

Coronavirus response in 2021: building back better

Update on Georgia (16 June 2021)



Covid-19 policy response

- **The government prepared a comprehensive package of measures to support the economy in 2020** worth 3.8 per cent of GDP (GEL 1.86 billion). The measures included the postponement of tax payments, subsidised interest payments on loans and the scaling up of the credit guarantee scheme. The central bank lowered capital and liquidity requirements and relaxed regulatory requirements to support loan restructuring.
- **The fiscal support package for 2021 is expected to reach 2.3 per cent of GDP** (GEL 1.2 billion). Previous measures were reintroduced during the second lockdown, including the coverage of utility bills for smaller household users and the exemption of low-paid workers from income tax. In addition, employees in the tourism sector are fully exempt from property tax in 2021.
- **The Covid-19 policy response is supported by external financing**, including the International Monetary Fund programme finalised in April 2021 and Eurobond issuance in early 2021.

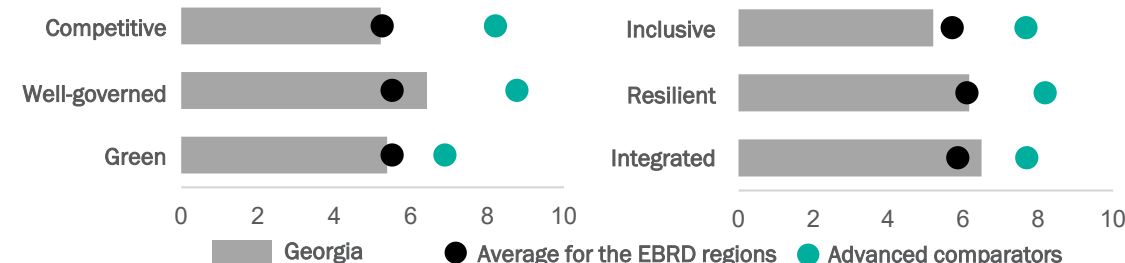
Macroeconomic indicators (%)

	2018	2019	2020	Short-term indicators
GDP growth	4.8	5.0	-6.2	EBRD GDP growth forecast (June 2021) 2021: 4.5%; 2022: 5.5% GDP quarterly growth: -4.2% y/y (Q1 2021) Indicator of economic activity: 44.8% y/y (Apr 2021), 8.1% y/y (Jan-Apr 2021) Export of goods: 19.6% y/y (Jan-Apr 2021, current US\$) International visitor trips: 140.4% y/y (Apr 2021), -85.0% (Apr 2021 to Apr 2019) Annual inflation: 7.7% y/y (May 2021)
Annual inflation (end-year)	2.6	4.9	5.2	
Government balance/GDP	-0.7	-2.7	-9.3	
Current-account balance/GDP	-6.8	-5.5	-12.4	
Net FDI/GDP	-5.5	-5.9	-3.7	
Public debt/GDP (end-year)	39.9	41.9	62.5	
Unemployment rate (end-year)	19.2	17.6	18.5	

Key short-term priorities

- Ensure economic recovery is tilted to green, including by creating an enabling environment for non-hydro renewables.
- Put in place the new insolvency framework in an efficient way to support faster recovery.
- Continue pursuing critical structural reforms, such as education and state-owned-enterprise reform

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive	<ul style="list-style-type: none"> • Georgia had fully implemented its new insolvency framework as of April 2021. The new law establishes timely and efficient insolvency processes and an effective rehabilitation framework, in line with the best international standards.
Well-governed	<ul style="list-style-type: none"> • The government is creating a new council to develop a state enterprise reform strategy to be implemented in 2021-24, to bring the management of state-owned enterprises closer to best practices in corporate governance.
Inclusive	<ul style="list-style-type: none"> • Assistance for socially vulnerable children is being doubled to GEL 100 per month from July 2021.
Integrated	<ul style="list-style-type: none"> • The implementation of the new banking resolution framework regulations has been completed. The central bank is working on further measures to develop local capital markets.
Digital	<ul style="list-style-type: none"> • New electronic services (such as online applications for identity cards and passports, birth certificates, changes of name, new business and land title registrations) were integrated into the Unified Service Portal (www.my.gov.ge) to enable citizens to receive critical services without leaving their homes.

To learn more about the EBRD's support for Georgia, visit: <https://www.ebrd.com/georgia.html>.

¹ For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.