

Responding to the Coronavirus Crisis

Update on Georgia (13/11/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

Tourism, private consumption, external demand

- Initial lockdown measures causing sharp decline in economic activity and consumption pattern were loosened, but some measures are being reintroduced on the back of the second wave; gradually opening the economy to the regular international flights.
- Tightening global financial markets, reduced FX inflows and domestic uncertainty put pressure on the currency.
- Tourism (revenues:18.8% of GDP in 2019) heavily hit.

Selected crisis impact indicators

EBRD GDP growth outlook (Oct 2020)	2020: -5.0%
	2021: 3.5%
Rapid estimate of economic growth	September 2020: -0.7% y/y
	January-September 2020: -5.0% y/y
Number of international visitors	September 2020: -93.6% y/y
(% change)	January-September 2020: -77.1% y/y
Goods exports	October 2020: -2.2% y/y
(% change, in nominal values)	January-October 2020: -11.1% y/y
Exchange rate change, against USD	January-13 November 2020: -12.9%
(minus means depreciation)	

Crisis response measures to date

Support for healthcare, businesses and vulnerable population

- Total fiscal support package around 4% of GDP to uphold the private sector and entrepreneurs, boost social assistance and strengthen the healthcare system backed by substantial foreign financing.
- Postponement of certain tax payments, doubling of the VAT refunds by the end of the year, subsidized interest payments on loans for companies in the most affected sectors, scaling up of the credit guarantee scheme, exemption from the income tax for low-paid jobs.
- Social assistance measures include coverage of utility fees for smaller household users, deferred loan repayments for household loans and support for those affected by the pandemic, self-employed and vulnerable groups.
- Lowered capital and liquidity requirements, relaxed regulatory requirements to support loan restructuring. Monetary policy loosened.

Selected crisis response indicators

Exemption from income taxes	6 months, for salaries up to a threshold (GEL 250mn)
Credit guarantee scheme	90% guarantees on new loans, 30% on restructurings (GEL 300mn)
Social assistance	6 months, for employees who lost their jobs or are on unpaid leave (GEL 460mn) One-off for self-employed or those in the informal sector upon proof of loss of income (GEL 75mn)

Key short-term priorities

Provide liquidity to the economy, particularly SMEs, revenue support to vulnerable individuals, develop the economic recovery plan