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## **GEORGIA**

### **SOCIAL WELFARE POLICY BASED LOAN & EDUCATION**

#### **DEMOGRAPHIC AND SOCIAL TRANSITION DEPARTMENT**

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Aide-Memoire  
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## **Introduction**

During November 7-9 2018, the French Development Agency (AFD) conducted a Mission on the sector of social protection in Tbilisi to finalize the design of the technical assistance program accompanying the social welfare multiyear policy based loan operation. The credit facility for the year 2018 has been signed November 9<sup>th</sup> by the Ministry of Finance, AFD and the French Ambassador in Georgia.

According to the priorities of the Georgian government on Education, AFD has also held several meetings to identify potential areas of common interest for an AFD's intervention in this sector.

The AFD team included Marie Pierre Nicollet, Director of the Demographic and Social Transition Department, Nicolas Le Guen, Task Team Leader from AFD Paris Office, Gaëlle Assayag, Head of AFD Representative Office for the South Caucasus, and Jean-Baptiste Dumay, Project Officer based in Tbilisi.

The Mission met with representatives from the Government of Georgia: The Ministry of Finance, the Ministry of IDPs from Occupied Territories, Labour, Health and Social Affairs (MoLHSA) and the Ministry of Education, Science, Culture and Sports. The Mission also met various development partners, including the United Nations High Commissioner for Refugees (UNHCR) and the World Bank. All the persons met are listed in annex 2 of the present aide-memoire.

The Mission wishes to thank all the persons met for their availability and kind welcome, and for the high quality and operational value of the discussions.

This Aide-Memoire summarizes the main outcomes of the mission, and proposes further steps toward the operations.

### **I. Context and objectives of the mission**

AFD and the Government of Georgia (GoG) are working together to develop a social welfare multiyear policy based loan operation, of EUR 35 million in 2018 (project CGE 1016), to be renewed in 2019 (CGE 1022) and 2020 (CGE 1023) (amounts to be defined). The credit facility for the first tranche has been signed on the 9<sup>th</sup> of November 2018. Disbursement is due to happen early 2019.

In addition to the loan, the AFD intends to mobilize a EUR 1 million grant (CGE 1017) to support the GoG in implementing the reforms and actions envisaged in the policy matrix attached to the loan operation. A first envelope of EUR 500 000 has been secured this year. An envelope of the same amount is expected to be allocated in 2019.

The Mission was the opportunity to exchange with the Georgian authorities in order to design the content of the technical assistance.

The Mission pursued the following objectives:

- i. Participation at the launch event of the Pension Reform agency supported by Expertise France as technical assistance (CGE 1013) ;
- ii. Signature of the 2018 Credit facility of the multiyear policy based loan (PBL) (CGE 1016) ;
- iii. Design of the technical assistance that could be provided along the social welfare PBL (CGE 1017).
- iv. Identify potential sectors of support to the Education reform

## **II. Technical Assistance accompanying the Social Welfare multiyear Policy Based Loan**

The technical assistance proposal is based on discussions held during the mission. Please refer to the full proposal in Annex 1.

AFD would be grateful to the Georgian authorities for providing official feedback and any comments/questions or suggestions on the proposal made in this aide-mémoire.

The technical assistance (TA) aims at providing the Ministry of IDPs from Occupied Territories, Labour, Health and Social Affairs and its partners with tools to ensure smooth and efficient reforms on the social welfare system and especially to improve access to adequate services for vulnerable groups.

TA will focus on topics identified in the social welfare matrix:

- Enhancing social support to vulnerable groups
- Ensuring affordable and quality healthcare
- Support to optimizing resources allocated to IDP needs
- Cross-cutting issues : Monitoring and evaluation and capacity-building

The technical assistance (TA) will mobilize long-term and short-term expertise to accompany change in those areas, support institutions and CSOs in their policies and programs and train relevant stakeholders to standards. TA will also support evidence-based monitoring and improved data systems in order to improve public policies in targeting root-causes of social issues.

50% of the TA global budget (1MEUR) has been secured. An envelope of EUR 500.000 is expected to be allocated in 2019.

## **III. EDUCATION**

*The mission thanks Mrs. Natia Zedginidze, Deputy Minister of Education, Science, Culture and Sports, Mr. Kakha Khandolishvili, Director of the Department of Strategic Planning and International Relations of the same ministry, Mr. Berika Shukakidze, Director of the National Center for Teacher Professional Development, for the opportunity granted on the 9th of November 2018.*

## Reminder about AFD

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Wholly-owned by the French State, AFD is the state bank responsible for implementing the French government's development aid policies. Its annual worldwide commitments are on the order of EUR 11 billion, 10% of which is devoted to social sectors (education, training and professional integration, health, social protection, employment), with specific attention given to gender and to strengthening social cohesion. AFD has been active in Georgia since 2016 mainly in the form of sovereign concessional loans (to the State) and offers, in addition to its loans, grant-financed technical assistance. AFD can also directly finance public entities with or without the the sovereign guaranty. When its counterparties have majority private-sector governance, AFD operates through its private sector subsidiary, Proparco.

## In education

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AFD can cover the entire education continuum: from primary school to professional training and integration and on to higher education and research.

AFD understands that the Georgian Ministry of Education will be finalizing its strategy and associated action plan by the end of the year. AFD can support the implementation of this action plan linked to educational reform through different modes: project aid, program aid, multi-tranche loans, policy based loan, bank-intermediated financing and technical assistance. AFD can of course co-finance operations with other donors who are already involved in supporting the education sector or who may intend to do so (such as the World Bank).

Three forms of AFD intervention were more specifically presented in detail at the November 9<sup>th</sup> meeting with the Minister.

## November 9<sup>th</sup> Meeting

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**1) Policy based loan for reform of the public policy on education, linked to technical assistance on a subject of interest common to several segments of the education sector, such as :**

- the management system for teachers and managers in teacher management, i.e. the system of initial and continuing training for primary and secondary school teachers, the pooling of digital education resources, the management of teacher postings and careers ...,
- the quality of apprenticeships and teaching through innovations, diversification and the professionalization of curricula, digitization and at-distance learning,
- equity and social inclusion, particularly for vulnerable people, minorities and displaced people.

**EXAMPLES OF TARGETED OR SYSTEMIC SUPPORT TO EDUCATION OR HIGHER EDUCATION POLICY FUNDED BY AFD**

- **Sector Policy Based Loan on Human Resources Management in Education in Côte d'Ivoire – 2018, 30 MEUR :**

**A Matrix of indicators about:**

- Steering managing teaching human resources (information and management systems of HR, allocation of teachers in particular in vulnerable and rural areas)
- Optimizing teaching resources (posting management, time of service, inspection visits to schools)
- Global performance indicators (schooling, achievement, attainment, student performance)

The policy based loan is associated with a project financing for targeted technical support, capacity building, evaluation and monitoring.

- **Program Support to an Education reform in Ecuador (Millenium Schools) – 2016, 75 MUSD :**
- Funding of a structured program of improvement of educative services through the building of Millenium Schools (covering preschool to secondary levels and working in network with neighbouring schools), the development of a bilingual service for amerindian students (curriculum, resources, adapted infrastructures), teacher training programs and university and research studies. The funding is managed as a drawing right for eligible expenses and predefined standards and procedures.

- **Sector policy based loan about Education Policy Steering in Senegal – 2018, 72,2 MEUR :**

**A Matrix of indicators about:**

- Learning results : teacher training and allocation, student learning results,
- Equity : targeted support to vulnerable students and schools,
- Efficiency : reduction of school drop outs and improvement of investment programs' execution,
- Sector financing.

The policy based loan is associated with a project financing for targeted technical support, capacity building, evaluation and monitoring.

- **Sector policy based loan about secondary education reform in Morocco – 2015, 80,5 M€ :**

**A matrix of indicators about:**

- The diversification of secondary studies: international studies in lower and upper secondary schools (bilingual) and technical and vocational studies in upper secondary schools, teacher training for bilingual,
- Girls Enrolment at secondary level,
- Student learning: national policy of student assessments,
- Regionalization policy.

The policy based loan is associated with a project financing for targeted technical support, capacity building, evaluation and monitoring.

- **Appraisal of a support to digital transformation of higher education system and research in Côte d'Ivoire – 2019, 100 M€**

Support to the inter-linked network of higher education institutions (and upper secondary schools), development of campus networks (infrastructures, equipments, platform governance and management capacities), development of resources and tools for student and teacher training and e-learning courses.

- 2) Call for projects fostering the stimulation of research and innovation; for example, the ministry expressed an interest in AFD's know-how in the domain of internationalization and excellence at university research centers in certain Latin American and African countries.

**Innovation development – AFD support:**

AFD strategy on capital development not only targets higher education but also aims at strengthening Research and Innovation capacities, both in terms of material and human Resources enhancement in Research (capacity building in Research, joint Research programs, targeted mobility schemes embedded in Joint Research agenda, etc.) and technology Transfer policy schemes (“technopôles”, “pôles de compétitivité”, clusters, etc.) to improve economic impacts of Research. French expertise on innovation scheme can be mobilized to address public policy challenges such as innovation policies tailored to the territorial economic development, fiscal incentives or Public-Private Technology Transfer schemes (with French Research performing organizations - CNRS, IRD, or public scheme for technology transfer – Satt, *Institut Carnot*, etc...).

**Expected outcomes :** *Higher Research productivity, more Research outcomes (scientific publications, patents, etc.)*

**Developing Excellence in Research - ACE Impact (involving 12 West and Central African countries) - (Nigeria, Benin, Côte d'Ivoire) In process - 350 MUSD – Co-financing with World Bank:**

Support and financing of 44 Centers of Excellence across West and Central Africa through the strengthening of postgraduate education and research at MS and PhD level and renewal of programs to address the Skills Gap in STEM, agriculture, Power and Health sectors. Development of external revenue generation by Higher Education and Research institutions, such as midcareer short courses, applied research. Improve development Impact such that the knowledge and skills acquired by graduates are closely linked to development challenges. Improve quality through international accreditation. ACE Impact project is a Result-based Financing (disbursements linked to results achieved by the HE institutions: new programs, number of research outcomes, accreditation, etc.) and merit-based selection (call for proposals and desk/on-site evaluation by independent peer review process).

- 3) Financial access to studies through student loans, associating the Georgian banking system; the ministry expressed an interest in AFD's experience in Lebanon and Latin America which combines the financing of studies and the quality approach at universities.

Several AFD projects aim to strengthen the financial sustainability of the Higher Education sector to develop a more equitable and fair training supply, through the diversification of the source of funding of the sector. To do so, AFD implements credit lines through public

national banks as well as commercial banks to support student financing initiatives, primarily through student credit, with a strong emphasis on social inclusion.

**LEBANON:**

**Byblos Bank** - Appraisal: 2010 - 25MEUR Non Sovereign Loan to the commercial bank Byblos in Lebanon.

Student loans schemes with social inclusion criteria in 9 national universities, partnering in the project

**DOMINICAN REPUBLIC:**

**FUNDAPEC** (non-profit Credit Institution): Appraisal : 2014 – 5MEUR Non Sovereign Loan Financing additional individual student loans (“credito educativo”), with interest rates tailored to the students’ academic merit and socio-economic background.

**AFD wishes to be associated with discussions on the implementation of the action plan resulting from the government’s education strategy, and states that it is prepared to launch an AFD Education Division mission to proceed in defining the paths of its implication to foster reform of the sector.**

Lastly, it reminds that in April 2017 it carried out a mission focused on vocational training in agriculture and in tourism.

## Annex 1: Programme of the mission

Date	Time	Meeting	Participants
Wednesday 7 November	9:30 - 10:30	<b>DRC &amp; GIZ on IDPs</b>	- DRC - GIZ
	11:00 - 12:00	<b>Briefing Marisol Touraine</b>	- Marisol Touraine - Expertise France : Andrei Tretyak, Antoine Pogorzalski - Alain Lefebvre - Pascal Meunier, Ambassador of France
	12:30 - 14:00	<b>Lunch</b>	- Marisol Touraine - Levan Surguladze, Directeur Pension Agency
	15:00 - 16:00	<b>Meeting with avec Mr. Akaki Zoidze, Chairman of the commission for health and social affairs of the Parliament</b>	- Marisol Touraine - Andrei Tretyak
	17:00 - 18:00	<b>UNHCR</b>	-Yoko Akasaka, country deputy representative
	18:30 - 19:30	<b>World Bank - Pensions</b>	- Anita Schwartz
Thursday 8 November	10:00 - 13:00	<b>Workshop on Pension reform</b>	
	13:00 - 15:00	<b>Lunch with participants to the workshop</b>	
	15:00 - 17:30	<b>Internal meeting on the Pension reform TA and discussion on the Social Welfare TA</b>	
	19:00 - 22:00	<b>Diner at the invitation of the French Ambassador</b>	
Friday 9 Novembre	9:30 - 10:50	<b>MoLSHA - Discussion on TA</b>	- Mrs. Maia Lagvilava, Deputy Minister Health - Mrs. Tamila Barkalia, Deputy Minister on Social Protection - Mr. Davit Peikrishvili, Head of Policy and Analytics Division - Andrei Tretyak, Expertise France
	11:00 - 12:00	<b>MoLSHA - rencontre avec le Ministre</b>	- Sergei Sergeenko, Minister - Marisol Touraine - Pascal Meunier, French Ambassador
	12:30-13:00	<b>Signature of the first</b>	- Ivane Matchavariani,

		<b>tranche of the Social Welfare PBL</b>	Minister
	13:30 - 14:45	<b>World Bank - Lunch</b>	Mercy Tembon, Regional Director for the South Caucasus
	15:30 - 16:30	<b>Ministry of Education, Science, Culture and Sports</b>	- Mrs . Natia Zedginidze, Deputy Minister of Education, Science, Culture and Sports - Mr. Berika Shukakidze, Director of National Center for Teacher

## Annex 2 : Technical assistance to support the social welfare system