Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Apr-2020 | Report No: PIDA29209

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Georgia	P173911	Georgia Emergency COVID-19 Project	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EUROPE AND CENTRAL ASIA	24-Apr-2020	05-May-2020	Health, Nutrition & Population
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Georgia	Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Aff	

Proposed Development Objective(s)

The project development objective is to prevent, detect, and respond to the threat posed by the COVID-19 pandemic and strengthen national systems for public health preparedness in Georgia.

Components

Emergency COVID-19 Response
Enabling health measures to contain the COVID-19 outbreak through temporary income support for poor households and vulnerable individuals
Project Management

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	180.00
Total Financing	180.00
of which IBRD/IDA	80.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	80.00
Non-World Bank Group Financing	
Other Sources	100.00
Asian Infrastructure Investment Bank	100.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Georgia is an upper-middle-income country with Gross Domestic Product (GDP) per capita of US$4,785 in 2019, and a population of approximately 3.7 million people (World Development Indicators, 2018).** Over the past decade, Georgia's economy has grown robustly at an average annual rate of 4.5 percent. This was despite numerous shocks, including the global financial crisis of 2007-08, the conflict with the Russian Federation in 2008, and the drop-in commodity prices since 2014 that has impacted key trading partners

2. **Georgia's economic reforms have favored economic growth and poverty reduction prior to the global outbreak of COVID-19.** The outlook for the Georgian economy has been positive with an expected GDP growth of 4.3 percent in 2020. The Georgian economy has picked up pace from 4.9 percent in the first half of 2019 to 5.1 percent by the end of 2019. While domestic demand has been supported by higher consumption, investments have contracted due to the completion of several infrastructure projects and the decline in foreign direct investment (FDI). Net exports have improved considerably, reflecting slowing imports and the increased re-export of used cars and copper ores. On the supply side, all sectors, except mining and electricity production, has positively contributed to growth. Coupled with a system of targeted social transfers, economic growth has helped to nearly have the poverty rate from 37.4 percent in 2007 to 20.0 percent of the national poverty line in 2018, and to improve the income and living conditions of the bottom 40 percent of the population. The unemployment rate declined to 12 percent in 2019, helping to lower the poverty rate (measured at the national poverty line) to 20.1 percent. However, the country now faces significant domestic and external downside risks, and the growth projections are now challenged by the larger global downturn arising from the COVID-19. Georgia's GDP growth is expected to decline, and risks to economic growth include greater than expected sluggishness in trading partners'

economies, weaker than expected domestic demand, slower growth in tourism revenues, and tighter liquidity in global financial markets, including the impact of lockdowns and the shuttering of businesses due to COVID-19 in the country. In addition, the drop in domestic economic activity, foreign investment and exports, combined with the regional and global economic slowdown have led to the depreciation of the Georgian Lari (GEL) by 13 percent in March 2020 (IMF), the rising of consumer prices, and putting pressures on foreign exchange reserves in the country.

3. **A state of emergency was declared on March 21, 2020 to counter the global coronavirus pandemic.** The first cases of the COVID-19 in Georgia were confirmed on February 26, 2020. As of April 18, 2020, the total number of infected people had risen to 388 with 86 recoveries and 4 deaths.[1] Critical restrictions are imposed on movement in line with social distancing practices that are emerging worldwide. Following the announcement of the state of emergency, all educational institutions and many public venues, including gyms, museums, and theaters, malls, bars and restaurants were closed. Strict transportation restrictions were introduced, including the suspension of air and rail traffic, as well as border closures with neighboring countries, Armenia, Azerbaijan, and Russia. Additional quarantine measures have followed, including curfew from 9:00 pm to 6:00 am; prohibition of meetings of more than 10 people, public events and other mass events, schools and universities shift to online and distance-learning methods.[2] The Government decided to make all medical care related to COVID-19 free of charge, regardless of whether patients have medical insurance.

4. **In the absence of immediate mitigation measures, the COVID-19 health crisis is likely to be most severe for vulnerable households, influencing their ability to abide by actions (such as social distancing) to contain the spread of the disease.** COVID-19 poses serious social and economic challenges to the country and represents a severe risk of losing important gains in the fight against poverty. The lockdown and closure of all non-essential business activities, especially if sustained over time, are expected to slow down the production, increase layoffs, reduce labor income especially for private sector workers with significant adverse impacts on employment and poverty. Economic activities, particularly in the tourism and hospitality sectors, have come to a standstill. The longer the outbreak persists the more (and more severely) it is likely to negatively impact the overall employment and economy. Existing workers are expected either to lose jobs or to lose a substantial share of their labor income due to the lower level of activity because of the lockdown and sustained government's restrictions. Considering the global spread of COVID-19 and its impacts in Europe, South Caucasus and Russia (which represent more than 90 percent of the Georgian migrant stock), there are likely to be reductions in remittances.[3] Increasing unemployment and declining remittances are expected to have a negative effects on vulnerable households and a potential increase in the prevalence and depth of poverty. The adverse effects are likely to be disproportionately felt by households with inadequate coping strategies or insurance mechanisms. Demand for social assistance (TSA) due to losses or decreases in income are expected to increase : under conservative estimates, around 35,000 household would become eligible to TSA (a 68 percent increase).[4]

[1] Prevention of Coronavirus Spread in Georgia *https://stopcov.gov.ge/en*

[2] As part of preventative measures, to prevent spread of the virus in the country, special checkpoints have been set up in Tbilisi, Batumi, Kutaisi, Rustavi, Poti, Zugdidi and Gori cities of the country to screen people and carry out better control of the situation.

[3] Data used for destination countries of Georgian migrants: United Nations, Department of Economic and Social Affairs. Population Division (2017). Trends in International Migrant Stock: The 2017 revision. In 2018, personal remittances represented 11.6 percent of GDP in Georgia (WDI). World Bank current projections of the macroeconomic shock due to COVID-19 assume a reduction of 50 percent of remittances received during a quarter of the year.

[4] World Bank own calculations, simulating PMT score and eligibility to TSA on HIES 2018 data. We make the following (conservative) assumptions on the economic shock: 20% of wage workers lose their job, and the remaining workers experience a 20% decrease in income. We assume 80% take-up (similar to currently observed take-up).

In the absence of financial support for vulnerable households who have lost their main source of income, there are concerns that there will be incentives *not* to stay-at-home, as people will go out to look for ways to support their livelihoods.

Sectoral and Institutional Context

5. **Georgia has made progress in improving health system performance and outcomes, but the increasing burden of non-communicable diseases (NCDs) and high prevalence of risk factors presents challenges.** Infant mortality has declined significantly from 22.5 per 1,000 live births in 2009 to 7.9 in 2019, and under-five mortality declined from 24.7 per 1,000 live births to 9.4 in this same period. Average life expectancy in Georgia at 74 years is comparable to other countries at a similar level of income but remains below the EU average of 81 years.[5] NCDs account for more than 81.2 percent of the burden of disease in Georgia, and 92.2 percent of all deaths. Prevalence of risk factors is high: 28 percent of the adult population is hypertensive, 21 percent is obese, and almost 58 percent of men smoke. Georgia's population is also aging rapidly. Around 17.5 percent of the population is older than 60 years, while 3.3 percent of the population is older than 80 years.[6] This poses additional challenges in dealing with a COVID-19 emergency since evidence from other countries suggests that the older populations, especially those with pre-existing health conditions, are at higher risk of contracting the disease and, if infected, often require more intensive care.

6. **Hospitals are predominantly privately owned with most of them operating with fewer than 100 beds as a result of reforms introduced from 2007 to 2012**. The medical insurance program (MIP) was launched in 2007. The MIP targeted poor households, teachers, orphaned children and some other vulnerable groups. It covered a defined set of primary care benefits, emergency care, elective surgery, delivery and cancer treatment. The Government of Georgia (GoG) contracted out the MIP to private insurance companies. In 2009, the GoG introduced the voluntary health insurance program to encourage non-MIP beneficiaries to enroll with private insurance companies. The VHI program targeted people aged 3-60 years of age not covered by MIP and not already covered by private insurance. In 2010, the government divided the country into 26 medical regions, and beneficiaries were assigned to the private insurance company responsible for their region of residence. Private insurers for each region were selected through public tender and granted a three-year contract for monopoly provision, but they were required to renovate hospitals and primary care facilities in their region. In 2013, Georgia moved from private VHI to publicly funded health coverage through the UHC Program, however, more than 85 percent of hospital capacity is still private.

7. **In February 2013, the Government of Georgia launched the Universal Health Coverage (UHC) program to increase access to services and improve financial protection.** The following year all state-funded health insurance programs were pooled together and administered by the Social Service Agency (SSA). The benefits package covers a range of primary and secondary care services, including planned ambulatory care, emergency outpatient and inpatient services, elective surgery, oncological services, obstetric care, and some essential drugs. The UHC program covered almost 90 percent of the population in 2018, with the remaining share of the population covered by other schemes (e.g. military medical insurance, corporate or individual private insurance). The introduction of the UHC program has benefited more Georgians, particularly those relatively less well-off, by improving access to health services when ill

[5] Geostat *https://www.geostat.ge/en/modules/categories/320/deaths*
[6] Geostat *https://www.geostat.ge/en/modules/categories/41/population*

and reducing the likelihood of impoverishment or catastrophic out-of-pocket spending on health care. Since its introduction, the UHC program spending has been steadily increasing to approximately 75 percent of public health spending in 2016.

8. **Government health spending in Georgia, however, remains relatively low, representing 3 percent of GDP in 2017.** Out-of-pocket spending has declined substantially since the introduction of the UHC program in 2013, but still accounted for 54.8 percent (declined from 69.1 percent in 2013) of total health spending in 2017. This points to an underlying vulnerability for poorer populations and limited financial protection. These groups stand to be particularly at risk as COVID-19 unfolds. The health system's resilience is limited and in need of financing in order to ensure that, in a time of crisis and rapidly unfolding pandemic, it is better positioned to meet the needs of citizens, particularly those who are vulnerable. The COVID-19 epidemic will likely exacerbate existing challenges related to the financial sustainability of the UHC Program. As the purchaser of health services for the UHC Program, the SSA has potentially the power to purchase services strategically and manage costs effectively. However, the SSA is a passive payer not a strategic purchaser. The SSA's main instruments for ensuring that services are delivered appropriately are prior authorization and claims management. However, in practice, the SSA reimburses all claims from hospitals due to the complex payment system, which consists of different tariff setting and copayment rules for different types of hospital care. The government is in the process of revising the tariffs and payment methods to improve efficiency and ensure the sustainability of the system.

9. **The Government of Georgia has initiated an effective multi-sectoral response to COVID-19.** In January 2020, the government adopted Decree #164 on "Approval of Measures to Prevent the Possible Spread of the New Coronavirus in Georgia and Approval of an Emergency Response Plan for Cases Caused by COVID-19" (amended on April 1, 2020, with the GoG Decree #625) and established a national multi-sectoral committee. Under the Operational Response Plan, approved by the GoG, each line ministry and government entity has clearly defined roles and responsibilities at every stage of COVID-19 response. On January 31, 2020, Georgia has adopted the case definition of the COVID-19 and intensified epidemiological surveillance throughout the country. On March 2, 2020, the Government Reserve Fund has allocated 1 million GEL (US$ 358,358 equivalent) to the MoILHSA to respond to the challenge of the new coronavirus in Georgia. The government has also scaled up its communication efforts by establishing a unified hotline and an informational platform (StopCov.ge is a web site available in five languages with all necessary governmental links and related information). In addition, on April 16, 2020, the GoG launched the STOP COVID contract tracing app, which has been used in Japan, South Korea, and Singapore. The app creates a unique ID for each user, through which it determines social contacts. All data is stored on the mobile phone, locally, using a powerful encoding system that is in compliance with European data protection legislation. Bluetooth, GPS and other technologies are used to determine which smartphones have been in close proximity to each other, including information about the date of contact, duration (more than 15 minutes), and distance (less than 2 meters. If a person is diagnosed with COVID-19, those who have been in contact with a confirmed case over the past few days will receive a warning, an instruction to remain in self-isolation, and to contact the appropriate authorities immediately.

10. **To ensure the preparedness of the health system to address the pandemic, the government has identified a list of designated public and private facilities to provide treatment to COVID-19 patients.** Given that more than 85 percent of health facilities in Georgia are privately owned, the government has decided to leverage the capacity of the private facilities, while at the same time strengthening the public facilities to fill critical gaps. Pursuant to Resolution 184 of the Government of Georgia (March 23, 2020) on establishment of different rules for the implementation of public and other administrative services, the Government has identified a list of public and private medical institutions to ensure full mobilization

of the health sector in accordance with the MoILHSA's guidelines. This includes a list of facilities that will manage high-risk patients (individuals in quarantine or self-isolation areas and those who had contact with confirmed COVID-19 patients), as well as facilities, referred to as fever clinics, designated for primary triage and diagnostics for individuals presenting with fever. In addition, seven public laboratories have been designated for testing.

11. **All diagnostic, laboratory, and treatment costs of the COVID-19 patients are covered by the GoG. SSA** will reimburse facilities in accordance with the conditions set out in Resolution #36 of the Government of Georgia (February 21, 2013) on UHC and Resolution #674 (Appendix #20, December 31, 2019) on the management of new COVID-19 cases. The clinics are required to report the actual costs of medicines, diagnostics and consumables used to treat COVID-19 cases. The MoILHSA will provide PPEs to all public and private facilities.

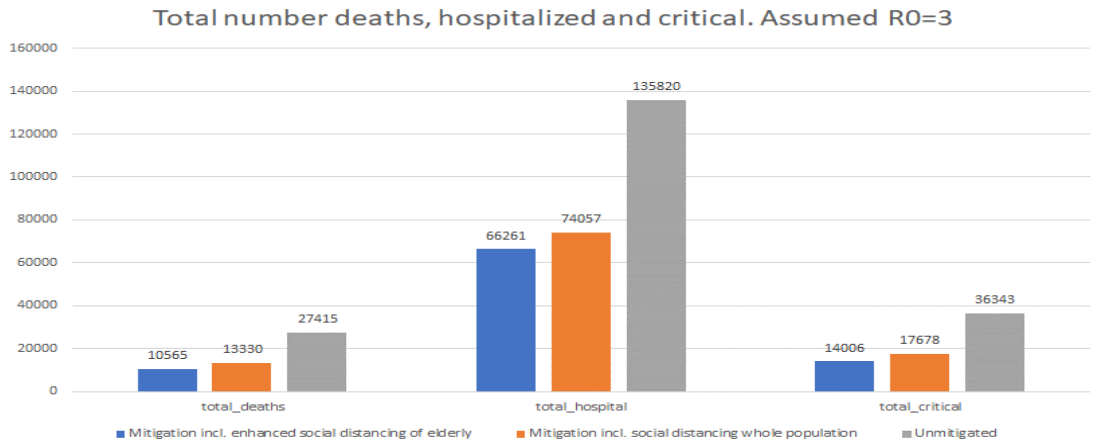
12. **Following the approach adopted in other countries, such as Germany, the government has introduced a temporary transfer to public and private hospitals in the form of a global budget to ensure standby readiness and compensate facilities for losses in revenue due to COVID-19.** The government has established thresholds for the number of registered COVID-19 cases based on which facilities will be engaged in the response plan. Once the threshold is met, the facility is notified and needs to empty its premises within 48-96 hours to accept COVID-19 patients. SSA will make the transfers to facilities to compensate them for lost revenues as a result. To ensure that medical facilities are on standby and ready-to-receive COVID-19 patients, the government has developed a mechanism to compensate the designated facilities for idle capacity. The MoILHSA has estimated the cost per un-occupied bed using expenditure data provided by the facilities for the last three months. Facilities with 80 beds or fewer will receive on average 100 GEL per bed, and those with more than 80 beds will receive 120 GEL per bed. This fixed amount includes salaries of medical staff and utility bills, as well as operational costs. The government has defined three stages for standby readiness based on the number of cases (1050 beds in the first stage, 2000 beds in the second stage, and 4000 beds in the third stage).

13. **In addition to strengthening surge capacity, mitigation measures including social distancing are key in the response to the pandemic.** The health system needs to prepare to face an increased demand for hospitalization and critical care of COVID-19 patients, while remaining able to provide at least basic services for the non-COVID19 patients. However, in order for countries to flatten the curve and not overwhelm the health system all at once, evidence from other countries shows that mitigation measures including social distancing are essential to reduce community transmission and therefore the number of people infected. An assessment of social distancing measures from China revealed that non pharmaceutical interventions such as community social distancing and lockdowns reduced transmissibility of COVID-19, and the first wave of COVID-19 outside Hubei province was abated because of aggressive non pharmaceutical interventions, including social distancing measures and lockdown. As a result, the Case Fatality Rate outside of Hubei was nearly five times lower and correlated with the reduction in mobility.[7] Modeling revealed that relaxation of the social distancing when the epidemic size was still small would have pushed COVID-19 prevalence back to baseline. Evidence from the 1918 Spanish Flu pandemic in the United States has also emphasizes that nonpharmaceutical interventions, when imposed early in the epidemic course, can result in lower peaks and fewer total cases of pandemic influenza than instances in which authorities did not place or delayed placing of lockdowns.[8] Although a large uncertainty remains

[7] Leung, K., Wu, J. T., Liu, D., & Leung, G. M. (2020). First-wave COVID-19 transmissibility and severity in China outside Hubei after control measures, and second-wave scenario planning: a modelling impact assessment. *The Lancet*.
[8] Correia, S., Luck, S., & Verner, E. (1918). Pandemics Depress the Economy, Public Health Interventions Do Not: Evidence from the 1918 Flu.

on the virus and most of the prediction are based on evolving modeling, epidemiologists are warning that countries should expect to see population infection rates between 25 percent and 80 percent over the course of the epidemic[9] unless mitigation measures are taken. In the case of Georgia, this could translate into up to 53 percent higher total number of infections, nearly 83 percent increase in total hospitalizations, and a 100 percent increase in deaths in the absence of mitigation measures like social distancing (Figure 2).

Figure 2- Estimated impact of mitigation measures in Georgia



Source: Imperial College estimates. Notes: "Unmitigated" = no intervention; "Social distancing whole population" = optimal outcome when epidemic is mitigated by interventions to limit contacts in the general population including social distancing; "Enhanced social distance of elderly"= optimal outcome when epidemic is mitigated by interventions to limit contacts in the general population including social distancing, alongside enhanced social distancing of people over 70 years old (modelled as a 60 percent reduction in contact rate).

14. **To enforce social distancing measures, the establishment of mechanisms to support the most disadvantaged and the poor is essential.** First, social assistance and financial support (in the form of cash transfers) creates an enabling environment for people to stay at home and respect the required social distancing and lockdown orders, rather than pursue activities outside of their homes to support their livelihoods. Also, measures to contain the outbreak and the resultant economic downturn will not only affect the poor, but also potentially send large numbers of people into poverty, exacerbating inequalities among the population. Marginalized communities are bearing disproportionate costs of lockdowns because their members are more likely to have lost their jobs (formal or informal), not have a stable home or shelter, nor access to food, health care and other basic services.[2] They are also less likely to be able to observe basic public health measures, including handwashing, due to the lack of proper water and sanitation facilities in their communities, which put them more at risk of the spread of infection. Additionally, women constitute the majority of workers in the non-agricultural informal sector in many countries[10]– leaving them more vulnerable to loss of livelihood and increased economic insecurity during lockdowns. While working from home is an option for white-collar professionals, lower-income individuals are more likely to work in 'blue collar' jobs or other service roles that cannot be conducted remotely. As a result, these individuals are disproportionally more likely to face employment furloughs or outright termination. This can lead to social unrest as well. For example, India - a country of over 1.3 billion people

[9] *See,* for example, Ferguson N. et al. https://www.imperial.ac.uk/media/imperial-college/medicine/sph/ide/gida-fellowships/Imperial-College-COVID19-NPI-modelling-16-03-2020.pdf

[10] UN Women. Transforming Economies, Realizing Rights: Progress of the World's Women 2015-2016: UN Women; 2015.

- has imposed a country-wide lockdown to slow the spread of the pandemic in the country, but this lockdown has exacerbated inequalities, and led to a migrant and informal worker crisis as many informal workers have no viable means to earn an income. This led to riots, rumor mongering, and incompliance of lockdowns, prompting the Indian government to announce a nearly US$23 billion social protection package for the poor. However, this amounts to less than 1 percent of India's GDP, which is in a stark contrast to countries such as Singapore and the United States, which are spending 10 percent of their GDP on similar packages.[11] Lessons from previous epidemics including Ebola Viral Disease in West Africa, also highlight the dangers of imposing lockdowns without clear communication or social protection measures. For example, implementation of lockdowns in Guinea, Sierra Leone, and Liberia led to episodes of violence. Particularly, implementation of the cordon sanitaire in West Point, Liberia in absence of measures to provide food, has resulted in riots that derailed the country' efforts to control the epidemic.[12] Therefore, strategies to ensure that such communities are not further pushed into poverty and marginalized due to social distancing policies should be part of the full response.

15. **Containment measures taken to preserve public health have caused job losses and led increases in poverty.** The COVID-19 outbreak is causing countries worldwide to increase their prevention and preparedness regimes, aiming to avoid the virus' spread. As was the case with many other countries, Georgia adopted restrictive lockdown measures including quarantines, restrictions on travel, causing a disruption of supply chains and resultant economic downturn, which will directly affect a significant proportion of the population and push many into poverty.

16. **The COVID-19 health and economic crisis are likely to impact the following groups in Georgia**: (i) households and individuals relying on vulnerable employment (defined as casual labor, temporary work and informal self-employment) who are likely to lose their jobs due to the social distancing and or quarantines that led to closure of businesses; (ii) formal workers in all sectors, especially those who work in tourism, service (transportation and retail) and tradable sectors, who have been impacted by the economic lockdown; (iii) poor and near poor households who have less margin to cope with potential price increases;[13] and (iv) migrant workers who are unable to send money home to their families.

17. **As confinement and social distancing are urgently needed to flatten the curve, social protection measures are required to provide the right incentives to the most vulnerable individuals to stay-at-home.** The lockdown of the country and the economic consequences of business closures have substantially affected the main resources of households: labor income, while closures in neighboring countries has affected the flow of remittances. Financial assistance is required to make sure that vulnerable households can cope with the situation. Such assistance can be provided by targeted cash transfers or in-kind benefits.

18. **Georgia has a comprehensive social protection system which has played a key role in protecting poor and vulnerable households in the past decade.[1]** Social protection in Georgia includes a universal old age social pension(women 60 years and older and men 65 years and older) , the Targeted Social Assistance (TSA), including a child benefit introduced in 2015, benefits and services for Internally Displaced Persons (IDPs) from the occupied territories, social rehabilitation for persons with disabilities, benefits and services for war veterans, and benefits and services for protection of vulnerable children. There are

[11] https://www.bbc.com/news/world-asia-india-52086274

[12] Liljas, P. (2014). Liberia's west point slum reels from the nightmare of Ebola. *Retrieved January 11*, 2015.

[13] Many households could experience higher prices and scarcity of basic goods due to the disruption in trade and distribution. The poor already spend most of their income on food and the Ebola crisis of 2014-15 showed how prices can sky-rocket, making even staple foods unaffordable.

also a myriad of social benefits administered at the local level (including health exemptions, education exemptions, housing benefits and energy and transportation subsidies). A newly implemented 2019 pension law complemented the flat universal pension, including a benefit of approximately 18 percent of the average monthly income, with a contributory pension savings system (See Annex 3 for more details).

19. **The existing delivery system for targeted social assistance offers a solid basis for leveraging a response to the current shock**. The advantages of the existing social protection system include a well-established social registry that can facilitate the rapid expansion of cash transfers to low-income and vulnerable households not currently receiving social assistance benefits targeted to the poor. The relatively high population coverage of the social registry (accounting for 30 percent of the total population) represents a ready and flexible instrument to quickly expand social support. The universal old age social pension scheme provides extended income support to the elderly, one of the population groups most vulnerable to COVID-19 infection (with higher fatality rates), which could be leveraged to promote social distancing behaviors.

20. **The absence of unemployment benefits and the limited protection for formal private sector workers in Georgia are substantial weaknesses in the COVID-19 context, where there is expected to be a high number of workers' who are laid off from their jobs.** There is no unemployment insurance scheme or assistance program in Georgia. In addition, the labor code only provides one month of severance payment, at a flat rate, equivalent to one month of salary. While home-based work arrangements are provided for public sector workers and their contracts and salaries are maintained, private sector workers under standard and non-standard contracts are currently unprotected if they lose their jobs due to the outbreak. The absence of financial support to this group could cause them to look for any kind of work, thereby undermining the stay-at-home mandate and jeopardizing efforts to contain the spread of the virus.

21. **The government has already taken measures to mitigate the negative impacts stemming from COVID-19 on households and on firms hit particularly hard by the lockdown, such as in the tourism sector**. Since February 2, 2020 when the first case of the COVID-19 was confirmed, all lab tests and treatment expenses related to COVID-19 have been paid for by the government for all citizens and reimbursed at actual cost (governed by the ministerial corresponding decrees). On March 13, 2020, the Government announced Economic Support Measures aimed at the mitigation of the negative impacts from COVID-19. Those measures included: (i) deferral of commercial bank loans repayment for the next three months (April to June 2020); (ii) postponement of the payment of value added tax by three months (March, April, May) for firms in the tourism sector, (iii) suspension of property and income taxes until November 2020; and (iv) provision of subsidized credit to small and medium sized hotels, as well as an increase in credit guarantee scheme, and the acceleration of value-added-tax (VAT) refunds. Based on the GoG Resolution #220 as of April 3, 2020, the Government will subsidize utility fees for three months (March, April, May) for electricity, sanitary service, gas and water bills for households that consume less than 200 kWh of electricity and 200 cubic meters of natural gas per month. The government is considering other measures to support people who lose their jobs because of the outbreak and the lockdown. On April 24, 2020, the Prime Minister unveiled a set of emergency-response measures including support for people who lost their jobs, temporary cash assistance to poor and vulnerable households, wage subsidies.

22. **The MoIHLSA has been quickly adapting the social assistance delivery mechanisms to make them COVID-19 responsive, although further adaptation and COVID-19 related communication needs to be enhanced.** Simplification of application and registration procedures to facilitate access to the TSA have been introduced. Recertification procedures for TSA beneficiaries have been postponed allowing beneficiaries to remain in the program; fewer documents are required to apply. Online applications are

available and home visits have been postponed[14]. Municipal budget for social assistance is oriented to food distribution and in-kind transfers. Further adaptation may be needed to comply with social distancing guidelines e.g. using mobile money instead of cash-in-hand payments, ensuring hygienic conditions, using radio or media rather than in-person workshops to convey behavioral change messages, including on handwashing and complying with social distancing requirements.

23. **Donors and development partners have been active in supporting Georgia to respond to the COVID-19 emergency.** The Office of the UN Resident Coordinator Office (RCO) supported the establishment of the 'health procurement group' with the participation of UN Agencies, the World Bank (WB), and the Georgian health authorities to ensure harmonization on the commodity lists elaborated by WHO. WHO has been providing technical assistance for the Government with its preparedness and response effort. The health parts of the Country Strategic Preparedness and Response Plan (CSPR) have been finalized, costed and are entered in the COVID-19 online Partners Platform (https://covid-19-response.org/). To address vulnerabilities in healthcare provision in Abkhazia, United Nations Development Program (UNDP) is organizing deliveries of medical commodities to hospitals. The deliveries are funded by United States Agency for International Development (USAID), the European Union (EU) and UNDP and are transported via the UNDP-EU joint coordination mechanism. The RCO also coordinates other activities from UN agencies directed to the mitigation of economic and social consequences. So far, the activities undertaken by UN agencies to mitigate the impacts on livelihoods focus on specific vulnerable groups. The United Nations High Commissioner of Refugees (UNHCR) supports refugee communities as well as the Gali population in Abkhazia under the expansion of a cash assistance program. Food support has been provided to Roma families by United Nations Children's Fund (UNICEF). The EU Delegation to Georgia announced it would support vulnerable populations through its NGO network, redirecting the resources of ongoing projects. They also announced working with financial institution partners to redirect funds (and topping up) to increase the liquidity of financing for small-medium enterprises (SMEs).

24. **There are different international agencies supporting the MoILHSA for training health care workers**. Recently the Global Fund to Fight AIDS, Tuberculosis and Malaria supported the MoILHSA in training of the primary health care workers throughout the country. The Government of Czechia also provided support through Caritas for training of primary health care workers as well. Open Society Georgian Foundation has been providing trainings on infectious prevention and critical care—predominantly in so-called fever clinics. The United States Agency for International Development and the Centers for Disease Control and Prevention are also involved in the training of hospital personnel. Trainings are prioritized as follows – firstly, the training will be provided for 44 clinics (29 stand-by and 15 fever clinics), second stage – 100 largest hospitals, and third stage – all clinics.

25. **Besides the above-mentioned UN agencies and development partners, the Georgian Government is working actively with International Finance Institutions and Development Agencies to mitigate impact of the COVID19 in the country.** According to the Prime Minister Office's, the International Monetary Fund (IMF), WB, Asian Infrastructure Investment Bank (AIIB), the European Union (EU), Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), German Development Fund, and French Development Agency will support the Georgian economy with US$ 1.5 billion by the end of 2020. For instance, on March 26, 2020 the WB approved a EUR 45 million Economic Management and Competitiveness Development Policy

[14] Government decree #184 of March 23, 2020, "On Establishing Different Rules for Implementation of Public Services and Administrative Cases in the System of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia.

Operation for Georgia. This operation aims to support Georgia's ongoing reforms in areas critical for inclusive economic growth and will also help the country's efforts to mitigate the economic impact of the COVID-19 pandemic. The following development partners have committed to allocate funding to support the GoG in the fight against COVID-19:

- The EIB will allocate EUR 200 million for development of healthcare infrastructure in Georgia, as well as supporting its fiscal and other needs amid the coronavirus pandemic.
- The IMF will allocate US$ 450 million to contain the COVID-19 pandemic and limit its economic impact in the country.
- The AIIB will allocate US$ 100 million in joint co-financing with the WB for the health and social protection sectors.
- The EU will allocate EUR 183 million.
- The United States will contribute US$ 1.1 million in emergency health assistance to support Georgia's efforts to prevent the spread of COVID-19 and support at-risk individuals and communities.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

26. The **Project Development Objective (PDO)** is to prevent, detect and respond to the threat posed by the COVID-19 pandemic and strengthen national systems for public health preparedness in Georgia.

Key Results

a) Number of tests performed for COVID-19 identification
b) Number of patients treated per SSA reimbursement guidelines
c) Share of households in the poorest quintile who are receiving the COVID-19 pandemic related social assistance programs

D. Project Description

27. **The Project will have three components as outlined below.**

- **Component 1 - Emergency COVID-19 Response**
  - *Sub-component 1.1: Case Detection and Confirmation*
  - *Sub-component 1.2: Health System Strengthening for Case Management*
- **Component 2 - Enabling health measures to contain the COVID-19 outbreak through temporary income support for poor households and vulnerable individuals**
  - *Sub-component 2.1: Cash transfers to poor and vulnerable households*
  - *Subcomponent 2.2: Temporary unemployment assistance for individuals who lost their job because of the COVID-19 outbreak*

- **Component 3 - Project management and monitoring**

Component 1: Emergency COVID-19 Response (EUR 65.6 million, US$ 71.9 million equivalent)

Sub-component 1.1: Case Detection and Confirmation (EUR 16.4 million, US$ 18.0 million equivalent)

28. This sub-component will help to strengthen public health laboratories and epidemiological capacity for early detection and confirmation of cases. It will support the strengthening of diseases surveillance systems and the capacity of the selected public health laboratories to confirm cases by financing medical supplies and equipment. It will include personal protection equipment (PPE) and hygiene materials, COVID-19 test kits, laboratory reagents, polymerase chain reaction equipment, and specimen transport kits. The support under the Project will enable Georgia to increase the testing capacity to 1000-1200 samples per day.

Sub-component 1.2: Health System Strengthening for Case Management (EUR 49.2 million, US$ 53.9 million equivalent)

29. The Project aims to contribute to the strengthening of health system preparedness, improve the quality of medical care provided to COVID-19 patients, and minimize the risks for health personnel and patients. This sub-component will also finance PPE and hygiene materials for health workers and other staff who may be at high risk of exposure to COVID-19 at public and private facilities, including individuals working in quarantine facilities and border posts.

30. Under this sub-component, the government will procure equipment, drugs and medical supplies to strengthen the capacity of the seven public health facilities designated for COVID-19. Among these is Rukhi Hospital, which is a newly built hospital located near Abkhazia serving a large internally displaced population that is particularly vulnerable to COVID-19. The Project will support the procurement of essential equipment and supplies to operationalize the hospital for admitting COVID-19 patients. This will include the procurement of ICU equipment (e.g. ventilators, patient monitors, bronchoscopes), as well as equipment for non-critical care and operating rooms. In the other designated public hospitals, the Project will finance intensive care units (ICUs) and beds, as well as minor repairs, such as remodeling ICUs and increasing the availability of isolation rooms, and other capacity needs to improve service delivery for COVID-19.

31. This sub-component will also transfer funds directly to hospitals to ensure preparedness for receiving COVID-19 patients and to reimburse facilities for the costs incurred for treating COVID-19 patients. Funds will be transferred to public and private facilities that are designated to receive COVID-19 patients to compensate them for idle capacity and ensure standby readiness to provide COVID-19 care. This fixed amount calculated per bed covers salaries of medical staff and utility bills, as well as operational costs. The Project will also finance case management and treatment of COVID-19 patients in public and private facilities by supporting the reimbursement of claims by the SSA for COVID-19 related services. The SSA will reimburse facilities for the actual costs of medicines, diagnostics and consumables used to treat COVID-19 cases. To ensure sustainability, the Project will support consulting services to revise the payment methods for health care services, including tariff setting for COVID-19. It will also finance case management for non-severe cases in non-medical settings (e.g. hotels temporarily rented for this purpose) for those individuals who cannot self-isolate at home and will finance ambulances to support urgent transportation of patients across the hospital network to designated reference facilities.

Component 2. Enabling health measures to contain the COVID-19 outbreak through temporary income support for poor households and vulnerable individuals (EUR 98.5 million, US$ 107.9 million equivalent)

The objective of component 2 is to complement the support provided under component 1 and introduce mitigation measures in the form of financial support for poor and vulnerable households to enable them to comply with social distancing and COVID containment measures and lockdown orders.

Subcomponent 2.1: Cash transfers to poor and vulnerable households (EUR 18.3 million, US$ 20 million equivalent)

32. This sub-component will provide income support to households negatively impacted by the health measures adopted to contain the outbreak and the resulting economic downturn by supporting (i) the scale up of the TSA program for extreme poor households; (ii) a new temporary cash benefit for vulnerable households and (iii) a top-up benefit for households with more than 3 children.

33. By design, the TSA program targets extreme poor households based on a Proxy Means Test (PMT) scoring formula which is partially shock responsive. It is expected that about 38,000 new households will apply and be eligible to the TSA program[15] during the next few months in a scenario where 20 percent of formal wage workers will lose their jobs and where wage workers staying in their jobs will see their labor income reduced by 20 percent. The project will finance only part of the expected new eligible households (about 6,000 households). The benefit amounts remain the same[16]. This subcomponent will also finance a temporary cash transfer for households which are vulnerable to fall into poverty due to measures adopted to contain the outbreak and the resulting economic downturn. Vulnerable households. The temporary benefit will be on-demand and provide a flat benefit of GEL 100 (around US$31) per month per household. Households registered in the socially vulnerable household database will be identified based on the existing PMT scoring formula. Eligible households for this temporary benefit are those with a score between with a score between 65,000 and 100,000. The benefit will be given for a period up to 6 months in addition to the existing social assistance benefits (child benefits and other small benefits administered at the municipal level). About 70,000 households[17] are expected to be eligible to this temporary cash benefit. Female headed households will be actively pursued for this temporary cash benefit as they are more likely to work in an informal sector and therefore being affected during the pandemic. Finally, this subcomponent will support a top-up benefit of GEL 100 for TSA and child benefit beneficiary households[18] with three or more children for a duration of six months.

34. The implementation of this sub-component will rely on the existing administration through SSA which will determine and verify the eligibility and will contract with Liberty Bank to make payments. Application procedures and the implementation processes have been already simplified and adapted to minimize the risk of contagion in compliance with the regulations on social distancing.

Subcomponent 2.2: Temporary unemployment assistance for individuals who lost their job because of the COVID-19 outbreak (EUR 80.2 million, US$ 87.9million equivalent).

35. This subcomponent will finance (i) a temporary unemployment assistance benefit for private sector formal wage workers and (ii) a one-off benefit for informal workers who lose their jobs due to the negative impacts of the measures adopted to contain the outbreak and the resulting economic downturn.

[15] Household with a score less than 65,000 are eligible for the TSA program.
[16] The average monthly TSA transfer is estimated to be 283 GEL per household, nearly three quarters of their average aggregate monthly consumption, estimated at 384 GEL (Household Income and Expenditure Survey 2018, Geostat).
[17] Assuming a take up of 80 percent of eligible households in a scenario where 20 percent of wage worker lose their jobs.
[18] Households with PMT score less than 100,000.

36. The temporary unemployment assistance benefit will consist of a flat benefit of 200 GEL (US$63) per month provided to formal wage workers in private companies who are laid off as a result of COVID-related restrictions and economic lockdown of non-essential businesses. The benefit amount is commensurate to the cost of living: the monthly social pension is set at 220 GEL (US$70) per person per month (old age pension) as a comparison. The duration of the unemployment assistance benefit is for a period of up to 6 months. In a conservative scenario where 20% of wage workers are laid off, about 135,000 formal wage workers are expected to be dismissed and eligible for this unemployment benefit.[19] The Revenue Service will compile a list of laid off workers based on companies' income tax declarations and validate the accuracy of bank accounts details.. The Revenue Service will submit the list of unemployed and their bank account details to the State Employment Support Agency (SESA) under the MOIHLSA, which will further verify eligibility (eligible unemployed individuals must not be beneficiaries of TSA and of the temporary cash benefits in subcomponent 2.1). SESA will proceed with the payment of the unemployment benefits to respective bank accounts as provided by the Revenue Service.

37. This sub-component will also support the introduction of a one-off benefit targeted to informal workers who lost the job due to the measures adopted to contain the outbreak and the resulting economic downturn. The one-off benefit will be on-demand through an online portal and SESA. Beneficiaries will be selected if they comply with the following criteria, among other: (i) not having any source of declared income as verified through the tax income payroll database of the Revenue Service; (ii) not being a beneficiary of public social assistance (including the TSA, the social pensions and the temporary cash transfers supported by subcomponent 1). The one-off benefit amount will be around GEL 300 (around US$96). The eligibility determination and verification processes will be carried out by SESA in coordination with the Revenue Service, in compliance with regulations on social distancing.

38. **Funds allocated to Component 2 of the Project would not be sufficient to address all needs of vulnerable individuals in the country.** Although it will be difficult to estimate precisely financing needs given that the situation evolves on a daily basis, the financial needs for social protection are expected to be large. The Government will likely use its own resources and funds from other development partners. State budget will also be used to finance information campaigns to raise awareness on the new benefits supported by this component.

Component 3. Project management and monitoring (EUR 280,000, US$ 300,000 equivalent)

39. This component will support project implementation for the overall administration of the Project, including procurement, financial management, as well as regular monitoring and reporting on project implementation progress (and required fiduciary assessments). A Project Implementation Unit (PIU) will be established within 30 days of Project Effectiveness in MoILHSA relying on existing government structures and staffing. In addition to existing government staff, at least five consultants will be hired to cover the PIU key functions given the overwhelming scope of response to COVID-19 and the urgency of actions to be taken by all parties. These include consultants for procurement, financial management, social and environmental safeguard, a health specialist, and a consultant to support the overall coordination, monitoring, and evaluation of the Project activities. Other consultants can also be hired as needed during the Project implementation. As such, the MoILHSA will be responsible for the overall administration, fiduciary functions, environmental and social aspects, communication and outreach for both components 1 and 2. Strong communication efforts will be supported through the state budget and other donors. A large communication campaign is planned to inform potential beneficiaries of the

[19] Based on MOF, there are about 670,000 private sector wage workers in the income payroll tax database.

introduction of the emergency temporary benefits and the unemployment benefits and their application procedures. Employers will also be targeted as they are the ones submitting information about layoffs and workers' eligibility for the unemployment benefits.

40. **Large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used** in connection with the management of the COVID-19 outbreak under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law or data governance regulations, or be routinely collected and managed in health information systems or systems providing social assistance. In order to guard against abuse of that data, the Project will incorporate best international practices for dealing with such data in such circumstances. Personal data will be processed to determine and verify eligibility to temporary social assistance benefits supported by the project in compliance with the Georgia personal data protection law, in accordance with existing personal data sharing agreements between the Revenue Service and the MoIHLSA which will be assessed to ensure alignment with international standards on personal data protection policies. In order to guard against abuse of such data, the Project will incorporate good international practices for dealing with such data in such circumstances. Such measures may include, by way of example, data minimization (collecting only data that is necessary for the purpose); data accuracy (correct or erase data that are not necessary or are inaccurate), use limitations (data are only used for legitimate and related purposes), data retention (retain data only for as long as they are necessary), informing data subjects of use and processing of data, and allowing data subjects the opportunity to correct information about them.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

41. **The designated implementing agency for the Project is the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia (MoILHSA)** which is formally accountable for the health of the population, oversight of the health system, the quality of health services, as well as for managing the social protection and employment programs of the Government of Georgia. MoILHSA will be responsible for the fiduciary and technical aspects as well as the operational implementation, in close coordination with the Ministry of Finance (MoF). The SSA is a state subordinated institution under the administration of MoILHSA, and responsible for purchasing publicly financed health

services in the country, implementing social services and programs and for supporting the most vulnerable social groups**.**

42. **The Project will be implemented using the existing institutions and capacities of the government, which are deemed adequate to assure the smooth technical implementation and oversight of the Project**. The implementation arrangements for Component 1 will involve MoILHSA within its healthcare function, together with SSA and in coordination with the National Center for Disease Control (NCDC) and the State Procurement Agency. The MoILHSA will conduct centralized procurement of lab equipment, test kits, equipment, and supplies for the hospitals. As a purchasing agency, the SSA will reimburse the providers for COVID-19 related services. Activities conducted by the MoILHSA will be coordinated when relevant with the NCDC, which is at the forefront of the epidemic response. Component 2 will be implemented by the MoILHSA within its social protection function through the SSA and the State Employment Support Agency, together with the Revenue Service under the MoF. Specifically, the SSA will be in charge of (i) determining and verifying the eligibility to the TSA and the emergency benefit; and (ii) making payments to beneficiaries of sub-components 2.1 and 2.2through the special accounts at the Liberty Bank and connected bank cards. The SESA will be responsible for (i) verifying the eligibility to the cash transfer for informal workers (sub-component 2.2) and unemployment benefit for formal workers (sub-component 2.3) by cross checking the list of eligible unemployed first validated by the Revenue Service to exclude cases of individuals already receiving either the TSA or the emergency benefit as well as avoiding double dipping; (ii) making payments to eligible unemployed through their personal bank accounts , based on the details provided by the Revenue Service. All formal employees are all captured by the Revenue Service and ninety five percent of them have a bank account[20]. Companies already submit income tax declaration for their workers in the Revenue Service online system online[21]. Companies will be required to include bank account details in the income tax declaration. The employee name and bank account details provided in the income tax declaration are crossed-checked with commercial banks automatically. There is already an agreement in place between the Revenue Service and all commercial banks on data-exchange, making the reconciliation of bank accounts with commercial bank easier. No cash-based payment is envisioned. The main functions of the key agencies involved in the Project implementation are described in the box 1 below.

1. **A Project Implementation Unit (PIU) will be established within 30 days of the Project effectiveness** comprising existing staff from MoILHSA, SSA, MoF, State Procurement Agency, Treasury, and the NCDC and consultants hired under the project. The PIU will be led and coordinated by MoILHSA. Several key consultant positions will be needed given the overwhelming scope of response to COVID-19 and the urgency of actions. These include consultants for procurement, financial management, social and environmental safeguard, and a consultant to support the overall coordination, monitoring, and evaluation of the Project activities. Other consultants can also be hired as needed during the Project implementation. The PIU, to be established under MoILHSA, will need to be adequately be staffed for FM and procurement functions including accounting, reporting, budgeting and funds flow, internal controls as well as social and environmental aspects.

2. **As a designated implementing agency, the MoILHSA will assign a focal point to work with the World Bank team throughout Project implementation.** A “Project Director”, who could be a Deputy Minister supported by key technical staff, will be designated by the Project Effectiveness. Focal points

[20] The cost of opening a bank account is negligible in Georgia. Laid off workers without a bank account will be encouraged to open one.
[21] In Georgia income tax declarations have to be sent by employers within 15 days after the end of the month.

from the MoILHSA will be designated for the health and social protection components by the Project Effectiveness. The focal points will also be responsible for interacting with the Bank team on technical matters.

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