

July 27, 2020

Ms. Ekaterine Tikaradze
Minister of Internally Displaced Persons
from the Occupied Territories, Labour, Health and Social Affairs
Ministry of Internally Displaced Persons
from the Occupied Territories, Labour, Health and Social Affairs
Tbilisi, Georgia

Subject: Georgia Emergency COVID-19 Response Project [Loan No. 9113-GE]

Dear Minister Tikaradze,

I am writing to follow up on our discussion with the First Deputy Minister Tamar Gabunia and Deputy Minister of Finance Nikoloz Gagua on July 6, 2020 and subsequent email correspondence regarding the absence of compliance with the legal covenants of the *Georgia Emergency COVID-19 Response Project*. While there are five legal covenants not yet complied with, I want to use this opportunity to address the covenant dealing with the Environmental and Social Commitment Plan (ESCP).

As noted in the ESCP, the Environmental and Social Management Framework (including the Labor Management Procedures) and Stakeholder Engagement Plan (including the Grievance Redress Mechanism) were to be finalized and disclosed no later than 30 days after the Project effectiveness date, or by June 28, 2020. I note that this deadline has passed, thereby threatening delays in critical Project activities to respond to the COVID-19 pandemic in Georgia.

The task team notes with concern that, without adoption of the Environmental and Social Management Framework, critical aspects of the Project implementation cannot move forward. These include:

- Subcomponent 1.2: Minor repairs to strengthen healthcare facilities; and,
- Component 2: Enabling health measures to contain the COVID-19 outbreak through temporary income support for poor households and vulnerable individuals.

The task team remains committed to supporting the Project Implementation Unit in delivering on these commitments without undue delay. To ensure that Project activities get back on track, and as we discussed during our meeting, we would like to confirm the extension of the compliance date deadline of this legal covenant. More specifically, we agreed that:

- The Environmental and Social Framework documents (including Environmental and Social Management Framework, which includes the Labor Management Procedures, and the updated Stakeholder Engagement Plan which includes the Grievance Redress Mechanism) will be prepared, disclosed and adopted by *August 26, 2020*.

The draft ESCP with our feedback for revision is attached. Upon agreement on the revised timelines in the Plan, the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs should publicly disclose it in Georgian and English languages.

We would also like to inform you that the team is proceeding with Project restructuring that is required to address the delay in compliance with four other legal covenants. The restructuring is planned to be completed by August 10, 2020.

We stand ready to support the Project Implementation Unit and broader Government team to take prompt action to deliver on these important commitments.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Shuchael'.

Sarah G. Michael
Acting Regional Director for the South Caucasus

cc: Mr. Ivane Matchavariani, Minister of Finance
Mr. Dimitri Khundadze, Chairperson of the Healthcare and Social Issues Committee,
Parliament of Georgia
Mr. Nikoloz Gagaa, Deputy Minister of Finance
Ms. Tamar Gabunia, First Deputy Minister of Internally Displaced Persons from the
Occupied Territories, Labour, Health and Social Affairs
Ms. Tamila Barkalaia, Deputy Minister of Internally Displaced Persons from the
Occupied Territories, Labour, Health and Social Affairs
Mr. Amiran Gamkrelidze, Director General, National Center for Disease Control and
Public Health
Mr. Koen Davidse, Executive Director for Georgia, the World Bank
Mr. Jan De Boer, Advisor to the Executive Director, the World Bank