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Policy responses	
Containment	<p>Declared a national state of emergency (21 March – 21 April, [17 April] extended to 10 May¹ [22 April] extended to 22 May²) and adopted containment measures, including:</p> <ul style="list-style-type: none"> • social distancing • lock down of high-risk districts • closure of border crossing • travel ban for foreign visitors • quarantine for nationals returning to Georgia, returning citizens are required to self-isolate for 12 days and to take a PCR test on the 12th day • closure of shops (other than groceries and gas stations) and schools • intercity and intracity public transport movement is prohibited. • Various forms of economic activity, including tourism, came to a standstill during the state of emergency • As borders remained closed, International flights were in limited in numbers, while regular international flights have not resumed • Georgia imposed a requirement to hold valid PCR test resulted for all foreign arrival, including the citizens of Germany, France, Latvia, Lithuania and Estonia, the countries that had a preferential treatment earlier. • Mandatory curfew during 21:00 to 06:00 [30 March]. • Stricter restrictions on movement for the older persons (aged 70 and above). • [22 April] extended a nationwide ban on driving private vehicles until April 27.³ • [24 April] Individuals found guilty of repeat violation of the state of emergency or martial law regulations may face up to six years of imprisonment.⁴ • [28 April] Georgia will be rolling out testing of new target groups to “prevent the spread of the infection among the high-risk groups.”⁵ • [28 April] Some places started to ease containment measure. The Gov’t Eases Strict Lockdown Measures in Lentekhi Municipality, Village in Khashuri Municipality.⁶ • [1 May] Moscow-backed leadership of Tskhinvali Region/South Ossetia announced today that Roki crossing-point connecting the region with the Russian Federation will be closed through May 31.⁷ • [14 June] The Georgian government has released a list of public spaces where wearing face masks will be mandatory in order to limit

¹ <https://agenda.ge/en/news/2020/1153>.

² <https://civil.ge/archives/347858>.

³ <https://civil.ge/archives/347858>.

⁴ <https://civil.ge/archives/348517>.

⁵ <https://civil.ge/archives/342486>.

⁶ <https://civil.ge/archives/342486>.

⁷ <https://civil.ge/archives/342486>.

	<p>the spread of coronavirus.⁸</p> <ul style="list-style-type: none"> • [15 June] Coronavirus testing expanded to new high-risk groups. The Government has revised a list of at-risk groups who are subject to mandatory, free-of-charge COVID-19 testing.⁹ • [10 September] Public outdoor gatherings of above 200 people are prohibited (political rallies are exempted from this rule). Public indoor gatherings for rituals (parties, funerals) shall be limited to max 10 people. • To reduce unemployment, the Georgian government allowed the Georgian citizens to travel for work to the neighboring Turkey, provided they have at least 3-month invitation from the perspective employer. Upon return, they will have to quarantine themselves • [Early March 2021] The new set of the containment measures effective from late November 2020, the number of active cases fell significantly to less than 200 cases a day on average • [March 2, 2021] Georgia has reported 2,000 active positive cases, 265.6 thousand recovered and 3,532 deaths. • [Starting from March 2021] Georgia is preparing to commence vaccination of the most vulnerable groups. <p>Reopening:</p> <ul style="list-style-type: none"> • [27 April] The first stage of opening commenced on 27 April 2020 as the passenger cars, taxis, online trade, deliveries and open air-markets became operational. • [5 May] On 5 May, government lifted coronavirus-related restrictions on construction business and car maintenance services.¹⁰ Starting from May 5, construction, production of construction materials, carwash, computer and equipment repair shops, parks are open. • [8 May] Georgia will open local tourism services from June 15, and will be ready to receive international tourists from July 1.¹¹ • [11 May] Georgia has lifted entry and exit restrictions in Tbilisi on May 11. However, the curfew remains in force.¹² All kinds of production and publishing services are also operational. • [18 May] The beauty parlors and aesthetic medical centers also opened faster than initially planned. • [22 May] An emergency regulation limiting number of passengers to three while driving a private vehicle will be lifted from May 23.¹³ • [23 May] Georgia Ends State of Emergency, Curfew, Keeps Some Restrictions. Starting from May 23, Georgia ends 63-days long state of emergency, that the government announced on March 21 in a bid to halt the novel coronavirus spread. The country also lifts 9-hours long curfew that 3.7 million Georgians observed between 21:00 and 06:00 for some 53 days. In the meantime, a number of restrictions, such as
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⁸ <https://civil.ge/archives/358726>.

⁹ <https://civil.ge/archives/342486>.

¹⁰ <https://civil.ge/archives/342486>.

¹¹ <https://www.neweurope.eu/article/georgia-says-foreign-tourists-will-be-welcomed-on-july-1/>.

¹² <https://www.news.az/news/georgia-lifts-entry-and-exit-restrictions-in-tbilisi>.

¹³ <https://civil.ge/archives/342486>.

	<p>the ban on gathering of more than ten people – for the purposes of weddings, funerals, and other social events – remain in force.¹⁴</p> <ul style="list-style-type: none"> • [29 May] Tbilisi and other big cities are now open for intercity travelers. The public transport, including metro, resumed operation. • [1 June] All types of shops as well as the malls opened. • [8 June] Restaurants with Indoor Seating, ‘Authorized’ Hotels, and Currency Exchange Offices Reopen (about 1 month earlier than initially planned). All kinds of intercity transportation, bar railway services, resume.¹⁵ • All above mentioned need to observe strict cautionary measures: wearing face masks is mandatory inside the shops and while using public transport. • [15 June] Domestic tourism opens in Georgia.¹⁶ • [7 July] The sports halls and swimming pools resumed their operations. Similar to the hotels, to become operational, they also need a prior authorization from the ministry of health. • [13 July] Effective July 13, outdoor cultural events and indoor rehearsals are allowed. • [15 September] The school year officially commenced on 15 September with online schooling for all classes. In red zones, only on-line lessons are allowed. The Ministry of Education approved an order regulating online schooling. • [1 October] Public schools are resumed inhouse classes for the classes from 1 to 6 • [12 October] Reopening of kindergartens • [1 November] Opening of theatres and cinemas, as well as child entertainment centers, is postponed from 1 October to 1 November • [28 November] As a result of the improving COVID statistics, the containment measures that were effective countrywide since November 28, are being gradually lifted: <ul style="list-style-type: none"> (i) public intercity and intracity transport service (rail, bus, and minibus) reopened; (ii) schools, colleges and universities resumed in-person classes are allowed to conduct in-person tests ; kindergartens opened ; the libraries and museums opened ; (iii) restaurants were allowed only to have delivery services since Nov 28, serve the clients in outdoor spaces starting since Feb 15 and are fully open since March 1; (iv) fitness centers, swimming pools, sports and arts activities, will reopen on March 15, and the theatres will reopen on April 1, 2021; (v) trade centers and shops have been open since February 1; (vi) food/agricultural markets, banks, pharmacies, pet shops, beauty salons, and repair shops operated even during the lock-down months without restriction since Nov 28. Stricter containment
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¹⁴ <https://civil.ge/archives/342486>.

¹⁵ <https://civil.ge/archives/342486>.

¹⁶ <https://www.news.az/news/domectic-tourism-opens-in-georgia>.

	<p>measures that were in effect on the weekends (closed shops, no transport) are lifted from March 1. The extended curfew hours from 9 p.m. to 5 a.m remains in effect. As an exception, the curfew was temporarily lifted on December 31 (New Year's Eve) and January 6 (Christmas Eve).</p> <ul style="list-style-type: none"> Hotels and ski lifts opened in winter resorts of Georgia (Gudauri, Bakuriani, Goderzi, Mestia) from March 1, 2021. Regular international flights resumed in February 2021. Starting from March 1, 2021 Georgia accepts travelers from Azerbaijan, Armenia, Ukraine, Kazakhstan, Russia, Belarus arriving by plane and holding negative covid tests. Earlier, Georgia already opened up for the citizens of EU, Israel, Turkey, Switzerland, Norway, USA, UK and Northern Ireland, Saudi Arabia, Qatar, UAE, Bahrain. Georgia's ground borders remain closed.
Fiscal	<p>The government announced a GEL 2 bn (4% of GDP) support package on April 1 (which enhanced the GEL 1 billion package announced on March 13).</p> <p>The initial package included:</p> <ul style="list-style-type: none"> suspension of property and income taxes for the tourism sector until November 2020 provision of interest subsidy to small and medium sized hotels increase in credit guarantee scheme, acceleration of VAT refunds, and higher capital spending government payments for gas, electricity, water and cleaning bills for poor segments of the population. <p>Additional funds will cover:</p> <ul style="list-style-type: none"> health spending including lab testing and quarantine expenditures as well as increased costs associated with hospitalization, medical treatment, and medical supplies unemployment subsidy for those who lost jobs due to the recent developments Subsidize businesses to retain employees Subsidize imports of 9 basic commodities (incl flour, wheat, pasta, rice, oil, sugar, milk powder, beans, buckwheat) and create a stock pile of these commodities. <p>[24 April] A total of GEL 3.9 billion (USD 1.2 billion) will be allocated for implementing the anti-crisis plan. According to the Prime Minister, 350,000 citizens will be entitled to receive "targeted" financial assistance – "a bare minimum, what the Georgian Government could offer today to each of its citizens."¹⁷</p> <p>The anti-crisis plan includes following measures:</p> <p>employees who have lost jobs during the pandemic will receive a monthly</p>

¹⁷ <https://civil.ge/archives/348469>.

	<p>allowance amounting GEL 200 for six months (GEL 1,200 or USD 375 in total);</p> <p>employees who have not been laid off during the pandemic and receive less than GEL 750 (USD 234) salary, will be exempted from income tax for the next six months. Those who earn less than GEL 1500 (USD 469), income tax will only apply to a GEL 750 (USD 234) tax base;</p> <p>Self-employed people or jobless persons able to prove they have lost income due to the pandemic will receive GEL 300 (USD 94) as a one-off assistance;</p> <p>Socially deprived groups (320,000 people), as well as adults and children with disabilities (40,000 people) will be entitled to GEL 600 (USD 188) financial assistance for the next six months.</p> <p>According to the relief plan, starting from 2021, pensions will rise annually at a rate no less than the inflation rate, so that “price rise will not affect real value of the allowance.” In particular:</p> <p>As for retired people aged seventy and older, inflation-rate increased pension increase in accordance with the inflation rate plus 80% of the value of economy’s real growth;</p> <p>Pension increase will amount no less than GEL 20/ USD 6 (for those aged 70 and older no less than GEL 30/ USD 9);</p> <p>In addition to the said measures, an already announced one-off rise in pension by GEL 30 for senior citizens aged seventy and older will remain in force (a total of 410,000 will benefit from this increase).</p> <p>The Government allowed automated VAT refund for businesses.</p> <p>Commercial banks will receive USD 600 million (USD 187,5 million) for long term lending.</p> <p>Another GEL 500 million (USD 157 million) was allocated for businesses, including GEL 300 million (USD 94 million) for financing lines of credit aimed at small and medium businesses. The Government will assume the role of a loan guarantee for 90% of the new credits. Additional funds will be allocated to support farm crediting.</p> <p>According to the Prime Minister, the state will write off overdue fines of individuals and businesses using state irrigation system.</p> <p>[May 7] On May 7, the Georgian government unveiled an “anti-crisis” plan aimed at reviving the tourism sector and opening up the country for international travelers. The government said it came up with a three-phased plan to gradually reopen the sector, with the final stage – starting from July 1 – foreseeing to reopen national borders and resume flights with major partner states. The Government committed a fiscal package worth GEL 200 million / USD 62.5 million to undertake relief measures to shore up the tourism industry which had ground to a halt due to the pandemic.¹⁸</p> <p>[May 28] Georgian Prime Minister Giorgi Gakharia together with Tbilisi Mayor Kakha Kaladze unveiled a plan worth of GEL 434 million (USD</p>
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¹⁸ <https://civil.ge/archives/350788>.

	<p>136 million) to help battered construction business amid COVID-19 pandemic. Gakharia also stated that the Government will allocate GEL 150 million to build homes for 1,800 families (approximately 6,000 persons) of internally displaced persons. This, Gakharia said, will ensure providing the IDPs with the homes three years ahead of the deadline planned earlier.¹⁹</p> <p>[June 2] The Ministry of Finance of Georgia sold benchmark bonds worth GEL 120 million (USD 38.7 million) on June 2 at the Treasury Bill Auction, according to the National Bank of Georgia.²⁰</p> <p>[23 June] On June 23, the Ministry of Finance of Georgia sold 5-year benchmark bonds worth GEL 80 million (USD 24.4 million) at the Treasury Bill Auction, according to the National Bank of Georgia (NBG). The Central Bank reported that a total of eleven commercial banks bided at the auction. The overall demand reached GEL 167 million (USD 51.1 million).²¹</p> <p>[24 June] The parliament approved an amendment to the state budget 2020 that envisages to fund the relieve measures listed in the ‘Anti-Crisis Economic Action Plan’ of the Government unveiled on April 24. The supplemental budget envisages fiscal deficit to increase to 8.5 percent of GDP. The initiatives are included in the approved budget are described below:</p> <p>The pandemic negatively affected the private sector, the citizens, the businesses. The government designed the anti- crisis plan with the following measures, totaling to GEL 3.4 billion:</p> <ol style="list-style-type: none"> 1. Support for citizens who have been employed but lost their jobs during the pandemic: GEL 200 per person for 6 months (GEL 450 million). 2. Income tax waiver for low-income citizens: over the course of 6 months: (1) salaries up to 750 GEL will be fully exempt from income tax; for the salaries below 1500 GEL per month, the first GEL 750 will be exempt from income tax (GEL 250 million) will be forgone. 3. One-time assistance of GEL300 to the self-employed (GEL 75 million). 4. Utility subsidy: payment for gas, electricity and utilities for the for households consuming up to 200 kW of electricity and/or up to 200 m3 natural gas monthly (GEL 170 million). 5. Assistance to low-income families (with the social score of 65-100 thousand); assistance will be given according to the number of people in the household for 6 months (GEL 48 million).
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¹⁹ <https://civil.ge/archives/354123>.

²⁰ <https://civil.ge/archives/354606>.

²¹ <https://civil.ge/archives/357143>.

	<p>6. Assistance to the families with the social score above 100 thousand: GEL 100 for 6 months (GEL 13 million).</p> <p>7. Assistance to the disabled and disabled children GEL 100 for 6 months (GEL 24 million).</p> <p>8. StopCoV Fund proceeds of GEL 133,5 million will be used for the needs of the medical sector and hospitals engaged in fighting the coronavirus (reflected in “other revenues” and in expenditures).</p> <p>9. Government has to cover costs of organizing quarantine spaces; sponsoring flights that returned Georgians from different parts of the world. Total cost: GEL 45 million.</p> <p>10. Healthcare costs and virus spread prevention measures. Total cost: GEL 285 million.</p> <p>11. Improvement of healthcare infrastructure to accommodate COVID patients. Total cost GEL 60,0 million.</p> <p>12. Credit guarantee scheme to help businesses cope with the pandemic GEL 330 million.</p> <p>13. Interest subsidy will be issued to help the hotels meet their banking obligations and co-finance up to 80 per cent of the annual interest rate on loans issued to family-owned, small and medium-sized hotels. Total cost GEL- 70 million. This interest subsidy was initially designed for 3 months but was prolonged to 6 months. In addition, the government allows new application process (Sep-Oct 2020) for the interested hotels.</p> <p>14. Touristic enterprises will be exempt from profits tax- GEL 45 million (reflected in tax revenues).</p> <p>15. Microgrants GEL 20 million.</p> <p>16. Support to construction sector/ purchase of houses for the refugees’ Total cost: GEL 40 million.</p> <p>17. Support to agriculture. Total cost: GEL 139 million. This includes State Program for Maintaining Prices of Primary Consumption Food Products, including building stocks of the following commodities: (rice, pasta, buckwheat, sunflower oil, sugar, milk powder, beans, wheat, and wheat powder. The government will subsidize the price of grapes and sub-standard apples to help peasants in the regions.</p> <p>18. Additional VAT refunds GEL 600 million; (reflected in tax revenues). Accelerate VAT reimbursements and make reimbursements automatic.</p> <p>19. Lari deposits for commercial banks GEL 600 million (reflected in domestic debt and government deposit).</p>
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	<p>20. Accelerate VAT reimbursements and make reimbursements automatically; total cost GEL 600 million.</p> <p>21. 3m bank loan service holidays for individuals (initially available for March-May) was prolonged for 3 more months for those borrowers who asked for extension.</p> <p>22. The custom clearance term for vehicles imported before 1 April 2020 was extended to 1 September 2020 for car importers. and then further to March 2021. This measure will benefit 24 thousand importers of cars but postpones GEL 30 million revenues for the state budget.</p> <p>23. Pensions: Starting from January 2021, the rule of indexation of pensions will be introduced. According to this rule, the pensions will increase by at least the rate of inflation; for pensioners aged 70 and above: the pensions will increase in addition by 80% of the real economic growth rate. Regardless of the actual rates of inflation and economic growth, the pension increase will be at least GEL 20 for the pensioners below 70 and above GEL 25 GEL for pensioners above age 70.</p> <p>The government increased the list of villages that benefit from the provisions of the law on 'Mountainous Regions' by 59 villages. Total 272,000 people will benefit from this law. These are dwellers of high mountainous regions; as well as the villages adjacent to the occupied territories. The benefits introduced by this law include: subsidized electricity and heating to households; higher pensions; social transfers for the newborns; increased salaries for teachers and medical personnel; some tax allowances for businesses operating in those areas.</p> <p>On August 6, 2020, the Prime Minister unveiled the list of new/modified measures to support the citizens of Georgia to cope with the pandemic.</p> <p>1. The government will provide GEL 200 one-time assistance to all children below 18. There are 800 thousand citizens of Georgia of this age. The total cost will be about GEL 160 million, , which benefited 855,000 families with a total cost of 0.4 percent of GDP or GEL 160 million. The government asked the banks to ensure that these sums reach the intended beneficiaries (i.e. children) so, that the banks do not offset the credit or belated liabilities of the parents, if such exist with these sums. The beneficiaries receive these grants before the start of the school year.</p> <p>2. The government will help the students from vulnerable families (with the social score below 150 thousand) to cover one semester of their university tuition. About 33 thousand students are expected to benefit from this initiative. Total cost GEL 35 million. (at a cost of 0.1 percent of GDP).</p> <p>3. GEL 300 per person benefit will be provided to the self-employed, who</p>
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	<p>lost their job during the pandemic and applied for government assistance, but were refused, as they failed to provide required documents, by relaxing eligibility criteria for a one-time cash transfer of GEL300, benefiting 80,000 individuals at a cost of 0.05 percent of GDP.</p> <p>About 250 thousand self-employed applied for this assistance. o/w 170 thousand people received it. With this measure, the remaining 80 thousand self-employed will receive this benefit. Total cost of this initiative is 24 million.</p> <p>4. The government will cover utility costs during the period November-February (4 months) for the vulnerable. So far, over 1 million households have benefitted from the subsidies, with the extension expected to cost 0.5 percent of GDP.</p> <p>About 700 thousand people benefited from the government's economic benefits package due to the first lockdown in 2020.</p> <p>[14 July] The Georgian Ministry of Finance sold benchmark bonds with a nominal value of GEL 50 million (USD 16.3 million) and maturity of 364 days.²²</p> <p>[28 July] The Ministry of Finance of Georgia on Treasury Securities Auction issued Benchmark Bonds with nominal value of 80 000 000 GEL and maturity of 5 years.²³ [25 August] The Ministry of Finance of Georgia on Treasury Securities Auction will issue Benchmark Bonds with nominal value of 80 000 000 GEL and maturity of 5 years.²⁴</p> <p>[November 28] The government introduced several fiscal support measures to mitigate the economic impact of the public health measures announced on November 28. According to the government, the total cost of these measures will be GEL1.1 billion (about 2 percent of GDP) according to the government. This figure consists of fiscal support measures to individuals with a total cost of GEL 545 million and measures to support businesses with a total cost of GEL 515 million.</p> <p>The support measures to households consist of the following:</p> <ul style="list-style-type: none"> • Utility subsidies for four months from November 2020 to February 2021 including coverage of gas and electricity utility bills for the households consuming up to 200 kw of electricity and up to 200 m3 natural gas monthly (1 million families; GEL 270 million). • Support for citizens who have lost their jobs during the pandemic: GEL 200 per person for six months starting January 2021 (125 thousand beneficiaries; GEL 150 million). • One-off compensation of 300 GEL to individuals employed in the outlets or facilities whose operation will be suspended (100 thousand beneficiaries; GEL 30 million).
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²² <https://civil.ge/archives/359497>.

²³ <https://mof.ge/en/News/9464>.

²⁴ <https://mof.ge/en/News/9495>.

	<ul style="list-style-type: none"> • 100 lari per family member assistance to low-income families with the social score of 65-100 thousand for six months, starting from January 21 (220 thousand people; 72 thousand families will benefit; GEL 55 million). • Assistance to families with a social score above 100 thousand, who have kids aged 3 to 16 years: GEL 100 per month for six months starting from January 2021 (24 thousand families to benefit, GEL 15 million). • Assistance to people with disabilities: GEL 100 for six months (43 thousand beneficiaries, GEL 27 million). • Government will help negotiate postponement of bank payment payments to the employees of businesses closed during December-January due to the anti-pandemic measures. <p>Support measures to businesses consist of the following:</p> <ul style="list-style-type: none"> • Income tax concession: during 6 months from December 2020 to May 2021: salaries up to 750 GEL will be fully exempt from income tax; for the wages below 1500 GEL per month, the first GEL 750 will be exempt from income tax (33 thousand companies will benefit; GEL 260 million). • Property tax concession: the tourism sector (hotels, restaurants, and properties involved in similar activities) will be exempt from property tax in 2021. (GEL 45 million). • Tax write-off for four months of deferred income tax payments from 2020: Deferred income tax payments in the tourism sector (hotels, restaurants, and properties involved in similar activities from before 1 December 2020 will be written off by the government. (GEL 20 million). • Interest subsidies for the bank loans of hotels will continue; additionally, interest subsidies will be provided for the bank loans of restaurants over six months. (3700 beneficiaries). • Microgrants to entrepreneurs (GEL 40 million). • Credit guarantee scheme to help businesses cope with the pandemic will continue in 2021 and help the private sector restructure existing loans and attract new loans. • Bank loan deferment for companies whose operations will be restricted in the December-January period
Monetary	<p>The National Bank of Georgia:</p> <ul style="list-style-type: none"> • Kept its policy rate steady in its March MPC meeting due to inflation concerns. • [29 April] On April 29, the National Bank of Georgia (NBG) decided to reduce its key refinancing rate by 0.5 percentage points to 8.5%, amid the COVID-19 pandemic.²⁵ • [June 24] the National Bank of Georgia reduced its benchmark interest rate by 0.25 basis points to 8.25% to help the economy in recession due to the COVID-19 outbreak. The Monetary Policy Committee of NBG lowered the lending rate while the Bank saw the annual inflation reach 6.5% in May. The NBG forecasts that inflation will continue to gradually decline over the rest of the year and it is expected to hit the

²⁵ <https://civil.ge/archives/349188>.

	<p>target level of 3% in the first half of 2021.²⁶</p> <ul style="list-style-type: none"> • [5 August] the Monetary Policy Committee of the National Bank of Georgia decided to reduce the refinancing rate by 25 basis points. The monetary policy rate was set at 8.0 percent.²⁷ • [16 Sep] NBG kept the policy rate at 8 percent at the Sep 16 MPC meeting. The depreciation in Georgian Lari has gained pace over the last weeks, along with the deteriorating epidemic situation and Lari depreciated by 19.5 percent vis-à-vis the U.S. dollar since March 6th. • The National Bank of Georgia (NBG) announced measures to support capital and liquidity in the banking sector. Banks have been asked to evaluate the quality of the loan portfolio; on-site inspections have been suspended; and a moratorium on fines was introduced where a breach emerged due to the crisis. The NBG reduced its policy rate cumulatively by 100 bps since April 2020 (by 50 bps on Apr 29; 25 bps on Jun 24, 2020; 25 bps on Aug 5). • [17-Mar-21] increase policy rate by 50bp to 8.5.
Financial/Foreign Exchange	<p>The National Bank of Georgia (NBG):</p> <ul style="list-style-type: none"> • support capital and liquidity in the banking sector. • closed office operations of currency exchange booths and other payment service providers, among others. [30 June] allowed office operations of currency exchange booths and other payment service providers, among others, after closing them for 2 months due to the pandemic. • [28 April] National Bank of Georgia (NBG) sold USD 20 million at the foreign exchange (FX) auction today in a bid to shore up the weakened national currency. The average weighted bid rate amounted 3.2035, the NBG said. The NBG also stepped in on March 13, 19 and March 25 to carry out currency intervention worth USD 100 million to ease the pressure on the exchange rate of Lari amid coronavirus fallout.²⁸ [4 May] NBG has sold \$120 million in four interventions in the foreign exchange market, to prevent disorderly depreciation. [4 June] NGB has sold \$160 million in five interventions in the foreign exchange market, to prevent disorderly depreciation. [17 June] The National Bank of Georgia sold USD 20 million in the foreign exchange auction on June 17. The average weighted rate amounted to 3.0383.²⁹ [2 July] On July 2, 2020, the National Bank of Georgia sold USD 20 million during its Foreign Exchange Auction. The average weighted bid rate was 3.0417.³⁰ [22 July] The National Bank of Georgia sold USD 40,000,000 at the Foreign Exchange Auction held on July 22, 2020. The average weighted exchange rate was 3.0585.³¹ • NBG has sold \$ 270 million in the foreign exchange market, since the beginning of the year to prevent disorderly depreciation. • started FX swap lines with banks and microfinance institutions in mid-

²⁶ <https://civil.ge/archives/357091>.

²⁷ <https://www.nbg.gov.ge/index.php?m=340&newsid=4007>.

²⁸ <https://civil.ge/archives/342486>.

²⁹ <https://civil.ge/archives/356276>.

³⁰ <https://www.nbg.gov.ge/index.php?m=340&newsid=3982>.

³¹ <https://www.nbg.gov.ge/index.php?m=340&newsid=3996>.

	<p>April.</p> <ul style="list-style-type: none"> • [1 June] launched a new tool for liquidity management to support the financing of small and medium-sized businesses in Georgia, which consists of two components: the first is for commercial banks, which will receive liquidity support from the NBG in exchange for mortgaging the loan portfolio; the second component is for micro-financing organisations. • NBG has sold net USD 611 million foreign exchange since the beginning of the year to prevent disorderly depreciation. <p>NBG has sold net USD 916 million foreign exchange in 2020 and USD 120 million in 2021 to prevent disorderly depreciation</p> <p>Banks:</p> <ul style="list-style-type: none"> • evaluate the quality of the loan portfolio • a moratorium on fines was introduced where a breach emerged due to the crisis <p>Digital finance:</p> <ul style="list-style-type: none"> • NBG is taking actions to promote the development of new technologies and innovative approaches in the financial sector. Digital bank licensing is expected to help efficiently use cloud services, encourage the entry of new technological players and increase competition in the financial sector.³²
Trade measures ³³	<p>Restrictive:</p> <ul style="list-style-type: none"> • Import of live animals from China have been banned. • Temporary export ban on some medical equipment, masks, gloves and disinfectants.
SME measures (last update 22 January 2021)	<p>Tax refund:</p> <ul style="list-style-type: none"> • Based on the Anti-Crisis Economic Action Plan (April 24), the government automatically refunded the VAT and VAT surplus to enterprises, and enterprises did not need to go through additional procedures. <p>Tax exemption:</p> <ul style="list-style-type: none"> • As part of the Anti-Crisis Economic Action Plan (April 24), the Government allocated GEL 45 million to exempt touristic enterprises from profits tax. • Tax incentives are offered to employers for every retained job. For salaries up to GEL 750, a full income tax exemption will be provided for six months. For salaries between GEL 750 and GEL 1500, a partial income tax exemption will be provided.³⁴ • The government suspended property and income taxes payments for the tourism sector until 1 November 2020.³⁵

³² <https://agenda.ge/en/news/2020/2372>.

³³ <https://www.macmap.org/covid19>

³⁴ <https://home.kpmg/xx/en/home/insights/2020/04/georgia-government-and-institution-measures-in-response-to-covid.html>

³⁵ <https://home.kpmg/xx/en/home/insights/2020/04/georgia-tax-developments-in-response-to-covid-19.html>

	<p>Deferral of tax payment:</p> <ul style="list-style-type: none"> • The government deferred the tourism sector's property tax and income tax payments until November 2020. <p>Other fiscal support:</p> <ul style="list-style-type: none"> • The government has exempted from three months of lease payments for SMEs who leased municipal districts for commercial activities.³⁶ <p>Subsidy:³⁷</p> <ul style="list-style-type: none"> • The government launched the Anti-Crisis Economic Action Plan on April 24. Based on the latter, employers can receive subsidies from the State for each retained employee within the next 6 months. • The government can subsidize natural gas, electricity and utilities for users who consume 200 kW of electricity and/or 200 m³ of natural gas per month. • The government provided interest subsidy to small and medium sized hotels as part of its GEL 2 billion support package.³⁸ <p>Loan support:³⁹</p> <ul style="list-style-type: none"> • As part of the Anti-Crisis Economic Action Plan unveiled on April 24, (i) GEL 500 million is used for financing enterprise credit lines and (ii) the Co-financing Mechanism for Supporting Family-owned, Small and Medium-size Hotel Industries project has been launched, offering interest subsidy and co-financing of annual interest rates on the hotel business bank loans. On June 24, the Parliament approved an amendment to the state budget 2020 that envisages to fund the relief measures listed in the 'Anti-Crisis Economic Action Plan'. • The National Bank of Georgia (NBG) launched a new liquidity management tool to support SME financing in Georgia on 1 June 2020. The tool can be used (i) for commercial banks, which can receive NBG's liquidity support in exchange for a mortgage portfolio and (ii) for micro-financing organizations. <p>Employment support:⁴⁰</p> <ul style="list-style-type: none"> • As part of the Anti-Crisis Economic Action Plan unveiled by the government on April 24, (i) GEL 75 million are provided to support the self-employed who will receive a one-time assistance of GEL 300 (the application deadline has been extended to August 1), and (ii) employers can receive subsidies from the State for each retained employee within the next 6 months. • The government allocated GEL 460 million to support people who lost their jobs because of the coronavirus crisis or are on unpaid leave. The latter will receive GEL 1,200 over the course of six months, which is GEL 200 per month. This assistance will apply to 350,000
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³⁶ <https://agenda.ge/en/news/2020/861>

³⁷ <https://www.mondaq.com/government-contracts-procurement-ppp/945790/anti-crisis-economic-plan>

³⁸ <https://home.kpmg/xx/en/home/insights/2020/04/georgia-tax-developments-in-response-to-covid-19.html>

³⁹ Ibid.

⁴⁰ <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>

	<p>citizens of Georgia.</p> <ul style="list-style-type: none"> • Tax incentives are offered to employers for every retained job. For salaries up to GEL 750, a full income tax exemption will be provided for six months. For salaries between GEL 750 and GEL 1500, a partial income tax exemption will be provided.⁴¹ • On August 6, the Prime Minister announced that the self-employed, who lost their job during the pandemic and applied for government assistance but were refused, will benefit from a financial aid of GEL 300.
Other policy measures	<p>International cooperation:</p> <ul style="list-style-type: none"> • [22 April] The European Commission announced on April 22 that it has adopted a proposal for a EUR 3 billion macro-financial assistance (MFA) package to ten enlargement and neighborhood partners, including EUR 150 million for Georgia, to help the countries to limit the economic fallout of the coronavirus pandemic. (Earlier in April, the European Commission allocated over EUR 183 million of funds for Georgia as part of its global response to the coronavirus outbreak).⁴² • [26 April] Georgian government developed a new investment strategy aimed at attracting new FDI.⁴⁷ • [29 April] Georgian Health Ministry has received 40,000 polymerase chain reaction (PCR) test kits from China. According to Health Minister Ekaterine Tikaradze, Georgia has also received 20,000 coronavirus antibody tests as a gift.⁴³ • [1 May] The National Center for Disease Control and Public Health of Georgia received 2,000 RNA extraction kits from Germany.⁴⁴ • [2 May] The Executive Board of the International Monetary Fund approved a disbursement of USD 200 million for budget support to “help Georgia meet urgent balance of payments and fiscal needs” prompted by the coronavirus pandemic.⁴⁵ • [5 May] UNDP announced that, in partnership with Swiss and Austrian governments, it will purchase another 23,000 shields for distribution through a network of partner CSOs in 23 municipalities – including in southern and mountainous regions, where COVID-19 outbreak had hit “the hardest.”⁴⁶ • [7 May] UNDP Launch GEL 9 Mln Grant Programme to Help Georgian Regions Recover from COVID-19 Crisis. The program will assist non-agricultural business start-ups and growing enterprises with grants worth up to GEL 170,000 per project. Additional grants worth up to GEL 30,000 will be provided to businesses to improve energy efficiency.⁴⁷

⁴¹ <https://home.kpmg/xx/en/home/insights/2020/04/georgia-government-and-institution-measures-in-response-to-covid.html>

⁴² <https://civil.ge/archives/348057>.

⁴³ <https://civil.ge/archives/342486>.

⁴⁴ <https://civil.ge/archives/342486>.

⁴⁵ <https://civil.ge/archives/349718>.

⁴⁶ <https://civil.ge/archives/342486>.

⁴⁷ <https://civil.ge/archives/342486>.

	<ul style="list-style-type: none"> • [8 May] The U.S. Centers for Disease Control and Prevention (CDC) has allocated additional USD 3 million to support Georgia’s response to COVID-19 pandemic.⁴⁸ • [28 May] ADB Approves USD 100 Mln Loan for Georgia’s Coronavirus Response.⁴⁹ • [4 June] Following “active cooperation” with international partners, the Government points out that Georgia has attracted USD 1.5 billion budgetary assistance during the pandemic, including USD 200 million from IMF; USD 400 million from ADB; USD 250 million from the World Bank; USD 200 million from AFD; USD 250 million from KfW; USD 200 million from the EU; and USD 100 million from AIIB.⁵⁰ • [1 July] World Bank approved EUR45 million in additional financing for the Georgia Economic Management and Competitiveness Development Policy Operation (DPO).⁵¹ • [6 July] Hungary EXIM Bank is opening a €155 million investment line for Georgia.⁵² • [21 July] The Asian Infrastructure Investment Bank (AIIB) approved a loan of €45 million to Georgia to mitigate the negative economic and social impacts of Covid-19 and sustain the momentum of pre-pandemic reforms that support economic growth and resilience.⁵³ • [28 July] The Asian Development Bank (ADB) announced an investment of about \$20 million in green bonds to be issued by Georgia Global Utilities JSC (GGU), with proceeds to upgrade the water supply system and sanitation in Tbilisi and nearby municipalities, and to refinance debt of renewable energy and water operations.⁵⁴ • [28 July] The European Bank for Reconstruction and Development (EBRD) is providing a €5 million loan to improve public transport and services in the Georgian popular ski resort of Bakuriani.⁵⁵ <p>[26 April] Georgian government developed a new investment strategy aimed at attracting new FDI.⁵⁶</p> <p>Salary support: [2 July] Salaries of policemen, emergency first-aid personnel, village physicians, nurses, and social agents in Georgia have increased as of July 1.⁵⁷</p>
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⁴⁸ <https://civil.ge/archives/351063>.

⁴⁹ <https://civil.ge/archives/354131>.

⁵⁰ <https://civil.ge/archives/354877>.

⁵¹ <http://georgiatoday.ge/news/21647/World-Bank-Provides-%E2%82%AC45-million-Additional-Financing-for-Georgia>.

⁵² <https://agenda.ge/en/news/2020/2128>.

⁵³ <https://agenda.ge/en/news/2020/2318>.

⁵⁴ <https://agenda.ge/en/news/2020/2391>.

⁵⁵ <https://agenda.ge/en/news/2020/2390>.

⁵⁶ <https://civil.ge/archives/342486>.

⁵⁷ <https://agenda.ge/en/news/2020/2096>.

	<p>Pension:</p> <p>[2 July] Georgian citizens above 70 years of age will receive an increased pension starting July 1 with monthly pensions increasing by 30 GEL (\$9.8/€8.8) to 250 GEL (\$81.8/€72.9). As for pensioners above 70 living in the highland areas, their pensions have increased to 300 GEL (\$97.56/€86.45).</p> <p>Georgia also intends to begin indexing pensions to inflation and economic growth.⁵⁸</p> <p>Boost economy:</p> <ul style="list-style-type: none"> • [16 July] The Ministry of Economy announced a new project to encourage international citizens to work from Georgia remotely.⁵⁹ • [20 August] The Georgian government is launching a new programme 'State - Your Partner', which will allow individuals to receive state services and information in 81 community centers and 24 justice houses in more than 100 settlements throughout Georgia about programmes to help start or assist new business.⁶⁰
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Source: IMF, Policy Responses to COVID-19, if not specified.

⁵⁸ <https://agenda.ge/en/news/2020/2096>.

⁵⁹ <https://agenda.ge/en/news/2020/2265>.

⁶⁰ <https://agenda.ge/en/news/2020/2592>.