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## MITIGATING THE SOCIAL CONSEQUENCES OF THE COVID-19 PANDEMIC

*Special Editors: Tim Dorch and Heiko Pleines*

*(Collaborative Research Centre 1342 "Global Dynamics of Social Policy", University of Bremen)*

- |  |    |
|--|----|
| ■ Social Policy Responses to COVID-19<br>Introduction by the Special Editors Tim Dorch and Heiko Pleines (University of Bremen)  | 2  |
| ■ Armenia's Social Policy Response to COVID-19:<br>Mitigating Expectations, Financial Stress, and Anxiety<br>By Gurgen Aslanyan, Vardan Baghdasaryan, and Gayane Shakhmuradyan<br>(all American University of Armenia)   | 3  |
| ■ Azerbaijan's Social Policy Response to COVID-19<br>By Farid Guliyev  | 10 |
| ■ Georgia's Social Policy Response to COVID-19: Targeted Social Assistance<br>By Vakhtangi Demuria and Teona Absandze<br>(both Georgia's Reforms Associates, Tbilisi)  | 17 |
| ■ Has COVID-19 Affected Students' Attitudes towards Online Education? A Case Study of Azerbaijan<br>By Ramina Murshudova (U.S. Embassy and ADA University, Baku),<br>Aytan Shahmarova (State Tax Service, Baku),<br>Mirvari Gasimova (Azerbaijan State Pedagogical University, Baku),<br>Gunel Poladova (U.S. Embassy and Azerbaijan University of Tourism and Management, Baku),<br>Malahat Valiyeva (Azerbaijan University of Languages, Baku) | 23 |
| ■ Statistics: COVID-19 Cases in the South Caucasus in Comparison   | 28 |
| <hr/>  |    |
| ■ Call for Applications: CEES Fellowship Program 2021  | 30 |

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## Social Policy Responses to COVID-19

Introduction by the Special Editors Tim Dorlach and Heiko Pleines (University of Bremen)

Next to extensive public health regulations (e.g. social distancing measures, hygiene and contact tracing) and economic policy measures (e.g. support for businesses affected by lockdowns), social policy is one of the cornerstones of states' responses to the COVID-19 pandemic worldwide. Many governments have substantially increased state spending on social policy: the health sectors had to be prepared for the vital task of detecting and treating those infected. It will later also have to fund large-scale vaccination programmes. Unemployment insurance and anti-poverty measures are used to cushion the loss of income experienced by many private households, and the education system has to be adjusted to physical distancing and hygiene measures. Despite the evident social need for more state support in these times of crisis, other governments have been surprisingly passive and shied away from expanding social policy. Indeed, due to mounting fiscal pressures resulting from a drop in economic growth and tax revenues, even calls for cutbacks in welfare state arrangements might become more forceful in the years to come. It is therefore necessary to map out the social policy responses to the pandemic and to analyse the outcomes of these measures in terms of social inclusion and exclusion.

The emerging literature on comparative government responses to the pandemic has so far mostly focused on how well the pandemic can be contained and how far state measures will be able to avoid losses for specific groups in business or society. For instance, in their introduction to the JESP European Social Policy Blog, Mikko Kuisma and colleagues refer to the pandemic as a “stress test” for welfare systems and prepare for “a return to ‘normality’”. However, in many ways—which will vary across policy fields and countries—post-pandemic social policy might differ not just from social policy during the pandemic, but also from the pre-pandemic situation. In this sense we have to analyse whether we have reached a critical juncture, and whether the pandemic will prove to be a transformative event which sets hitherto path-dependent social policies on a new trajectory. On a more practical level, a comparative analysis of states' social policy responses to the pandemic promises to hold important lessons about the kinds of social policies that can be most effective or politically most feasible during these pandemic times.

In order to address these questions, the Collaborative Research Centre 1342 “Global Dynamics of Social Policy”, which is primarily based at the University of Bremen, has initiated a globally comparative research project. The newly launched *CRC 1342 Covid-19 Social Policy Response Series* will provide a country-by-country overview of worldwide social policy developments in the wake of the COVID-19 pandemic. Each country report will contain an essay focusing on one particular dimension of a country's social policy response and is supplemented by a systematic data appendix on social policy legislation passed since the outbreak of the pandemic. Initially, this new series of country reports will focus especially on countries in the Global South. This special issue of the *Caucasus Analytical Digest* features slightly revised versions of the essays on Armenia, Azerbaijan and Georgia. At the end an analysis of the switch to online learning by universities in Azerbaijan has been added.

The Collaborative Research Centre 1342 analyses the global dynamics of public social policy. The CRC abandons the traditional OECD centrism and comprehensively incorporates the Global South into its analysis. Since a country's social policy cannot be explained solely by domestic circumstances, international relations and networks are also taken into account.

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## Armenia's Social Policy Response to COVID-19: Mitigating Expectations, Financial Stress, and Anxiety

By Gurgen Aslanyan, Vardan Baghdasaryan, and Gayane Shakhmuradyan (all American University of Armenia)

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### Abstract

This paper examines the social policy response of the Government of Armenia to the COVID-19 crisis. Official data on the implemented programs suggest that since March 2020, around USD 55 million has been transferred to individuals and households as wage support, unemployment and family benefits, utility payment subsidies and tuition fee support. Survey data suggest that despite being early and extensive, government assistance has not been effective in relieving the financial stress and anxiety caused by the pandemic, while public expectations about the future remain pessimistic. As individuals most and least in need have equally benefited from the implemented programs, government assistance has also not been well-targeted.

### COVID-19 in Armenia

The first case of infection with the novel coronavirus disease in Armenia was recorded on 1 March 2020 (National Center for Disease Prevention and Control of Armenia, 2020). The infected person returned to Armenia from neighboring Iran, where the disease had spread earlier, causing the borders between the two countries to be partially closed on 25 February (Armenpress, 2020; Radio Liberty Armenia, 2020a). Due to early detection and isolation measures taken by the Ministry of Health, the first case did not result in an outbreak in the country, but the numbers started to grow in mid-March after a woman returning from Italy participated in an engagement party in Ejmiatsin and an Italian manager came into contact with factory workers in Yerevan (Radio Liberty Armenia, 2020b, c).

To prevent the spread of the disease, as well as taking into consideration the fact that the World Health Organization declared COVID-19 a pandemic on 11 March, the Government of Armenia introduced a state of emergency on 16 March 2020 (Government of Armenia, 2020a). It would last for a month, until 14 April 2020 entailing, *inter alia*, bans on travel and public gatherings, closure of educational institutions and businesses in most ('non-essential') industries, and restrictions on media regarding spread of information that would create public anxiety about the epidemiological situation in the country (Ibid.).

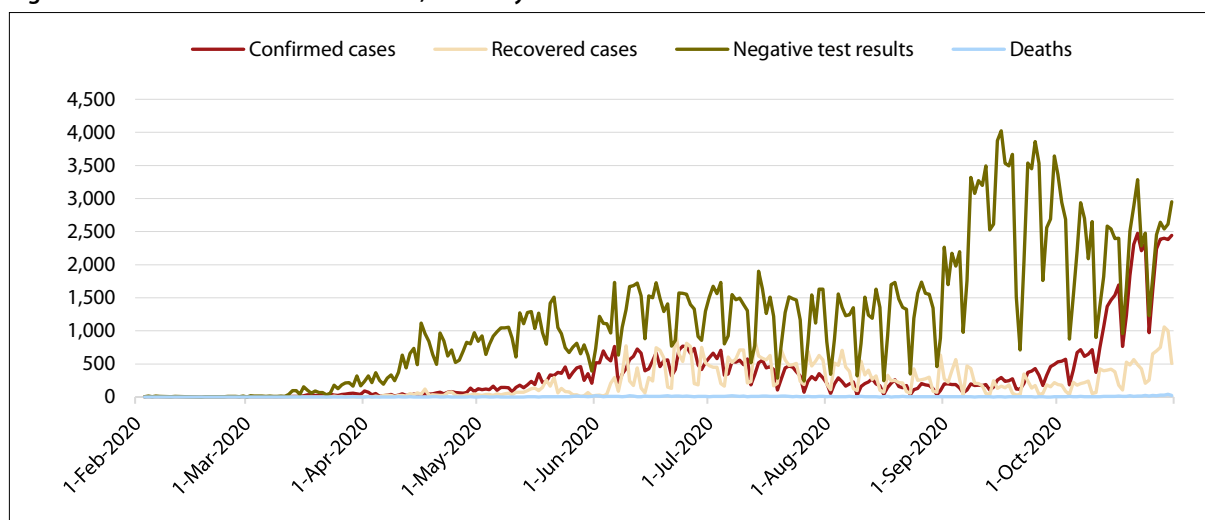
Although initially the Government of Armenia was praised for exemplary control of the pandemic, the large influx of labour migrants (mostly from Russia) allowed the virus to spread out of control (Aslanyan and Mirzoyan, 2020). For a period during June–July 2020, Armenia was among the top ten countries in the world in terms of COVID-19 cases per capita, and as no downward trend could be noticed (see Figure 1 below), the state of emergency was prolonged five times (Government of Armenia, 2020a; World Health Organization, 2020). Due to gradual improvements, on 11 September 2020 the state of emergency was replaced with a state of quarantine, which will last until 11 January 2021 (Government of Armenia, 2020b). This regime is milder than the state of emergency but still entails restrictions on international travel, individual movement, and public gatherings.<sup>1</sup>

Before the declaration of martial law on 27 September 2020 due to resumption of the Nagorno-Karabakh War, businesses, educational institutions, and cultural institutions in Armenia were allowed to operate provided that containment measures, such as wearing masks and physical distancing, were appropriately implemented. Although educational institutions were closed on 15 October, other controls were once again relaxed, resulting in a new surge of cases by the end of October 2020 (National Center for Disease Prevention and Control of Armenia, 2020; World Health Organization, 2020).

### Government Support Programs

Since the introduction of the state of emergency, the Government of Armenia has implemented twenty-four programs to address the social and economic impacts of the pandemic (Government of Armenia, 2020c). These have been adopted by government decrees, the earliest on 26 March and the latest on 13 August 2020. Of the twenty-four, thirteen are social

1 The restriction on travel pertains to all individuals who are not citizens of the Republic of Armenia. Exempted are: family members of the citizens of the Republic of Armenia; individuals having the right to legal residence in Armenia; diplomats, consuls, and representatives of international organizations, as well as their family members; close relatives (parent, spouse, child, sibling) of deceased citizens of Armenia; international truck and freight train drivers. All are required to present a valid certificate of a negative test result.

**Figure 1: COVID-19 Cases in Armenia, February–October 2020**

Source: National Center for Disease Prevention and Control of Armenia (2020)

assistance programs, providing family and unemployment benefits, utility bill subsidies, tuition fee support, and temporary employment (see Table 1 below for a summary). Labor market policies mostly target employees of affected industries, such as tourism, food, accommodation, and retail trade. Most policies have an equity component: laid-off employees whose pre-crisis monthly income exceeds a specific threshold (AMD 500 thousand or USD 994 in most cases) are not eligible.

According to official cost estimates, around AMD 26 billion (USD 55 million) has been allocated for the implementation of the thirteen social assistance programs.<sup>2</sup> Most spending has been on wage support to employees of the affected industries (USD 25 million), followed by family benefits (USD 15 million) and utility bill subsidies (USD 10 million). All benefits have been one-off, ranging from AMD 26,500 (USD 53) to AMD 136,000 (USD 270) per beneficiary.

**Table 1: Social Programs Implemented by the Government of Armenia, March–September 2020**

Program	Adoption Date	Implementing Agency	Form Of Assistance	Budget AMD (USD)
Program 1	26 March	Ministry of Labor and Social Affairs	Family benefits	211,400,000 (≈ 444,000)
Program 2	30 March	Ministry of Labor and Social Affairs	Unemployment benefits	551,616,000 (≈ 1.2 million)
Program 3	30 March	Ministry of Labor and Social Affairs	Family benefits	977,100,000 (≈ 2 million)
Program 4	30 March	Ministry of Labor and Social Affairs	Wage support*	9,079,323,800 (≈ 19 million)
Program 5	2 April	Ministry of Labor and Social Affairs	Family benefits	5,132,467,000 (≈ 11 million)
Program 6	13 April	Public Services Regulatory Commission	Utility bill subsidy	786,219,295 (≈ 1.7 million)
Program 7	14 April	Public Services Regulatory Commission	Utility bill subsidy	1,842,928,668 (≈ 3.9 million)
Program 8	16 April	Ministry of Labor and Social Affairs	Family benefits	1,221,308,000 (≈ 2.6 million)
Program 9	23 April	Ministry of Education, Science, Culture, and Sport	Tuition assistance	914,069,000 (≈ 1.9 million)
Program 10	30 April	Ministry of Environment	Temporary employment	200,000,000 (≈ 420,000)
Program 11	4 May	Public Services Regulatory Commission	Utility bill subsidy	2,145,656,433 (≈ 4.5 million)
Program 12	18 June	Ministry of Labor and Social Affairs	Wage support*	3,035,144,000 (≈ 6.4 million)
Program 13	25 June	Ministry of Labor and Social Affairs	Unemployment benefits	326,944,000 (≈ 690,000)

Note: \* Support provided to employees and sole proprietors of the affected industries, as defined and listed in government decrees.

Source: Authors' compilation from official document review and formal communication with implementing agencies.

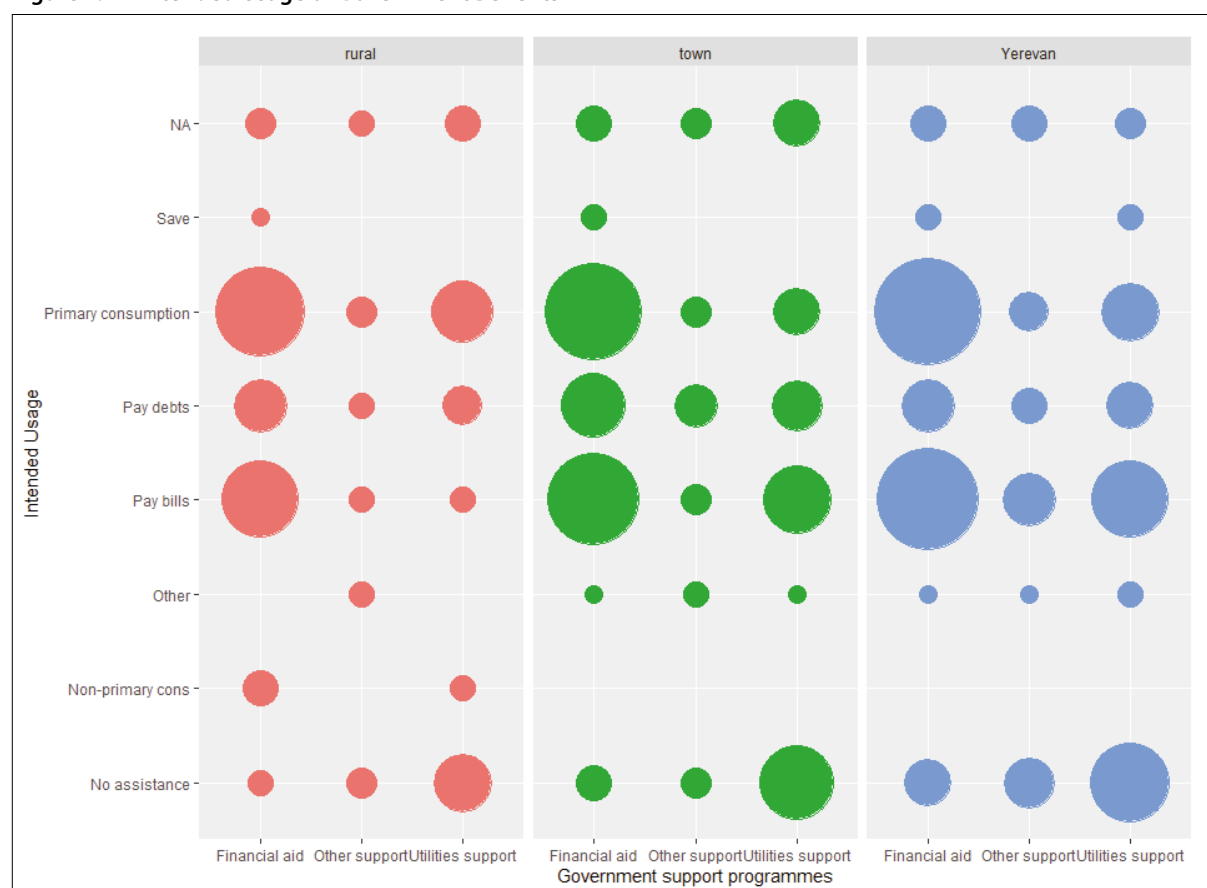
2 Data obtained by authors through formal communication with implementing agencies.

## Efficacy of the Support Programs

To estimate the efficacy of implemented programs, we use survey data collected by the Avedisian Center for Business Research and Development at the American University of Armenia (CBRD, 2020). The survey was conducted in May 2020, and the sample includes around 1,300 working-age individuals who answered a set of questions on demographics, labor market conditions, status as beneficiary of government support programs, and expectations for the future. While there may be various dimensions to measure efficacy, two are examined in this paper: *supporting current consumption* and *supporting the future expectations of the population*.

It can be observed from Figure 2 that most assistance is directed towards consumption of primary goods and covering bills. Furthermore, it can be seen that in rural areas, as well as in the capital city Yerevan, social assistance programs covering utility bills substantially increased the consumption of primary products, an observation that may be attributed to the fungibility of money. Still, over 1.5% of the population claimed (at least as an intention) to save the funds. Meanwhile, a disproportionately high share of the announced usage of the funds is directed toward servicing debts, especially in urban areas outside Yerevan, where poverty levels are high.

**Figure 2: Intended Usage of Government Benefits**



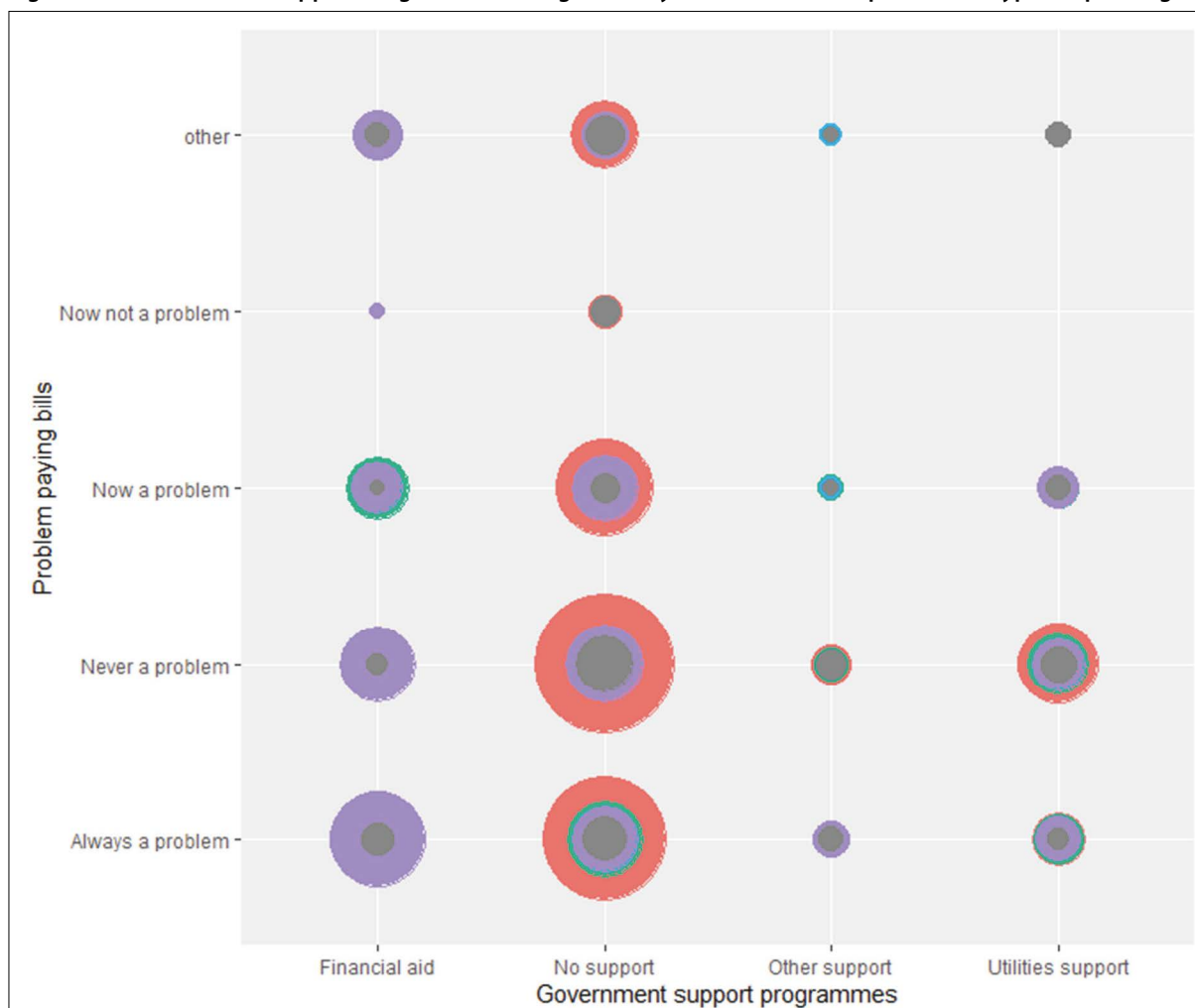
Note: It can be observed from the figure that the implemented programs support instantaneous aggregate consumption through primary consumption.

Source: Authors' analysis of CBRD (2020) survey data

Figure 3 presents the assistance programs vis-a-vis the perceived problem of covering the bills. The population is divided into four groups: those who were having difficulties with finances before and now ('always a problem'), those who did not have problems either before or now ('never a problem'), those who had everything under control but have difficulties now ('now a problem'), and finally, those who were worse off before but are better now ('now not a problem'). It can be observed that those who have improved their livelihoods during COVID constitute a very small group and mostly did not benefit from the programs. Those who never had and those who always had a problem with bills are very similar in their size, behavior (colored in Figure 3) and assistance received. Furthermore, respondents from both groups that did not benefit from any program equally expected not to be eligible. While most of the government assistance is (intended to be) spent on primary consumption, in small towns the respondents from

the ‘now a problem’ group that received a subsidy to cover the costs of communal utilities have spent some assistance to cover their debts.

**Figure 3: Government Support Programs according to Ability to Finance Own Expenses and Type of Spending**

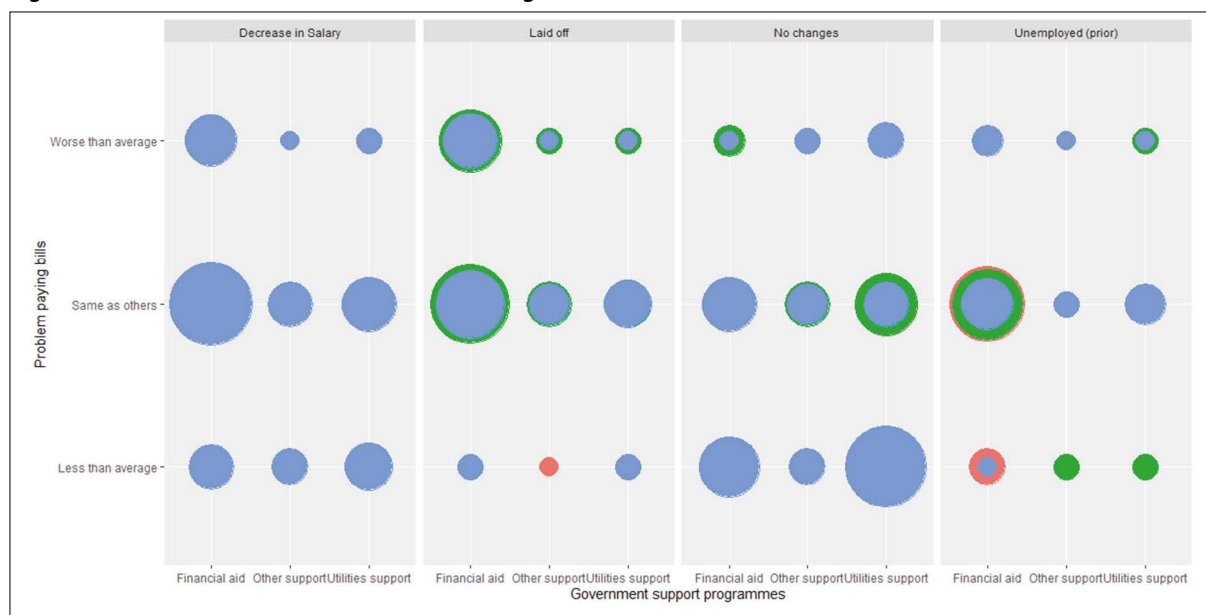


*Note: It can be observed that while most of the respondents do not report their current or past ability to cover their daily expenses, the coverage of government support programs is similar in size for those who always had problems and those who never had a problem. This hints at the inefficiency of the implemented social assistance programs as a mitigating mechanism for subjective well-being or in terms of targeting those in need.*

*Source: Authors' analysis of CBRD (2020) survey data*

Figure 4 shows cross-tabulation of beneficiary status (financial aid, utilities, other, and none) and financial strain (defined based on response to the question of whether the pandemic caused them more, less, or equal financial harm compared to the average), divided into four groups based on labor market experience (lost part of their salary, lost employment, employed with no changes, and still unemployed). The second column shows the level of financial strain for the portion of the population who have lost their employment during the pandemic. Interestingly, in this case the rural population (in red) feels less harm than the average person in the country, those from Yerevan (blue) mostly feel no extra harm, and those in small towns (in green) feel more harm compared to the average. This trend has two main explanations: comparison groups (“keeping up with the Joneses” (French and Vigne, 2019)) and dependence on salaried employment.

Table 2 summarizes the extent of financial strain by location (rural, urban, Yerevan) and participation in various programs. Those who have not benefited from any program are more likely (four times more in Yerevan and two times more in other places) to feel less stressed, due to the government’s strict eligibility criteria. However, in small towns those who have received financial aid are three times more likely to feel more stressed. In general, on average in the small towns the subjective feeling of harm seems to be more prevalent compared to other locations (17%, as opposed to 12% or 13%).

**Figure 4: Financial Strain and Government Programs**

Source: Authors' analysis of CBRD (2020) survey data

**Table 2: Financial Strain by Location and Government Support**

	Extent of the Financial Strain			Sum
	Less	Same	More	
<b>Rural</b>				
Financial aid	4	12.5	3.1	19.6
Utilities subsidy	3.1	7.3	0.6	11
Other support	1.2	2.4	0.6	4.3
No support	15.9	40.1	8.9	64.8
<b>Total</b>	<b>24.2</b>	<b>62.4</b>	<b>13.1</b>	<b>100</b>
<b>Towns</b>				
Financial aid	1.4	12.5	4.9	18.8
Utilities subsidy	4.2	7.2	1.6	13
Other support	0.7	3.2	0.7	4.6
No support	18.8	33.6	9.5	61.9
<b>Total</b>	<b>25.1</b>	<b>56.6</b>	<b>16.7</b>	<b>100</b>
<b>Yerevan</b>				
Financial aid	3.7	9.6	3.9	17.2
Utilities subsidy	5.4	5	1.5	11.8
Other support	1.5	3.3	0.9	5.7
No support	22	35.3	5.9	63.2
<b>Total</b>	<b>32.5</b>	<b>53.2</b>	<b>12.2</b>	<b>100</b>

Furthermore, dividing the financial strain into objective (ability to cover expenses) and subjective (self-assessment) phenomena reveals some interesting patterns (thus, within the group that never had a problem with covering expenses, those who received government financial aid and those who did not experienced comparable levels of subjective strain). Meanwhile, for the group that always had a problem covering daily expenses, the subjective strain increased with being a beneficiary of one of the financial aid programs. However, the trend reverses for the subgroup who always had a budgeting problem but saved for 'rainy days': by not being a beneficiary of any program, this group of people self-

assess high levels of financial strain. In general, higher voluntary savings decrease the subjective assessment of financial strain (Aslanyan and Baghdasaryan, 2020).

**Table 3: Logistic Regression Results (Anxiety and Subjective and Objective Financial Strain)**

	Worried for				Financial Stress	Inability to cover expenses
	Inability to cover expenses	Unable to service debt	Possible salary reduction	No future job		
Intercept	-1.46 ***	-0.89 *	-0.43	-2.07 ***	-2.11 ***	-0.23
Financial aid	0.89 **	0.7	0.15	0.38	0.52	-0.12
Aid at large	-0.46 .	-0.3	-0.05	-0.02	-0.11	0.13
Decreased salary	0.88 ***	0.73 ***	1.27 ***	0.78 ***	0.28	0.56 *
Employment loss	0.55 *	0.52 *	0.45	0.97 ***	0.24	0.29
Job suspension	0	0.06	0.88 *	0.21	-0.37	0.27
Very low income	1.01 ***	0.87 ***	0.70 **	0.44 *	-0.43	-0.07
Low income	0.61 **	0.59 *	0.47 .	0.49 *	0.14	-0.11
Savings	-1.45 ***	-1.90 ***	-0.82 ***	-1.34 ***	-1.04 *	-1.17 **
Demographic and regional controls	yes	yes	yes	yes	yes	yes

Significance codes: 0 ' \*\*\* ' 0.001 ' \*\* ' 0.01 ' \* ' 0.05 ' . ' 0.1 ' ' 1

Table 3 presents the results of logistic regressions explaining the connection between a number of factors. First, a group of four variables to be explained was created based on answers of the respondents evaluating their worries about a number of issues based on a 5-point Likert scale. The highest two ('think about the issue daily' and 'think about the issue almost daily') have been used for the creation of the variables. The fifth and sixth columns of Table 3 present subjective and objective financial strain. Thus, 'financial stress' is constructed based on the respondent's perception of whether the pandemic has affected their finances more than others or not. The 'inability to cover expenses' is taken directly from their response.

**Table 4: Robustness Check for Logistic Regression Results**

	Worried for inability to cover expenses				
	Model 1	Model 2	Model 3	Model 4	Model 5
Intercept	-1.46 ***	-1.43 ***	-1.46 ***	-1.42 ***	-1.48 ***
8 <sup>th</sup> p.me support		0.69 *	0.33	0.76 *	0.33
Financial aid	0.89 **				
Aid at large	-0.46 .		0.42 .		0.78 *
other controls	yes	yes	yes		yes

Significance codes: 0 ' \*\*\* ' 0.001 ' \*\* ' 0.01 ' \* ' 0.05 ' . ' 0.1 ' ' 1

A number of factors are used for explaining respondents' worries and strain (Friedline, Chen, and Morrow, 2020). The main factors of interest are government social programs that are summarized in two variables: *financial aid*, which shows whether the respondent (or their family) has benefited from any of the programs that involve direct financial assistance, and *aid at large*, which includes subsidized usage of utilities as well. Labor market experience is represented by three variables: salary reduction, employment loss, and job suspension (or lack thereof) during the pandemic. The results indicate that government policies may have mitigating psychological effects, but the variable is statistically insignificant in all but one case (worries about inability to cover expenses), and even then only if a rather large error range is allowed. Moreover, in the case of direct financial assistance from the government, anxiety seems to grow, although again statistically significant only in the case of direct finance-related issues.

The positive relationship between financial aid and anxiety may have two sources:

(a) *financial aid* includes unobserved characteristics of the respondents, such as family size, number of children, or even pregnancy (as one of the programs was explicitly directed towards pregnant women). This would result if the financial aid variable is serving as an indicator of multi-dimensional poverty. Although we control for income groups, and its



effects are economically and statistically significant, some family unobservables may still be part of the problem. To eliminate this hypothesis, Table 4 specifically singles out Program 8, which was supporting workers of an (almost random) list of industries. The effects are still positive and no family heterogeneity can be observed. Furthermore, industry heterogeneity cannot be observed as industry type is also controlled for.

(b) *direct financial support by the government increases financial anxiety by making the future without such support seem more uncertain.* One piece of indirect support for this hypothesis could be the large negative effect of pre-existing savings that serve as a shield against uncertainty.

## Conclusion

The Government of Armenia responded to the health, social, and economic challenges of the COVID-19 pandemic by introducing a restrictive state of emergency and implementing a wide range of support programs for individuals, households, and business enterprises. This study provided descriptive statistics on the implemented social programs and analyzed the efficacy of social policy responses using survey data. Official documents and cost estimates suggest that government support has been early and extensive: the first four social aid packages were adopted on 26–30 March, two weeks after the state of emergency was declared, and AMD 26 billion (USD 55 million, 0.5% of GDP) has been spent on thirteen social programs. Survey data analysis of around 1,300 working-age individuals suggest that government support has substantially increased primary consumption, but most people, especially in urban areas outside Yerevan, used or intended to use assistance funds for servicing current debts. Thus, aggregate consumption has been supported, but expectations of the population about the future have not improved. Secondly, government support has not been well-targeted, as individuals in the most and least need, as measured by ability/inability to cover current expenses, have equally benefited from social assistance programs. Pre-existing savings, rather than government support, appear to serve as a shield against uncertainty. Finally, the results indicate that, especially in towns and rural areas (as compared with capital Yerevan), increased levels of financial stress and anxiety are present among people who received direct financial support rather than in-kind benefits from the government.

### About the Authors

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## Azerbaijan's Social Policy Response to COVID-19

By Farid Guliyev

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### Abstract

Azerbaijan's social assistance and income support schemes adopted during the COVID-19 pandemic need to be seen within the context of the existing social protection system and safety nets. While the existing system is operational and has the technical capacity to respond and deliver social policies, it has had two key shortcomings: 1) low benefit rates and 2) issues in coverage, notably the exclusion of informal employees and migrant workers. Left unaddressed *ex ante*, they caught the system off-guard *ex post* when the coronavirus pandemic broke out. As a result, although COVID-related social assistance measures (especially cash transfers) were implemented without delay and provided some immediate relief for vulnerable and affected social groups, they fell short of covering sizable sections of the population, namely informal workers and Azerbaijanis working in Russia. It is also doubtful that such assistance can improve future wellbeing of vulnerable groups, whose living standards are likely to worsen during and after the economic fallout from the pandemic.

### Background

Following the first reported case of COVID-19 on February 29, 2020 and the subsequent surge in coronavirus cases, Azerbaijan imposed a series of lockdown measures to prevent the spread of the disease. In the beginning of March, with only a few cases confirmed, all schools, universities and kindergartens were closed, and on March 13 further restrictions on social gatherings were introduced (Bagirova 2020). A strict quarantine regime was enforced starting March 24. Lockdown measures were eased somewhat on April 27 but reintroduced again on June 18 after the number of infected citizens spiked (Bagirova & Antidze 2020a). It was eased again on August 5. As of September 30, 2020, the authorities reported 40,229 total confirmed cases, 37,954 recoveries and 591 coronavirus-related deaths (Ministry of Health 2020).

The outbreak of COVID-19 wrought havoc on international energy markets, causing a massive fall in oil demand and a slump in oil prices. Like in other oil-producing countries, Azerbaijan's economy suffered a great deal (Guliyev 2020). Closed borders with Iran and Russia, as well as a significant drop in FDI in recent years, amplified the economic downturn. However, as in previous crises, Azerbaijan had an oil savings fund [State Oil Fund, or SOFAZ] with total assets of USD 43 billion to come to its rescue (Ahmadov 2019). SOFAZ sold some of its US dollar assets in several rounds to keep the foreign exchange rate stable and avoid another devaluation of the manat (Bagirova & Antidze 2020b; Nice 2020). In April, the government unrolled an aid package worth AZN 3.3 billion (OECD 2020a). Azerbaijan's budget is dependent on oil earnings: up to 40–55 percent of the state budget consists of transfers from the state oil fund (SOFAZ) (ADB 2020). Low oil prices reduced the accrual of oil fiscal revenues into SOFAZ, causing a fiscal deficit (Fitch Ratings 2020). The government had to revise its budget in early August to adjust for the increase in social payments and business support packages. In light of low oil prices (\$35 per barrel) and the resulting reduced state budget revenue assumption, the revised budget stipulates an increase in transfers from SOFAZ by AZN 850 million, resulting in an increase in the annual state budget deficit from AZN 2.8 billion to AZN 3.4 billion (IMF 2020).

### Social Protection System

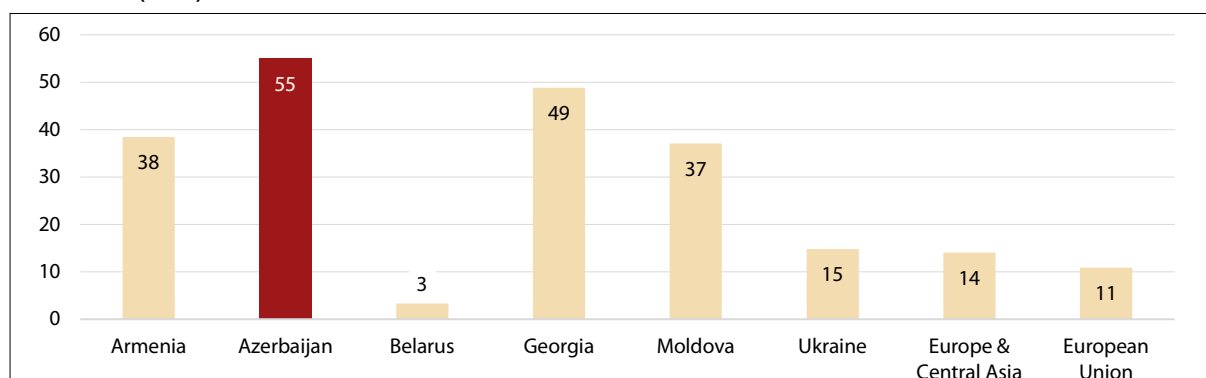
Azerbaijan possesses a social protection system which has improved its technical and management capacities and service delivery since the completion of a centralized electronic system in 2013. Social protection is administered by the Ministry of Labor and Social Protection of the Population (MOLSPP; Əmək və Əhalinin Sosial Müdafiəsi Nazirliyi) and the State Social Protection Fund (SSPF; Dövlət Sosial Müdafiə Fondu). The SSPF is an extra-budgetary institution responsible for social insurance (sick leave compensations, unemployment benefits) and pensions.

However, there are two deficiencies in the existing social security system: the inadequacy of benefit rates, and gaps in coverage relating to the large size of the “shadow economy” (de Vendevre 2016). The COVID-19 pandemic exposed and revealed these weaknesses embedded in the existing social protection system.

The rate of social benefits remains insufficient to produce sustainable effects on improvement of living standards and alleviation of poverty in the long run. Considering its oil wealth, Azerbaijan has generally underinvested in health care provision, social welfare and education of its citizens (Caucasus Analytical Digest 2016; Guliyev 2019). As a result, the quality of education has suffered a decline, enrollment in tertiary education remains low at around 20 percent (Garcia Moreno & Patrinos 2020), and employers report shortages of high-skilled workers (Rutkowski 2015).

A 2012 World Bank study described government spending on social transfers as “modest” (Onder 2012, p. 8). For example, from 2005 to 2008, there was an increase in the minimum monthly pension by a factor of 2.5, from AZN 25 to AZN 60 [the exchange rate being 1 AZN =1 Euro at that time] (World Bank 2016). However, AZN 60 was still below subsistence level, implying that beneficiaries of the old pension system without supplemental income were living far below the poverty line. In recent years, minimum pensions have been further raised, affecting 660,000 people. Most recently, by a presidential decree dated October 1, 2019, the minimum monthly pension rate was increased to AZN 200 (now about EUR 100), which, after accounting for the devaluation of the national currency in 2015, makes this raise look quite modest (‘Minimum pension level’, 2019). Social allowances are set at a fixed rate of AZN 66 for old-age and disability, AZN 61 for survivors.

**Figure 1: Share of Vulnerable Workers in Eastern Partnership [EaP] Countries as Percentage of Total Employment (2020)**



Note: vulnerable workers are defined as self-employed workers without employees or contributing family workers

Source: World Bank Development Indicators 2020

Given the insufficiency of social transfers in alleviating poverty, especially in rural areas, many vulnerable groups rely on informal safety nets—i.e. kinship, family networks and community networks of mutual assistance, as well as inflows of remittances from Russia, where thousands of Azerbaijanis work (Sadigov 2018). These shortcomings are amplified by Azerbaijan’s retention of the Soviet-style healthcare model, run through a centralized planning system with public ownership of medical facilities and funded through the state budget (Bonilla-Chacin, Afandiyeva & Suaya 2018, p. 14). As public expenditure on health has been relatively low and the introduction of mandatory health insurance has been delayed, many citizens rely on out-of-pocket (OOP) payments—such expenditures constitute 83.9 percent of total current health spending (World Bank/WHO 2017). Azerbaijan set up the State Agency for Mandatory Health Insurance [İcbari Tibbi Sığorta üzrə Dövlət Agentliyi] in 2016 to steer the process of gradual introduction of mandatory health insurance (first piloted in three regions, Mingachevir, Yevlakh, and Aghdash), a process which was expected to be completed this year (2020). However, due to the COVID-19 pandemic and rising costs, the introduction was postponed until 2021 (Talibli 2020).

Not only the rate of social benefits is insufficient: social assistance also does not cover informal workers and the self-employed, who comprise a sizable portion of the working-age population. These individuals are not covered by the existing social security system due to lack of a formal contract. Informal employment is estimated at 26.5 percent of non-agricultural jobs. According to International Labor Organization estimates, 407,000 persons held informal jobs in Azerbaijan as of October 2009 (Sayfutdinova 2015; Guliyev 2015). Furthermore, as much as 55 percent of the labor force in Azerbaijan have been designated as “vulnerable workers” (see Figure 1) (OECD Eurasia 2020; World Bank 2020).

### Government Response

The authorities’ response to COVID is encompassed in two key executive decisions: Presidential Order No. 1950 dated March 19, 2020 [which mentioned budget allocations in the amount of AZN 1 billion] and the Action Plan [Tədbirlər Planı] prepared according to the Cabinet of Ministers’ Order No. 135 released on April 4, 2020 covering the period April–December 2020 (Presidential Order 2020; Action Plan 2020). The presidential order tasked a working group within the Ministry of Economy to identify vulnerable enterprises and workers and estimate losses due to coronavirus. Implementation of COVID-related support policy was steered by the special “COVID-19 Operational Headquarters” created under the Cabinet of Ministers.

The government increased expenditure on public health (AZN 8.3 million) and established a COVID Response Fund on March 19 (AZN 114 million) (IMF 2020; Presidential Decree No. 1948). With respect to social welfare, the government announced income support programs targeting vulnerable groups and businesses such as low-income households and microentrepreneurs (see Table 1).

**Table 1: Azerbaijan: Specific support measures for business owners, socially vulnerable groups and employees according to the Cabinet of Ministers Action Plan released on April 4, 2020**

Measure	Amount (in million AZN)
Partial coverage of salaries	215
Support to microentrepreneurs	80
Temporary public jobs	54
Subsistence and unemployment payments*	230
Pensions	200
Targeted social assistance	4.5
Energy and education subsidies	20
Additional funds to Entrepreneurship Development Fund	50
<b>Total</b>	<b>853.5</b>

\*Note: the total for unemployment payments (cash transfers) indicated here is from the IMF, and was later increased to 336 million AZN to cover more people.

Source: IMF, Policy Responses to Covid-19, last updated: September 11, 2020, <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-Covid-19; Action Plan of Cabinet of Ministers 2020, https://cabmin.gov.az/az/document/4367/>

### Social Assistance Policies

The government social support package had three key components, focusing mostly on cash transfers, job retention and employment-related compensations: 1) support for contract-based employees (“muzdlu işçilər”), 2) support for individual entrepreneurs (“fərdi (mikro) sahibkarlar”), and 3) cash support for unemployed and low-income individ-

uals working in informal jobs (“işsiz və xüsusi karantin rejimində işini itirən qeyri-formal işləyən aztəminatlı şəxslər”) (Ahmadov et al. 2020).

The government claims that its existing social protection programs (i.e. social security and employment) cover 4.8 million citizens (48 percent of the total population of 10 million), including 1.7 million employees through secured salaries, 2 million citizens through social insurance (pensions, scholarships), 350,000 through targeted social assistance, 600,000 through cash transfers in April–May (283,000 in July), 90,000 through new public works jobs, 12,000 self-employed families through support for small entrepreneurs, 20,000 through unemployment insurance, and 100,000 families through food support (Ministry of Labor and Social Protection 2020a). The total allocated government support equals AZN 2.5 billion. Up to 42.5 percent of state budget expenditures (or about AZN 4.984 billion) in H1 2020 were socially-oriented payments (Gasimli 2020).

### 1) Support for Contract-Based Employees (“Muzdlu İşçilər”)

According to the Action Plan, contract-based employees—both public- and private-sector—were eligible to receive partial compensation for wage losses due to COVID-19 covering the first two months of the pandemic in Azerbaijan (April–May) (Ministry of Taxes 2020a). The average monthly wage, AZN 712 [EUR 355], was used as the main criterion for determining eligibility (Ministry of Economy 2020a).

In the first phase, 215,689 employees were covered and the government allocated funds in the amount of AZN 98 million, meaning each beneficiary received on average AZN 454 (as of 28.07.2020) (Vergiler.az 2020a). While government-sector employees received full compensation, private sector employees got only partial compensation for salaries. The number of government-sector employees was estimated at 900,000 (Ministry of Labor and Social Protection 2020b).

In the second stage, covering the months of August–September, 228,175 persons were covered with a total of AZN 50.4 million (as of 18.08.2020) (Ministry of Taxes 2020b).

### 2) Support for Individual Microentrepreneurs

Microentrepreneurs were identified as those who pay the simplified tax rate of 2 percent. If in 2019 they paid less than AZN 250 in taxes, they would receive that amount in support, i.e. AZN 250. The ceiling for cash support was set at AZN 5,000 (Ministry of Economy 2020a).

As of 06.08.2020, in the first stage, 106,907 taxpaying entrepreneurs received AZN 63.6 million, i.e. receiving on average AZN 695. In the second stage, 49,329 taxpaying microentrepreneurs received aid in the amount of AZN 12.3 million (as of 13.08.2020) (Ministry of Economy 2020b).

### 3) One-Off Cash Support for Unemployed and Low-Income Individuals Working in Informal Jobs

Unconditional cash transfers have been the most widespread form of social protection response to COVID-19 in Azerbaijan (Gentilini et al. 2020). Here the government adopted a simple scheme—paying a lump sum of AZN 190 (EUR 94.5) (calculated as the monthly minimum income level) to 200,000 persons for two months (April, May) as well as for the creation of 50,000 new public works jobs. This coverage was later extended to 600,000 unemployed and informally employed persons and the number of public work jobs was increased to 90,000 (from the already high 60,000) (Ministry of Labor and Social Protection 2020c).

In April–May, each month 600,000 persons received cash payments (the total amount spent for these first two months reaching AZN 229 million)(see Table 2). During the month of June, when a strict quarantine regime was in force in only certain cities and regions, the one-off cash payment covered 283,000 individuals, totaling about AZN 55 million (Vergiler.az 2020b). In the fourth installment completed on August 21, 2020 (after skipping the month of July) (Azadliq Radio 2020a), 272,000 persons received cash totaling AZN 52 million. The grand total of cash payments during the quarantine period thus amounted to AZN 333 million (Ministry of Labor and Social Protection 2020d).

**Table 2: Cash Transfers during the Pandemic**

	April	May	June	August
N of people	600,000	600,000	283,000	272,000
Sum (in million AZN)	229		55	52

Source: Vergiler.az, <https://vergiler.az/news/social/9963.html>

## Gaps and Shortcomings

First, while the government's response was generally in line with policy reactions in other countries, it seems doubtful that the amount of social support was enough to support individuals and small business entrepreneurs in life after the pandemic. Cash transfers in the amount of the minimum wage of AZN 190 (AZN 6.3 or 3 euro per day) is barely enough to make ends meet and many households have experienced falling standards of living, potentially raising the risk of social discontent. By comparison, Italy provided flat-rate monthly payments of EUR 600 to self-employed workers, and through its "Corona Supplement" Germany allocated lump-sum cash transfers of up to EUR 15000 (depending on number of employees) for firms to distribute among their employees (OECD 2020b). Azerbaijan's support for microentrepreneurs may also be insufficient considering the fragility of SMEs [small and medium-sized enterprises] in emerging market economies with weak private sectors (Guliyev 2020).

Moreover, unconditional cash transfers were allocated to individuals and families without taking into account their needs and whether a person had any dependents. Persons who had a salaried spouse were excluded from aid provision, while unemployed single adult children were eligible even if their parents were wage earners. Disparities were apparent. For example, a single woman without a child would receive the same fixed amount as a divorced woman with two children. The transfer scheme also failed to consider a person's income level—obviously, individuals without any personal savings (obviously hinging on past income) were hit the worst, and would logically need much more substantial relief.

Second, how inclusive is Azerbaijan's social security system? At least two large groups seem to be excluded: informal workers and Azerbaijani migrants living in Russia. Informal workers were excluded from cash support schemes in other countries as well (OECD 2020b; Yu 2020).

Support packages missed thousands of self-employed as well as temporarily/informally employed people. If the government admitted paying 600,000 individuals unemployment and low-income benefits, this indicates that the real unemployment rate is almost certainly higher than the officially declared 5–6 percent (297,800 people); possibly up to 12 percent of the population may be currently unemployed (Azadliq Radio 2020b). This comes in addition to the existing social protection system already being geared towards formal and contract-based employees, since only those with formal job contracts are entitled to social security benefits such as pensions and social allowances.

Azerbaijan has a sizable community of expatriates living in Russia and supporting their families back home with remittances. As of early 2019, this number is estimated at around 670,000. Azerbaijani workers have been hit hard due to lockdown measures in Russia, and closed borders (since March 2020) made it difficult to impossible to send money home (Quinn 2020). It is estimated that remittances sent by Azerbaijanis abroad amount to EUR 926.7 million annually. In June 2020, hundreds of Azerbaijanis (300 persons), some of whom reportedly lost their jobs in Russia, attempted to cross the border at Dagestan, leading to clashes with riot police (Azerbaijanis Arrested 2020).

## Conclusion

While the Azerbaijani government took measures to alleviate distress during the COVID-19 pandemic through increased social payments and implemented the announced policies swiftly, questions remain as to whether the rate of social benefits was sufficient to provide socially vulnerable groups with sufficient incomes to meet their needs during and after the pandemic. Although the authorities attempted to target the most vulnerable groups, such as low-income households, large sections of the population appear to have been left behind. These large segments include informally and self-employed individuals and remittance-sending migrants.

There seems to be an urgent need to improve reporting and accounting standards for data collection in Azerbaijan. The social programme schemes would have benefitted from incorporation of monitoring and evaluation mechanisms; developing such mechanisms would allow better design and targeting of social assistance policies in the future.

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## Georgia's Social Policy Response to COVID-19: Targeted Social Assistance

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### Abstract

The new coronavirus has turned out to be an unprecedented and unexpected crisis which has led to rethinking of healthcare, public safety and socio-economic policies. Severe problems have manifested themselves in these areas in Georgia, a developing country with below-average income levels and high poverty rates. Although the principle of the welfare state has been constitutionalized in the recent past and this has been followed by some socio-economic steps, Georgia is still far from achieving its goals.

The pandemic and related legislative constraints have caused a deep recession, which has resulted in reduced incomes and lost jobs. In the initial stages of the pandemic, the population was left without assistance and subsequently faced an economic downturn. At the same time, the government decided to take stringent socio-economic measures due to the uncertainty about the potential dangers of the new virus and the vulnerability of the Georgian healthcare system.

The government's efforts to provide social assistance for the population were delayed and faltered in terms of efficiency, but overall, more or less complex schemes of assistance were elaborated. Part of the population was provided with basic social assistance, while the government failed to offer aid to some of its most needy citizens. With the virus spiralling out of control, lockdown is no longer an option and the vision of the government concerning socio-economic developments is still vague.

### Background

The Georgian government's efforts to curb the spread of the virus were effective in the first phase of its spread, yet the same cannot be said about the government's social policy. Stringent government regulations put households in the position of considerable socio-economic crisis, leaving citizens in need of state assistance. The government responded to citizens' solicitations only with significant delay.

Stage one pandemic measures in Georgia started a month before the first case of the virus was confirmed. On January 28<sup>th</sup>, the Georgian government approved an action plan (Decree of the Government of Georgia 164) focused on containing the new coronavirus. The government commenced with preparations of the healthcare system, issuing recommendations and designing

protocols, while at the same time making efforts to raise public awareness about the virus. An Interagency Coordinating Council<sup>1</sup> was established to make decisions on epidemiological issues. Air traffic with China was suspended on January 29<sup>th</sup>. On February 26<sup>th</sup>, 2020, a traveller from Iran via Azerbaijan was the first Georgian citizen diagnosed with COVID-19. He was taken to the Tbilisi Infectious Diseases Hospital directly from the border crossing. Traveling to and from Italy was thereafter the main cause of further infection spread (Factcheck.ge, 2020).

The Georgian government imposed strict regulations before the pandemic was declared. Some of these measures proved confusing, and arguably unnecessary. Events for large crowds were banned on March 1<sup>st</sup> while schools, kindergartens and universities suspended their

1 The Council consists of government officials, MPs, representatives of the Administration of the President of Georgia, and medical specialists.

work while the number of confirmed cases of infection was still only three. From March 6<sup>th</sup>, a fourteen-day compulsory quarantine applied to individuals arriving from countries with high infection rates. Following the declaration of COVID-19 as a pandemic on March 12<sup>th</sup>, the majority of public and private services switched to remote work, while general measures were gradually tightened (Factcheck.ge, 2020). A state of emergency was declared on the basis of a decree issued by the President of Georgia on March 21<sup>st</sup> (Parliament of Georgia, 2020), which was further extended until May 22<sup>nd</sup>. On the same day, the Parliament approved amendments to the Law on Public Health (Parliament of Georgia, 2020) that allowed for the bypassing of Parliament, giving the government the ability to restrict human rights through by-laws. In particular, the government has been empowered to restrict rights such as the right to work and freedom of movement under quarantine measures until January 1<sup>st</sup>, 2021. At present, the government justifies the strict approach taken in the beginning of the pandemic with the fact that at that time not much was known about the virus, therefore Georgia could not afford to take risks due to socio-economic problems and limited medical capacities.

In the second quarter of 2020, employment was down by 33 thousand and real GDP shrank by 12.3% compared to the same period in 2019 (Forbes.ge). Stringent restrictions led to income cuts which severely affected the socio-economic status of many households. Most of these households already faced substantial problems before the current pandemic. During the period of complete lockdown, Georgia's economic activity virtually stopped for over two months. Furthermore, citizens left unemployed and without any income could not count on state assistance.

### Early Social Policy Measures

During the State of Emergency, primary social measures taken by the government were as follows:

- Families were to receive utility cost subsidies for three months (March–May), including electricity, natural gas, sanitation and water bills. Only citizens whose consumption remained within a limit defined by the government were eligible. More than 1.2 million customers benefited from the electricity bill exemption during these three months and more than 670 thousand others benefited from the natural gas bill exemption. The budget of the program was 170 million GEL<sup>2</sup>.
- As a result of communication with the government, commercial banks were to waive loan services for private customers during these three months. Up to

600 thousand Georgians have benefited from this measure.

- The state took measures to control prices of nine basic food products (Government of Georgia, 2020)—in order to avoid a drastic increase in prices caused by exchange rate fluctuations, the state purchased primary food products (rice, buckwheat, pasta, cooking oil, flour, wheat, milk powder, sugar and beans). The aim of the program was to limit the growth of prices through subsidies and to stimulate the creation of stockpiles of necessary products in the country. There was no shortage of these products in the country, although prices for most of them increased sharply nevertheless (Factcheck.ge, 2020). A total of 9 million GEL was spent on the program.

To reduce the damage caused by the COVID-19 pandemic, the government unveiled an anti-crisis socio-economic plan in late April that sought to provide state support to businesses and citizens. On May 4, the Georgian government approved a targeted state program to reduce the damage caused by the pandemic (Ordinance of the Government of Georgia N286). The program provided temporary financial assistance to unemployed and incomeless citizens, as well as other socially vulnerable groups. The analysis of emergency social protection mechanisms revealed the following problems:

- The government response was delayed.
- Certain categories of citizens who required social aid were left without assistance.
- Benefits were minimal and, in some cases, one-time, which could not provide social protection for the population in the long run.
- Social policy was centralized in the country. During the pandemic, there were no significant changes in social protection policies for the population at the level of local self-government, except for one-time individual assistance (one-time distribution of food products).

### Unemployment Benefits

The pandemic and the accompanying severe restrictions (two months of country-wide quarantine) caused a socio-economic crisis and exposed the population, as well as political institutions, to considerable risks and uncertainties, which led to a decrease in job opportunities and a drop in average income. Unemployment was a substantial challenge before the pandemic, while the lack of unemployment benefits represented a significant problem in the country. The government granted temporary unemployment benefits to those who lost their jobs during the pandemic or were furloughed/laid off without pay. Recipients of assistance were divided into

2 As of Autumn 2020, 1 Euro is equal to roughly 3.8 Georgian Lari.

two categories—“hired”<sup>3</sup> and self-employed. The unemployment benefit for employees amounted to 200 GEL per month and was issued for a duration of six months. Unemployment benefits came into force at the end of May and affected citizens who received wages at least once in the period January–March and whose income was no longer recorded from April. Although the benefit of GEL 200 was scheduled for six months, a person was to be deprived of assistance in case they received a salary. In addition to the fact that the compensation was paid after a two-month countrywide quarantine, this amount constituted only 18% of the official nominal average monthly salary (1130 GEL) and was practically equivalent to the subsistence minimum at that time (Geostat.ge). However, it would be ill-considered to focus on the existing subsistence minimum because the methodology for calculating this sum is flawed and does not actually reflect human needs (Factcheck.ge, 2020). This is further aggravated by the fact that in many cases, one employee has to support several members of the family.

### Compensation for the Self-Employed

The self-employed were eligible for compensation amounting to 300 GEL, provided that they could prove their loss of income. There was difficulty in identifying individuals in this particular group. Some of the self-employed were registered as taxpayers in the Revenue Service records. However, a large proportion of self-employed workers were unregistered (street vendors, nannies, private tutors, etc.), and thus information on their income and/or economic activity was not available to the authorities. It was clear from the beginning that some of them would not be eligible for assistance, as the number of entities who can prove their income is quite limited. According to the National Employment Promotion Agency, a total of 251,690 self-employed people were registered as unemployed (Accent News, 2020). They represent the part of the self-employed category who were able to prove that they lost income during the pandemic, while a large proportion of the self-employed were employed by private individuals and thus their activities cannot be officially attested to. Their work was, in most cases, poorly paid and unstable. The share of the self-employed in the total employment rate is approximately 50%. The self-employed were provided assistance of four times lesser value than that provided to the formerly employed who had lost their jobs. Arguably, it would be fairer had the government exercised a universal approach and provided more substantial assistance to the self-employed.

### Job-Saving Scheme for Business

The anti-crisis plan introduced by the government included incentives to maintain jobs across the country. For six months, 750 GEL from monthly salaries of up to 1500 GEL was fully exempted from income tax. This benefit is equivalent to a maximum of 150 GEL per job and applies only to the private sector. This decision was a step towards maintaining the short-term liquidity of businesses, with the aim of easing the effects of the pandemic through maintaining economic activities; although this sum legally belongs to the state, employers were allowed to keep this deduction and spend it at their discretion, rather than passing it on to the Revenue Service. This benefit implies a marginal socio-economic effect manifested through maintaining positions.

### Measures against Poverty

Naturally, the poorest part of the population has proven the most vulnerable to the socio-economic crisis caused by the pandemic. Poverty is a major challenge in the country, according to the National Statistics Office (Geostat 2020): 19.5% of the population in Georgia (approximately 722 thousand people) lives in absolute poverty without sufficient means for subsistence.

Georgia offers a state program of social assistance (subsistence allowance) which aims to provide financial support to families that live in poverty. The well-being of families is determined through a point system, according to which the amount of financial assistance is determined (Social Service Agency, 2019). The subsistence allowance for families with a rating score from 0 to 65 thousand points is set at 30 to 60 GEL per person monthly. A family with a score of less than 100,001 receives a child allowance of 50 GEL for each child under the age of 16. Three hundred and twenty-one thousand families (979 thousand individuals) are registered in the database of socially vulnerable citizens, of which just 141 thousand families (502 thousand persons) receive the subsistence allowance (Government of Georgia, 2020).

The targeted social assistance (TSA) program has been expanded as a part of the government’s anti-crisis social program. Specifically, families registered in the Vulnerability Database with a score of 65 to 100 thousand (70 thousand families, 190 thousand persons) have been allotted additional financial assistance for 6 months, from May to December. This assistance amounts to 70 GEL per month for a single-member household, 90 GEL for a two-member family, and 35 GEL per month for each member of a family with three or more members. However, expansion of the targeted social program did not affect the poorest part of the population—fami-

3 A hired employee was to be understood as a formal employee who paid income tax, which would be possible to prove through the Revenue Service database.

lies with a rating score of 0 to 65,000, whose allowance remained the same—indicating that the assistance system is not adequate. As a result, a single-member household with the highest rating (100 thousand points) is eligible for 70 GEL in monthly aid, while a single-member household with 60–65 thousand points receives 30 GEL and a single-member household with an extremely low score (0–30 thousand) receives 60 GEL per month.

During the pandemic, larger families (with more than three children) with a social rating score ranging from 0 to 100,000 points also received a monthly supplement of 100 GEL for a duration of six months, from May to October. About 22 thousand families are eligible for the program (more than 130 thousand individuals).

Families with children in Georgia are most vulnerable to poverty. According to UNICEF (*Vulnerable Children and Risks in COVID-19 Times*, 2020), before the pandemic, 221 thousand children lived below the poverty line, and 161 thousand of these children received aid. Therefore, a large proportion of poor children remained outside the state's social protection program even before the pandemic. Aiding larger families is paramount, as they represent the group most vulnerable to the socio-economic damage caused by the pandemic. However, the government's approach was faulty, as those children who are not part of extended families but live in extreme poverty were left outside the pandemic aid program (for example, families with one or two children and a score below 65 thousand). It would clearly be fairer if all families registered as socially vulnerable received child assistance and the benefit simply increased according to the number of children.

### Support for Children

From September, a one-time 200 GEL allowance was issued to all children aged 0–17. The financial transfer was linked to the start of the school year. Arguably, the universality of this transfer is socially unjustified, as it would be more rational to allocate these resources to children who are more vulnerable for long-term care rather than one-time assistance. Such children are relatively easy to identify through the above-mentioned database.

On August 21, 2020, UNICEF published a micro-simulation study on the impact of the coronavirus pandemic on the population of Georgia, with particular focus on children. The poverty level of the population is obviously expected to increase under the shock of the pandemic crisis. The study examines three potential scenarios for economic damage caused by the coronavirus pandemic. In the most optimistic scenario, the poverty rate of the population would increase from 21% to 24%,

26% in case of moderate consequences and 30.9% in the case of severe shock. Child poverty would increase from 27.6% to 30.8% in the “mild” scenario, 32.7% in case of a moderate outcome and 37.8% in the case of a severe shock. The percentage of the population, including children, who live in extreme poverty would also rise.

According to UNICEF, Georgia is very vulnerable to poverty and a high proportion of the population lives only slightly above the poverty line, so the crisis will naturally have a strong impact on the population living in/on the edge of poverty. Research has shown that cash assistance can slow down the growth in poverty and that the policies and transfers that widely target the bottom 40% of the distribution are more likely to have an impact on reducing poverty in a cost-effective manner, as opposed to those that are very narrowly targeted (only TSA beneficiaries), those that target the unemployed, or those that are too widely distributed (such as universal child grants) (UNICEF 2020, p. 5). Of the measures taken by the government, UNICEF most positively assesses its universal financial assistance, child subsidies (0–17 years) and unemployment benefits. However, this study evaluates the singular effect of financial assistance and not any long-term policy vision or its alternatives.

### Support for Students

Students who are members of families having a score of less than 70 thousand points and studying at state or authorized private higher educational institutions will receive their promised funding for the ongoing semester. This is a one-time benefit given to the most vulnerable group to help alleviate the effects of the ongoing crisis. More than 33 thousand students are eligible for the funding, for which over 40 million GEL has been allocated from the budget (Government of Georgia, 2020).

### Support for People with Disabilities<sup>4</sup>

Part of the state anti-crisis plan involved aiding people with severe disabilities (Group I) and disabled children with a supplement of 100 GEL per month via social transfers for a period of six months. Forty thousand individuals receive the benefit, and the budget of the program is 25 million GEL. However, this assistance was provided after the end of the State of Emergency. Surprisingly, the only group ineligible for the pandemic-related aid was the profoundly disabled (Group II). The logic behind this decision is still unknown. The amount of aid for those in Group II was even lower than before the pandemic, with severely disabled people and disabled children receiving GEL 220 per month and pro-

<sup>4</sup> Persons with disabilities are divided into three categories: Children with disabilities, Group I (severely disabled people) and Group II (profoundly disabled people—those with relatively mild disabilities).

foundly disabled people receiving GEL 140 per month (Government of Georgia, 2020). The difference in aid value was explained by their different needs; nonetheless, leaving profoundly disabled people without additional assistance during the crisis remains incomprehensible.

### Conclusion

The fact that the government spends more on the affluent part of the population than on the most vulnerable groups is likely to increase social inequality. A total of 63 million GEL was allocated from the state budget for the expansion of the targeted social program. For comparison, the government has allocated 70 million GEL to subsidize mortgage loans for the population, which involves co-financing the interest rate when buying an apartment.

As a part of the crisis budget, state budget expenditures increased by 1.5 billion GEL and are planned to reach 15.9 billion GEL, of which the largest share—1 billion GEL—can be attributed to social expenses. A total of 5.3 billion GEL is planned to be spent on social issues in 2020. Health care expenses increased by 39 million GEL. Of note is that growing expenditures are to be covered by significant government borrowing mobilized during the pandemic. Namely, as of October 2020, total government debt amounted to 27.1 billion GEL, including domestic debt (5.7 billion GEL) and foreign debt (21.4 billion GEL). It should be noted that, compared to 2019, total debt has increased by 7.2 billion GEL, from 39.8% to 54.3% of expected 2020 GDP (Ministry

of Finance, 2020). Meanwhile, the forecasted Unified Budget Deficit for 2020 is 8.3%, which is 5.7 percentage points more than that of the previous year (Ministry of Finance, 2020). In addition to incurring the costs of fighting the pandemic, deficit spending stimulates consumption, which has dropped as a result of the pandemic (although naturally this has negative consequences in the long term, e.g. inflation, reduction in savings, increase in interest rates, etc.). In this regard, the short-term approaches to pandemic social aid are unsustainable, and the elected government will have to substantially reconsider social policy approaches and resource allocation.

The socio-economic crisis caused by the coronavirus pandemic is proving to be long-lasting, and obviously one-time social transfers do not provide social protection for the population in the long run. Temporary mechanisms implemented by the government do not include certain groups of people who are vulnerable and at high risk of poverty. At the same time, the fact that social protection policies were not decentralized at the self-government level, which would have proven much more effective and efficient, should be assessed unequivocally negatively. In this case, the target groups and their challenges could have been identified more effectively, which would have in turn led to provision of more adequate and appropriate assistance. As mentioned, the government's response to the crisis was delayed, which was reflected in the fact that social transfers were not issued during the state of emergency, leaving many vulnerable to the crisis.

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## Has COVID-19 Affected Students' Attitudes towards Online Education? A Case Study of Azerbaijan

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### Abstract

The article analyses changes in attitudes towards online education in Azerbaijan during the unprecedented global lockdown resulting from the COVID-19 pandemic. The pandemic led to the total closure of all educational institutions in Azerbaijan and marked the beginning of massive online learning in schools and universities across the country. The present study is based on analysis of data collected from a survey of 1300 students representing 20 universities in Azerbaijan. The starting point for the analysis was to ask whether the students had online learning experience prior to the mandatory shift to distance learning or not. The students were also asked to provide their opinion regarding both traditional and online learning tools. This information enabled the research group to examine the weaknesses and strengths of both educational models. Having little to no experience with online education, about 36.5% of Azerbaijani students nonetheless expressed willingness to continue their education in an online mode, most preferring online courses over online degree programs. Difficulties with technical issues and unprepared instructors were cited as key issues among the remaining 63% of students who preferred the traditional mode of education.

### Introduction

Since the outbreak of COVID-19 in January 2020, schools, colleges and universities across the globe started to close campuses and suspend all activities (Adnan & Anwar, 2020; Ali, 2020; Hodges et al., 2020). Traditional classes shifted online and educational materials were moved onto various virtual platforms.

Even though online learning options existed before the pandemic, some educators argue that the current state of online learning is unique and incompatible with a normal digital learning situation. These educators describe the current situation alternatively as “crisis learning” or “emergency remote teaching” (Pace et al., 2020; Hodges et al., 2020). According to Hodges et al. (2020), in comparison with a learning experience that is designed from the beginning to be online, Emergency Remote Teaching (ERT) is introduced as “a temporary shift of instructional delivery to an alternate delivery mode due to crisis circumstances”. Due to a lack of literature on this type of online learning, there is not enough information on students' perception of emergency remote teaching and learning (Hodges et al., 2020). Students' perceptions are particularly important as they did not opt for this mode of learning, but rather had to switch to it as part of the global emergency (Hodges et al., 2020; Aguilera-Hermida, 2020; Ali, 2020).

Despite worldwide technological advancements, the transition to online learning from traditional face-to-face education in less digitally developed countries has been quite challenging (Ali, 2020; Adnan & Anwar,

2020; Jena, 2020; Hoq, 2020). A lack of access to affordable and fast internet connection, limited access to computers at home, and low preparedness of teaching staff to use information technology for instruction hindered the transition to online learning in many emerging economies (Ali, 2020; Jena, 2020; Adnan & Anwar, 2020), including Azerbaijan.

Adaptation to online learning is not only an issue of technology (or lack thereof), but is also a pedagogical and instructional challenge. According to Ali (2020), since teachers and staff are the key players in the implementation of online learning, their perceptions and attitudes towards the use of information and communication technology (ICT) is key to the successful integration of online learning and teaching.

Since the spread of the pandemic and the closure of all educational institutions on March 3, schools and universities in Azerbaijan started employing different online platforms such as Zoom, Google Meet, and Moodle (Hoq, 2020; Ali, 2020; Basilaia & Kvavadze, 2020). Microsoft signed a contract for free use of its online communication platform (Microsoft Teams) in all Azerbaijani secondary schools and universities starting in April (Ministry of Education of Azerbaijan, 2020). In addition, the government introduced virtual schooling and a TV program called “Lesson Time” aired on local TV channels, covering various subjects for primary and secondary school students. The transition from face-to-face to online learning required administrative and organizational efforts on a national level. In some schools and

universities, the transition was successful, but the quality of instruction requires further investigation (Basilaiia & Kvavadze, 2020).

In addition to technical, administrative, pedagogical and instructional challenges, students' motivation and perception directly impacted the transition to this new learning environment (Aguilera-Hermida, 2020; Ali, 2020). As Aguilera-Hermida (2020) concluded, students' motivation, self-efficacy and cognitive engagement decreased as students had to adapt to online learning without any preparation during the transition period. All this contributed to students' negative perceptions of their higher education experience with online learning (Aguilera-Hermida, 2020).

Azerbaijan was also among the countries which decided to temporarily close all educational institutions at an early stage, following the World Health Organization's recognition of COVID-19 as a pandemic. By that time, around 40,089 full-time students were completing their final year in higher education institutions and were involved in independent coursework, while the remaining 171,627 students and 20,514 educators were in need of distance education (Ministry of Education of Azerbaijan, 2020). According to the Ministry of Education's 2020 report, only two out of 52 higher education institutions possessed solid distance learning arrangements that included a relevant software solution, trained faculty, and digital content. The mandatory shift to online methods of education forced all educational institutions to make rapid plans for a transition from face-to-face teaching to online education. Taking into account that online teaching was hardly employed in Azerbaijan before the pandemic outbreak, this transition took some time and effort on both the administrative and teaching sides. The unpreparedness for the emergency collective shift to online education and lack of prior experience were problematic during this transition period. In fact, these aspects played a significant role in shaping students' attitudes towards the new mode of learning.

## Research Design

While studying this transition to online learning, the research team considered various topics related to the effectiveness of online learning and its impact on students and academic performance before deciding to focus on perception and attitude changes toward online learning among Azerbaijani students during the pandemic. Additionally, we tried to find out to what extent different challenges related to online education, such as issues with self-discipline, suitable materials, good learning environments, and teaching inefficiencies, were

affecting students' decisions. Thus, this study examines the effects of the mandatory shift to online education on students' preferences. In addition, we explore whether the mandatory shift has influenced Azerbaijani students' acceptance (desirability) of online (vs. traditional) learning in the future as well.

The questionnaire<sup>1</sup> surveyed over 1400 respondents, namely students pursuing bachelor's or master's degrees from 20 different universities (15 public and 5 private) across Azerbaijan, including students of various disciplines in the humanities and medicine. The majority of respondents who completed the survey were female. In terms of age distribution, the dominant category was ages 17–21 (86%).

The research team filtered some respondents, ultimately including only those 1286 students who completed the survey by stating the university they belonged to. The survey was composed of four major parts, totaling 30 questions based on the Likert Scale (strongly agree/agree/disagree/strongly disagree/neutral). The four parts of the survey were:

- A) Online learning experience
- B) Psychological impacts of COVID-19
- C) Online learning versus traditional classes
- D) Future choice of educational mode

Each group of questions pursued different aims. Firstly, we wanted to identify whether the online learning experience was as unfamiliar to Azerbaijani students as was generally assumed. We used the term "online learning experience" in the questionnaire to generalize all experiences the students may have had prior to the mandatory shift, including online courses and non-degree programs from various providers.

In the second section of the questionnaire, the team wanted to investigate respondents' state of mind. Assuming most students are going through stress during the pandemic, we sought to better understand the impact the pandemic has had on their mental health. The comparative analysis of "before" and "after" the pandemic was designed to understand how the pandemic affected their preferences regarding online learning.

The third and fourth groups of questions were constructed with the aim of identifying the motivation behind the respondents' preference of a learning mode. Questions regarding identification of preferred mode of education were followed by the list of potential reasons suggested by the research. Students who opted for the choice "I prefer online learning" were also asked to indicate the reasons for not preferring traditional learning. Cross checks enabled an in-depth analysis of factors that were crucial to their decision-making process.

1 Available here: <https://bit.ly/3oLzHxy>



The last section provides demographic information for grouping the students by age, gender, level of study and university.

Consent, voluntary participation and anonymity of respondents are among the most basic principles of ethics which need to be addressed in any research. Participation of all respondents was voluntary, and responses were provided without influence.

Like any research, our study has a number of limitations. The first methodological limitation is the number of respondents. The number of students who took part in the research survey [ $N=1267$ ] constitutes only 0.84% of all the Azerbaijani students (out of a total of 151,113 active student users) (Ministry of Education of Azerbaijan, 2020). However, in the related research conducted during the pandemic in China (Chen et al., 2020) there were 712 respondents, while in a U.S. research study only 412 students were surveyed (Barnes & Noble College Insights, 2020). Second, as an Internet-based survey there are issues with (non-)probability sampling and undercoverage because not all users have access to the Internet (Pew Research Center n.d.). While sampling is non-representative, it allows exploration of the specific question in detail.

## Findings and Analysis

Any experience with online learning, as well as its absence, carries the importance of shaping students' approach to online learning. During the inception of mandatory online learning in Azerbaijani universities, the majority of students surveyed (76%,  $N=1267$ ) noted that they were new to online learning, whereas only a relatively small number of the respondents (24%) had already taken online classes prior to the pandemic.

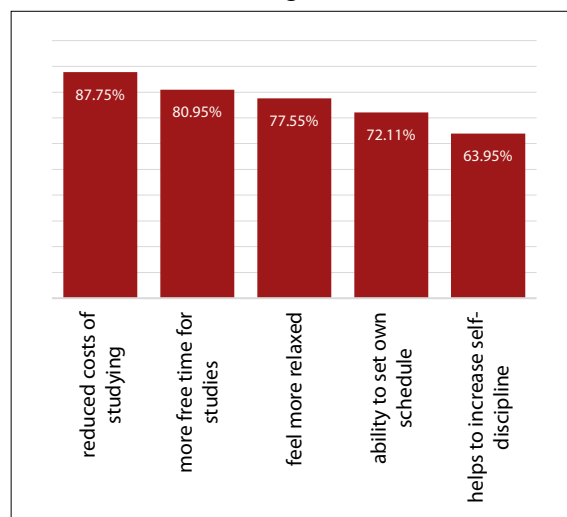
Prior experience with online learning serves as a strong predictor for the wish to continue studies online in the future: about 36.5% of all respondents (consisting of 21.4% with prior online experience and 15% without it) reported a preference to continue with online learning. We thus see that nearly all of the 24% of students with previous online education experience are willing to continue their studies in an online format. Of the 76% with no prior experience only a fifth (equal to 15% of the total number of respondents) report that their attitude to online learning changed as they became acquainted with this mode of education due to the mandatory shift.

Those respondents who reported having past online learning experience can potentially be added into the category of inexperienced students as well, as their previous experience was not provided by their university and thus could not be categorized as Emergency Remote Learning (Hogdes et al, 2020). For example, online learning programs provided by massive open online courses (MOOCs) are different from the ones conducted

by respondents' universities. MOOCs do not usually provide synchronous interaction with the lecturer or online group work, the grading is processed by the computer, and there is less (or no) oversight during the course.

The research group analysed the answers of students with no prior experience who were in favour of continued online learning after the pandemic to ascertain the factors that influenced their decision. Examining the motivations for choosing online learning, the reduced costs and increased free time for studies motivated those students to prefer it over traditional modes of learning (see chart 1). The opportunity to improve self-discipline was the least popular reason for choosing online learning; by contrast, more students preferred the feeling of relaxation and the possibility to create their own flexible schedule.

**Figure 1: Why Students with No Prior Experience with Online Learning Prefer It over Traditional Teaching**



Technical issues related to online learning, such as lack of access to a computer (PC), speed of internet connection, and knowledge of program management were major concerns for all respondents, no matter their level of experience. The students who became familiar with online learning as a result of the COVID-19 pandemic mainly expressed a preference for traditional learning because of the aforementioned technical difficulties (89.6%) and unprepared instructors (75%). These results are understandable, as not only students but also instructors were caught unprepared for the shift, and having no prior experience in online teaching impacted respondents' answers negatively.

The reasons why respondents between the ages of 17 and 21 (86% of our sample) find traditional learning more beneficial is also interesting. Respondents were asked to choose from among the following fac-

tors: motivation gained through face-to-face interaction for better understanding of the subject, preference for face-to-face interaction with peers, the impossibility of all subjects being taught online and the matter of accountability maintained by the system. While the role of interaction with peers and the issue of the responsibility maintained by the system itself were nearly the same, being 83.5% and 85% respectively, the importance of face-to-face interaction for gaining deeper insight on the subject stood out, with an 89.8% positive response rate. This makes us consider face-to-face interaction as the leading factor in favour of traditional modes of learning. This factor is also dominant (91%) among students with a background in online learning who favour traditional learning. The second most popular answer among these students is also about communication (“social interaction with peers motivates me”), constituting evidence for the explanation that the popularity of traditional classes comes from fundamental needs for socialization.

The difficulty of teaching all subjects online was also indicated often, with 89% of respondents considering it to be an issue. We assume that the appropriate methodology of online teaching differs by subject. For example, lab work for biology students or practical experience participating in surgery for medical students cannot be replaced by online classes. Consequently, this argument impacted students who were already more inclined toward traditional modes of learning.

As we explored the consistency of students' choices, it was interesting to find out how many students would prefer to study online even after the pandemic is over. Our research showed that during the emergency, online class experience was regarded positively by 36.5% of respondents, but this figure decreased to 15% when the students were offered this choice in the context of normal (non-pandemic) conditions.

Analysing the students who consider online learning as their preferred future mode of education, we see that the plurality (45.5%) of students would like to take short-term online courses (MOOC) and 32% would prefer long-term online degree programs. Thus, even if the privileges of short-term certificates and long-term degree programs are not the same, today's students are more willing to spend less time and quickly obtain the necessary credentials for building their career path, rather than spending years on online education.

The answers to the question of how much stress students felt during mandatory online classes were analysed from the perspective of examining the correlation between the respondents' stress level and the choice of educational mode they plan to utilize in the future.

Over half of the respondents who experienced stress are looking forward to returning to campuses and continuing with traditional learning (55%) whereas only 36% of students going through stress during the pandemic prefer continuing online.

The survey also helped determine the number of students lacking a clear opinion on a number of issues. Students mostly expressed neutral positions about uncertainty and stress caused by the current situation (the spread of the pandemic), the possibility of making a choice in favour of degree programs (bachelor, master or PhD), and technical issues of online teaching. The survey revealed that 5% of respondents are doubtful whether to consider technical issues of online teaching as a problem or not, whereas 25% were undecided about insecurity and stress, and 21% indicated being uncertain about further online education.

## Conclusion

This research revealed that the majority of students participated in online programs solely due to the COVID-19 pandemic and would not be likely to choose this mode of education given the chance to participate in traditional classes. However, the large majority of those students with prior online experience expressed the desire to continue studying online after the COVID-19 pandemic, indicating the positive dynamic in attitude shift. An important factor which distinguishes the online teaching studied here was the stress both groups of students were going through due to the COVID-19 pandemic.

The present study highlights for the first time the problems both teachers and students in Azerbaijan encounter in the process of online teaching and learning. Moreover, it presents data concerning not only the respondents' experience, their mental state during mandatory online classes, and the obstacles they encounter in this mode of learning, but also their future intention of learning in the online environment, which is extremely important for the future path of the development of online education in Azerbaijan.

Although some educational institutions abroad provide online degree or non-degree courses, as this study has demonstrated, relatively small numbers of adult learners at Azerbaijani universities had sufficient technical experience to ensure high quality online education prior to the ongoing pandemic. The learners indicated the obstacles preventing them from successful online learning, which can serve as foundational data for future researchers and educators.

*See overleaf for information about the authors, acknowledgements, and references.*

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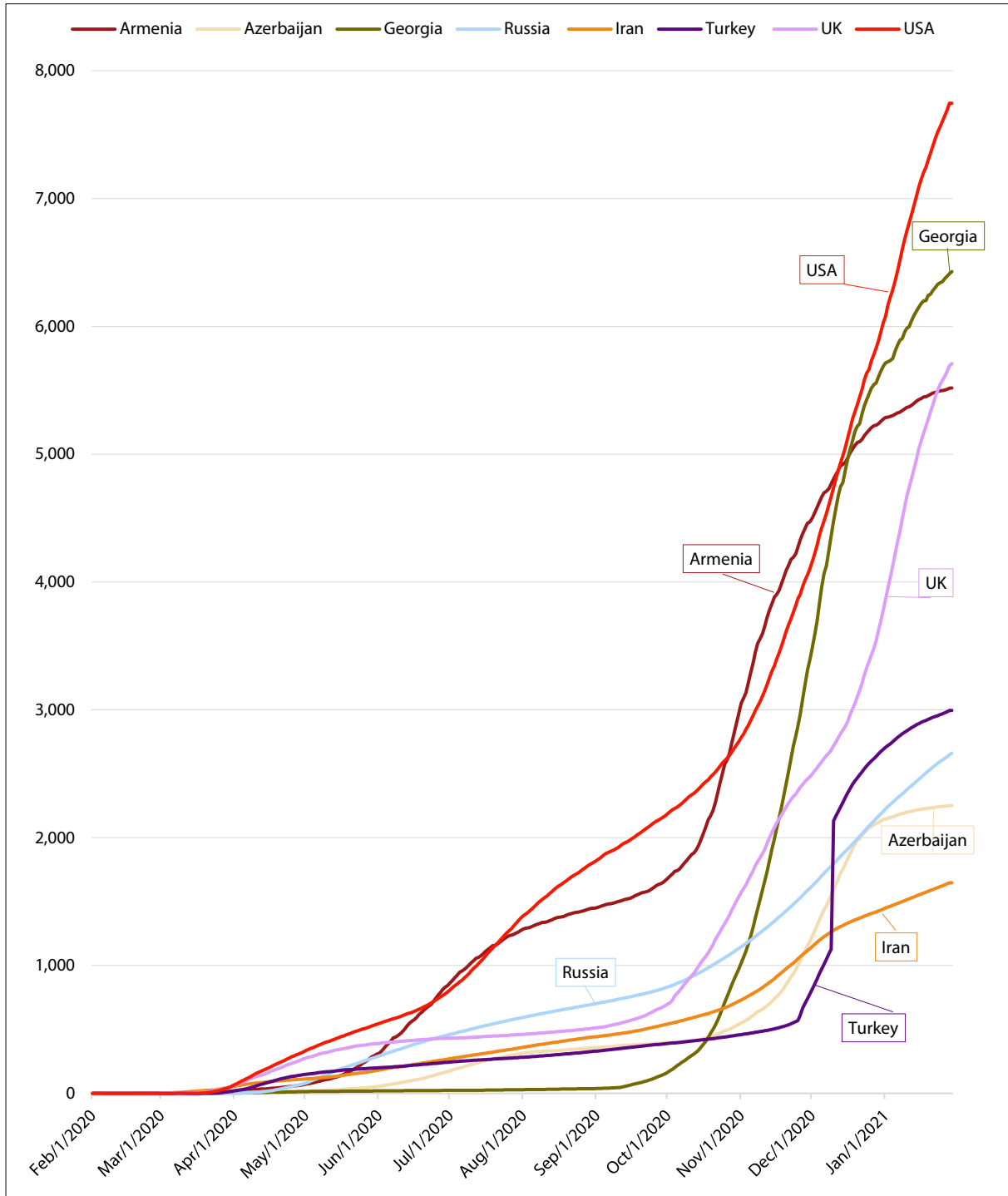
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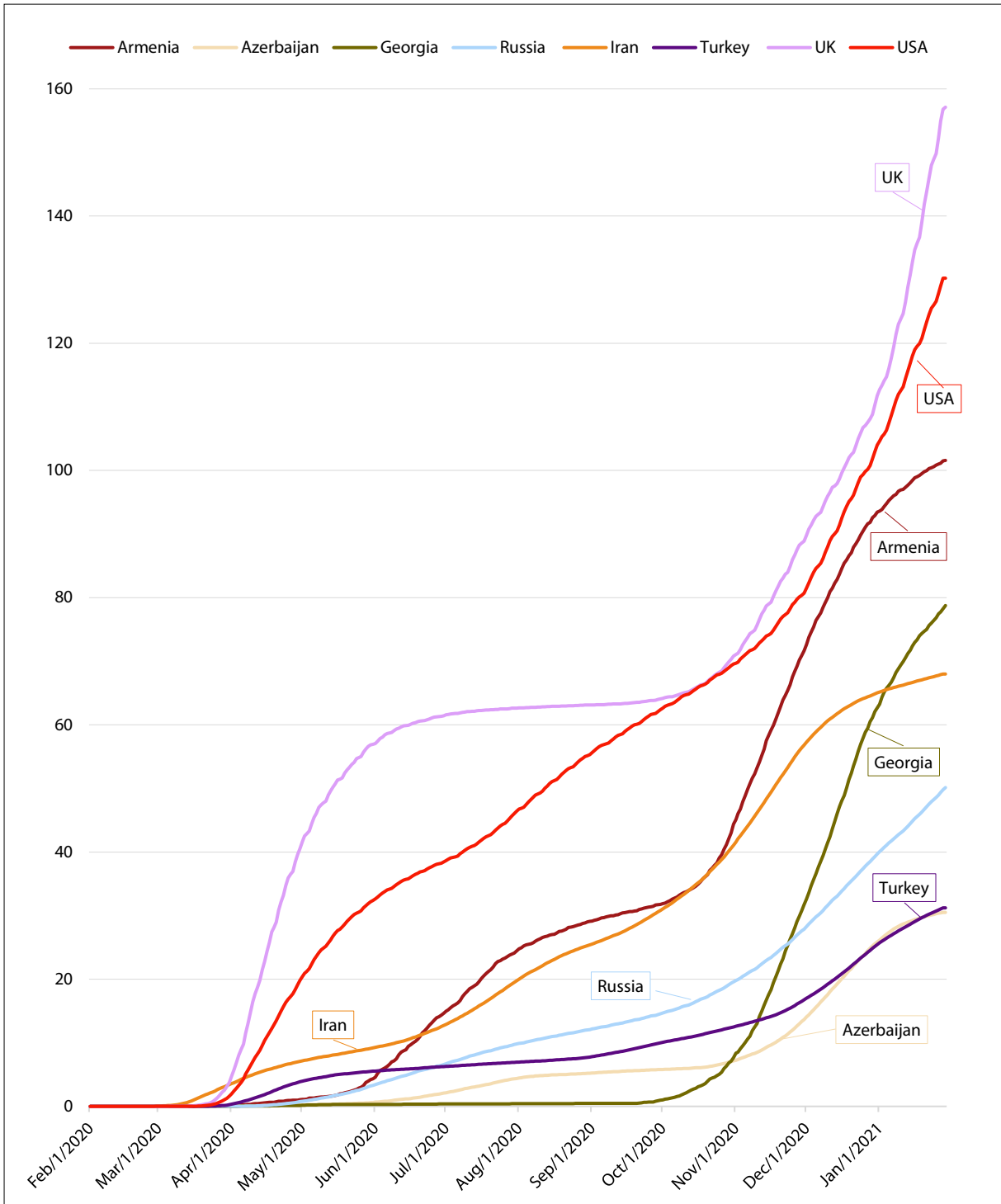
## Statistics: COVID-19 Cases in the South Caucasus in Comparison

Figure 1: COVID-19 Cases in Comparison (cases per 100,000 inhabitants, 1 February 2020 – 29 January 2021)



Experts assume that the official figures are significantly lower than the actual figures. The actual number of deaths can be estimated on the basis of excess mortality data. The Caucasus Analytical Digest has decided to publish the official figures, as they reflect the publicly communicated assessment of the epidemiologic situation. Source: Johns Hopkins University, 29 January 2020, 10:22 AM CEST, <https://coronavirus.jhu.edu/map.html>; [https://github.com/CSSEGISandData/COVID-19/blob/master/csse\\_covid\\_19\\_data/csse\\_covid\\_19\\_time\\_series/time\\_series\\_covid19\\_confirmed\\_global.csv](https://github.com/CSSEGISandData/COVID-19/blob/master/csse_covid_19_data/csse_covid_19_time_series/time_series_covid19_confirmed_global.csv); population figures: CIA World Factbook, <https://www.cia.gov/the-world-factbook/>

Figure 2: COVID-19 Deaths in Comparison (deaths per 100,000 inhabitants, 1 February 2020 – 29 January 2021)



Experts assume that the official figures are significantly lower than the actual figures. The actual number of deaths can be estimated on the basis of excess mortality data. The Caucasus Analytical Digest has decided to publish the official figures, as they reflect the publicly communicated assessment of the epidemiologic situation. Source: Johns Hopkins University, 29 January 2020, 10:22 AM CEST, <https://coronavirus.jhu.edu/map.html>; [https://github.com/CSSEGISandData/COVID-19/blob/master/csse\\_covid\\_19\\_data/csse\\_covid\\_19\\_time\\_series/time\\_series\\_covid\\_deaths\\_global.csv](https://github.com/CSSEGISandData/COVID-19/blob/master/csse_covid_19_data/csse_covid_19_time_series/time_series_covid_deaths_global.csv); population figures: CIA World Factbook, <https://www.cia.gov/the-world-factbook/>



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The CEES Fellowship Program is funded by the University of Zurich and the Federal Department of Foreign Affairs. For further information visit at: <https://www.cees.uzh.ch/de/Fellowship-Program.html>



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