

KEY POINTS

- Ensuring social expenditures during financial crises is essential to allow critical social services and protection to be delivered at a sustainable level for the poor and socially vulnerable.
- The program supported public expenditures for social services delivery and social protection, ensured gender-equitable coverage of social services, and contributed to the improvement of transparency through increased budget reporting.

SOCIAL PROTECTION BRIEF

Social Services Delivery Program in Georgia

BACKGROUND

Georgia's economy was adversely affected by the 2008–2009 global financial crisis. By the middle of 2010, however, economic recovery was under way but proved slower than anticipated as revenue shortfalls continued to hold back public spending.

Government expenditures on social services delivery and social protection have been increasing since 2004. Expenditures were comprised of a fairly comprehensive program encompassing health, education, and social security coverage that targeted poor and vulnerable individuals. Despite rising fiscal deficits, public expenditures on social services and social protection are expected to be maintained at adequate levels to significantly mitigate the incidence of poverty in Georgia.

THE PROJECT

In response to the government's request for support to maintain essential expenditures on social services delivery and social protection, the Asian Development Bank (ADB) approved in 2010 a \$100 million loan for the Social Services Delivery Program.¹ The program aimed to help the government provide sustainable and inclusive social sector financing while promoting greater effectiveness in service delivery and efficiency in financing benefits. The program also complemented ADB's earlier emergency loan of \$70 million following the 2008 war with the Russian Federation and the \$80 million in quick-disbursing financial support to mitigate the adverse impact of the 2009 global financial crisis.

KEY RESULTS

The program had four major outputs: (i) effective and gender-equitable coverage of social services, (ii) initiatives to support retirement needs, (iii) inclusive allocation of resources for education and health and establishing standards, and (iv) sound management of public resources for social services delivery and social protection.²

¹ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Georgia for the Social Services Delivery Program*. Manila.

² ADB. 2011. *Project Completion Report: Georgia—Social Services Delivery Program*. Manila.

Deliver Effective and Gender-Equitable Coverage of Social Services

The program supported more effective and gender-equitable coverage of social services through improved outreach to potential beneficiaries. This was a result of the assistance provided in implementing the medical insurance program for the poor by the Social Service Agency, and improving gender equality in education and health care. The activities included more efficient management of data on persons internally displaced as a result of the 2008 war, and for children living in educational establishments, small family-type homes, and boarding schools (including for orphans and uncared for and/or disabled children).

Develop Initiatives to Support Retirement Needs

The program initiated the structured dialogue on retirement needs and the need for a broader investment policy for private pension funds. Furthermore, the program contributed to the enactment of amendments to the Law on Non-State Pension Insurance and Provision and approval of minimum information requirements for nonstate insurance and provision agreements in order to support enhancements of private pensions.

Facilitate Inclusive Allocation of Resources for Education and Health and Establishing Standards

The program built on previous government measures to transition the health care system in Georgia from large, state-owned hospitals—predominantly focused on providing specialist-based curative care—to a health care system in which the private sector is the primary provider of services, with financing coming from a combination of state-financed and private health insurance.

For health services to better reflect health care needs, under the program the government adopted revised minimum service standards for service providers (hospitals, outpatient care, and medical laboratory services) participating in the government's medical insurance program and also developed a quality assurance program for pharmaceuticals. To improve access to education for students from socially vulnerable families, the program supported the implementation of standards for teachers, the allocation of funds for textbooks, and distribution of vouchers and grants to beneficiary students.

Develop Sound Management of Public Resources for Social Services Delivery and Social Protection

The program contributed to the improvement of transparency through increased budget reporting and supported the enactment and implementation of the Law on State Internal Audit and Inspection. It established internal audit units in the Ministry of Education and Science and the Ministry of Finance.

Overall, the program recognized the need for fiscal support to ensure that social sector and social assistance programs were delivered, essential social expenditures were met, and critical social services and protection were maintained at a sustainable level—particularly in times of financial crises—as these are necessary to preserve the broader safety net for the poor and socially vulnerable. It ensured continuity in maintaining critical public expenditures for social services delivery and social protection. ADB support focused on ensuring that essential public expenditures—primarily pensions—were paid.

Going forward, there is a need to continue monitoring of social services and social protection programs and assess budget utilization. To this end, continuous policy dialogue is recommended to ensure sustainability of programs.

About the Asian Development Bank

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ADB Social Protection Briefs aim to highlight achievements of ADB projects that support social protection initiatives in developing member countries.

Project Officer: Anna Charlotte Schou-Zibell

Brief prepared by ADB Social Protection Team
Sri Wening Handayani and Michelle Domingo-Palacpac