical Advisory Group; NVDP = National Vaccine Deployment Plan (Georgia COVID-19 Vaccine National Deployment Plan); OP = operational priority; Q = quarter; R = risk.

^a These include consideration of gender-differentiated risks, exposure, barriers to accessing vaccines, and needs of men and women, e.g., need of poor women with little education and exposure to public information and social media to understand, accept, and access COVID-19 vaccinations, and be informed of how to deal with possible side effects, among others.

Contribution to Strategy 2030 Operational Priorities

The expected values and methodological details for all OP indicators to which the project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the DMF, the operation will contribute results for the following:

OP 2.2.2: Health services for women and girls established or improved (number)

OP 6.2: Entities with improved service delivery (number)

OP 7.3: Regional public goods initiatives successfully reducing cross-border environmental or health risks, or providing regional access to education services (number)

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=55195-001-3>

1. Loan Agreement: APVAX Rapid Response Component
2. Loan Agreement: APVAX Project Investment Component
3. Vaccine Needs Assessment
4. Project Administration Manual
5. Contribution to Strategy 2030 Operational Priorities
6. Development Coordination
7. Country Economic Indicators
8. Debt Sustainability Analysis
9. National Plan for COVID-19 Vaccination in Georgia
10. Financial Analysis
11. Governor's Letter
12. Gender Action Plan
13. Summary Poverty Reduction and Social Strategy
14. Risk Assessment and Risk Management Plan
15. Indicative Master List of Eligible Items, and Agreed List of Acceptable Expenditure Items ('Positive List'), for ADB Financing under the Rapid Response Component
16. APVAX Strategic Procurement Planning
17. Environmental Safeguards Due Diligence Report

Supplementary Document

18. Financial Management Assessment Report