



1. CPS Data	
Country: Georgia	
CPS Year: FY14	CPS Period: FY14 – FY17
CLR Period: FY14-FY17	Date of this review: May 10, 2018

2. Ratings		
	CLR Rating	IEG Rating
Development Outcome:	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
WBG Performance:	<i>Good</i>	<i>Good</i>

3. Executive Summary:

i. This review of the Georgia Completion and Learning Report of the World Bank Group (WBG) Country Partnership Strategy (CPS) covers the CPS period, FY14-FY17, including the CPS Performance and Learning Review (PLR) of April 2017. The PLR was conducted a few months before the end of the CPS period, which was not extended.

ii. Georgia is a lower-middle-income country with a GDP per capita of \$3,866 (2016).¹ Its economy grew on average by 3.5 percent annually during the review period—higher than the 1.9 percent average for the ECA region—with persistently large external current account deficits in the 12-13 percent of GDP range financed mostly by foreign direct investments. The December 2017 IMF Review Under the Extended Fund Facility reported that in 2017 the external current account narrowed to an estimated 10 percent of GDP and economic activity strengthened on the back of higher growth in the main trading partners.² Twenty one percent of the population was poor in 2016 based on the national poverty line—among the highest rates in the ECA region—and 8.3 percent suffered extreme poverty in 2015 based on the international measure of \$1.9/day (2011 PPP). Georgia ranked 76th of 188 countries in the 2015 Human Development Index (HDI). Improving infrastructure and competitiveness, increasing renewable energy exports, and enhancing the public sector’s capacity to deliver positive outcomes on poverty reduction and shared prosperity are key to addressing Georgia’s challenges. The challenge to reduce unemployment has shown to be particularly difficult to tackle. Despite showing a gradually declining trend during 2013-17, unemployment remained stubbornly high in the 11.5-12.5 percent range during the CPS period.

iii. The CPS corresponded well with the government’s stated development objectives set out in the Socioeconomic Development Strategy 2020, which had as overarching aim to achieve faster, inclusive, and sustainable growth averaging 7 percent annually. The WBG’s country program pursued two strategic objectives or focus areas of strengthening public service delivery to promote inclusive growth and enabling private-sector-led job creation through improved competitiveness. The areas selected were congruent with the country’s development goals, and in sectors where it had shown capacity to deliver in the past.

¹ Current US\$. Georgia graduated to IBRD-only borrower on June 30, 2014.

² “First Review Under the Extended Fund Facility,” IMF Country Report No. 17/361, International Monetary Fund: Washington, DC, December 2017.

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iv. At the beginning of the CPS period, total commitments were \$512 million—a third of which were IDA funds—with a focus on road infrastructure development (or 88 percent of total financing) and comprised primarily of investment project financing (IPF). New lending commitments—planned and unplanned—during the CPS period amounted to \$767 million spread over five areas including road infrastructure, competitiveness, regional development, private sector competitiveness, and agriculture. The new lending commitments included five DPO operations as part of the programmatic series on competitiveness and growth, inclusive growth, and private sector competitiveness. During the CAS period, seven trust fund (TFs) grants were approved in FY14-17 for a total of \$19.1 million, primarily in support of sustainable wastewater management and co-financing the regional and municipal infrastructure development. Smaller trust fund amounts were used to help support empowering local community entrepreneurs and education. Lending during the CPS was about \$300 million lower than planned. The last of the DPO series on inclusive growth and private sector competitiveness was truncated. According to the CLR, the Bank and the government agreed to conclude both programmatic series with the second operation and align future operations with the new CPF.

v. On balance, IEG rates the CPS development outcome as **Moderately Satisfactory**. Seven out of nine objectives were *Mostly Achieved or Achieved*, one *Partially Achieved*, and one *Not Achieved*. Under Focus Area 1, the program contributed to an expansion and strengthening of the social protection system, and increased coverage of the UHC, as well as helped develop the knowledge base for the general and pre-school education, improve public investments and public services, and improve fiscal management systems. While there was strengthened hospital reporting on compliance with safety and quality standards, there is no evidence of improved hospital standards leading to improvements in health service quality. WBG efforts also were partially successful in developing participatory local development. Under Focus Area 2, the program contributed to the provision of infrastructure and services to facilitate growth. It also addressed key legal, regulatory, and institutional constraints for the private sector, albeit in an unfocused way, with a set of outcomes that were weakly linked to WBG interventions. The objective to support development of a framework to match labor supply and demand showed limited progress.

vi. IEG rates WBG performance as **Good**. The WBG strategy addressed the key challenges facing the country and benefited from congruence with government programs. The selected CPS areas were consistent with WBG poverty reduction and shared prosperity objectives, and responded to the government's request in specific areas, which considered the WBG's value-added potential and support from other development partners. It was selective in terms of focus areas and objectives, but the selected indicators were fragmented especially in the case of objective 7. The proposed WBG interventions could reasonably be expected to have an impact toward CPS objectives in most areas of the program. At the same time, the results framework had some weaknesses. In a few instances, baselines/targets were missing or inaccurate, or had no date. Analytical work informed well the WBG's engagements, and ASA played contributed to some of the objectives where the Bank had no lending interventions and other donors took the lead. In addition, the WBG coordinated technical support in some instances—like the Targeted Social Assistance program—through partnering with other donors. There were synergies exploited across IBRD, IFC, and MIGA, particularly in support of SMEs, and in providing infrastructure and services to promote growth. The CPS and PLR appropriately identified and mitigated risks. The macro-economic risk has been mitigated to a large extent by Georgia's program with the IMF, which is on track.

vii. The modifications at PLR stage were minor and did not sufficiently address the shortcomings of the original results framework. Implementation benefited from a country environment without major adverse shocks during the CPS period. Bank performance on closed projects was better than ECA and WBG comparators. IFC investment and advisory services and MIGA guarantees complemented WB programs and projects in the energy and financial sectors. The Bank complied with environmental and social safeguard policies through capacity building and timely guidance. INT substantiated a case of collusion in procurement, and sanctions were pursued against the entities concerned.



viii. The CLR contains lessons on the need for a strong results framework, insufficient capacity in the procurement and contract management profession, positive results of DPOs tackling multi-sector issues, combination of WBG instruments, and implementation of innovative contracting approaches.

ix. IEG adds the following lesson:

- Competitiveness and labor market issues are key binding constraints for Georgia's growth, and areas in which the Bank has comparative advantage. Yet, the Bank failed to address them adequately and effectively under this CPS. To maximize development effectiveness, the Bank should not miss opportunities to address effectively areas which are both significant binding constraints for country growth and in the domain of the Bank's comparative advantage.

4. Strategic Focus

Relevance of the WBG Strategy:

1. **Congruence with Country Context and Country Program.** The CPS pillars and objectives—maintained at PLR stage with minor modifications in the results framework—were broadly congruent with the government's objectives on economic growth, with poverty and inequality reduction.³ For example, objective #1 envisaged to contribute to the expansion and strengthening of the social protection system and was linked to the government's program to improve the social assistance program by improving its targeting and coverage. As part of this program, the government also intended to strengthen the old-age basic security through an indexation rule that maintains the purchasing power of the basic benefit. Similarly, objective #7 aimed to contribute to addressing key legal, regulatory or institutional constraints and was directly linked to government's programs to improve Georgia's investment and business environments, including in the regions. The CPS objectives to strengthen public service delivery (health and education) to promote inclusion and equity reflected government explicit objectives to provide accessible and high-quality healthcare, and improve the quality of education. However, there are several challenges to achieving these objectives including poor infrastructure, a low capacity to innovate, and difficulties in developing the export sector. Nearly one-third of young Georgians are not in school, employed, or in training, and it has proved difficult to integrate them in the formal labor market. The most dynamic economic activities are concentrated in Tbilisi—the capital—and it has been difficult to extend that dynamism to the regions and the rural economy, which shows little growth. Access to general education was expanded with gender parity, but the quality of education remains a pressing challenge given the low achievement level in international student assessments and unsatisfactory labor market outcomes for graduates.

2. **Relevance of Design.** The proposed WBG interventions could reasonably be expected to have an impact toward most areas of the CPS program. For example, energy projects on grid strengthening could increase power supply and improve the reliability of power grid infrastructure. Similarly, the land market development project that sought to improve the delivery of irrigation and drainage services in selected areas could be expected to improve irrigations services in a significant area. The program was anchored on programmatic DPOs—that underpinned reform measures, which were complemented by other donors particularly in the social sectors (EU, Millennium Challenge Corporation in education, USAID in health). Several of the objectives to support public investment and delivery of public services to citizens were based on diagnostic work, and it is difficult to establish the

³ The government's Socioeconomic Development Strategy 2020 had as overarching aim to achieve faster, inclusive, and sustainable growth averaging 7 percent annually. Four priorities stood out: (i) a stable macroeconomic environment, effective public sector management, and fiscal efficiency and responsibility; (ii) strengthening human capital—health, education, and social safety nets; (iii) improve private sector competitiveness (enhance investment climate for SMEs and firm productivity); and (iv) increase access to finance.



contribution of such works to program results. Moreover, some objectives such as objective #7, had too many outcomes, and indicators that were fragmented and lacked appropriate WBG interventions to achieve them. IFC complemented well the work of IDA/IBRD in focus area 2 (competitiveness and employment) by focusing on investments and advisory services that contributed to financial intermediation and increased access to finance for MSMEs, promoted investment climate improvements, and supported development of hydropower and agribusiness, while seeking investment opportunities in other sectors and developing related advisory services.

Selectivity

3. The CPS was selective with two focus areas and nine objectives, which were manageable for a country with Georgia's level of development, administrative capacity, and experience with Bank programs. The WBG strategy addressed key challenges facing the country and reflected the government's own strategy. The selection of areas was congruent with the Bank's experience in Georgia, and responded to the government's request in specific areas, which considered the WBG's value-added potential and support from other development partners. One of the filters used by the WBG for the engagement was to build on successful elements of the existing program where the WBG had a good track record of implementation. Specifically, support would be stepped up in areas where good development outcomes had been achieved and strong capacity was in place to absorb additional resources effectively. In practice, this led to focusing on reform through two series of complementary development policy operations, and investment lending built on previously successful experiences, concentrated on infrastructure projects in transportation, regional development, energy, and the rural sector. While these areas were appropriate for the CPS, the program failed to tackle competitiveness and labor market issues—two critical constraints for Georgia's growth—in a focused and effective way.

Alignment

4. The program was well aligned with corporate twin goals. Although the CPS objectives did not target or monitor poverty and shared prosperity directly, the proposed interventions to improve the effectiveness and efficiency in delivery of public services—including social transfers, and access to and quality of healthcare—could conceivably contribute to the reduction of extreme poverty and increase of shared prosperity. For example, objective #1 contributed to increased coverage of targeted social assistance. Moreover, other interventions to enable private-sector-led job creation through improved competitiveness (Focus Area 2) to generate growth and employment, could also help raise incomes for the poorest 40 percent of the population by increasing overall economic growth.

5. Development Outcome

Overview of Achievement by Objective:

Focus Area I: Strengthening Public Service Delivery to Promote Inclusive Growth

5. This focus area had six objectives: (i) contribute to expansion and strengthening of social protection system, in particular targeted social assistance and pensions; (ii) support government efforts to expand the universal health care coverage program and institutionalize health service quality assurance processes; (iii) contribute to the elaboration of essential knowledge base for general and pre-school education; (iv) support improvements in public investments and delivery of public services; (v) contribute to sustained progress towards the adoption of modern public sector and fiscal management systems; and support efforts to strengthen participatory local development and greater social accountability.

Objective 1: Contribute to expansion and strengthening of social protection system, in particular targeted social assistance and pensions

6. This objective was supported by a series of DPOs on Competitiveness and Growth (FY14/FY15) and on Inclusive Growth. The DPOs were complemented by ASA on Pension Reform (FY14-17), Targeted Social Assistance Implementation and Results Assessment (TA—FY14-17),



South Caucasus Poverty, Equity, and Gender (TA—FY14-17), and Country Gender Assessment (FY14). The objective had two indicators:

- Increase the targeted social assistance coverage of the poorest decile, with equal coverage of men and women: The CLR reports that coverage was 56.6 percent (28.6 percent for women and 27.6 percent for men) based on the Integrated Household Survey 2016, compared with a 60 percent target. IEG could not verify this information. According to the Management report (ISR) of the First Inclusive Growth DPO (March 2016) the share of the bottom decile receiving targeted social assistance (TSA) was 62 percent compared with the 60 percent target in 2017. [*Achieved*]
- Develop pension reform roadmap: The Program Document for the Second Private Sector Competitiveness DPO reports that the government approved the strategy and roadmap for pension reform in March 2016. It also notes that the draft law was approved by the Cabinet on March 2017 and presented to Parliament in December 2017. [*Achieved*]

7. This objective was **Achieved**.

Objective 2: Support government efforts to expand the universal health care coverage program and institutionalize health service quality assurance processes

8. This objective was supported by the DPO series on Competitiveness and Growth (FY13/FY14), and the DPO series on Inclusive Growth (FY15/FY17). The DPOs were accompanied by TA on Service Delivery Quality Improvement (FY15). IFC had investments in two private healthcare facilities. The objective had one indicator:

- Universal Health Coverage (UHC) registration rate of the target population. The CLR reports a registration rate of 90 percent (52 percent female) based on national data. The share of the population covered by the UHC program increased to 100 percent by December 2015 against a target of 90 percent in 2017. The ICRR for the Competitiveness and Growth DPO, however, indicates that the indicator of coverage is normative and does not reveal the share of the population effectively served. Although the target required tracking of the female registration rate, data for women was not tracked by the Competitiveness and Growth DPO. [*Mostly Achieved*]

9. The outcome indicator for this objective only refers to coverage. Information from the ICRR for the Competitiveness and Growth DPO series indicates that there was strengthened hospital reporting on compliance with safety and quality standards, although there is no evidence of improved health service quality. The ICRR also mentions that a higher percentage of the ill were seeking care in 2015, with four outpatient visits per capita per year in 2015 compared to 2.3 in 2012, and higher hospitalization rates. Georgia increased spending on health services by 2.4 percentage points of GDP during 2012-14. Taken together, this evidence suggests significantly increased coverage by the UHC. On balance, based on evidence of increased coverage and some evidence of institutionalized health service quality assurance processes, this objective was **Mostly Achieved**.

Objective 3: Contribute to the elaboration of essential knowledge base for general and pre-school education

10. This objective was supported by DPO-3 (FY14) of the DPO series on Competitiveness and Growth and DPO-1 (FY15) and DPO-2 (FY17) of the DPO series on Inclusive Growth. The DPOs were accompanied by ASA on Implementation of Education Sector Strategy (TA—FY14-17), School Survey, Including Assessment of Learning Outcomes (FY14-15), and Pre-school Service Delivery and Quality Assurance Assessment (FY14-15), and IDF Advice on Education (FY17). The objective had three indicators:

- Proportion of teachers accumulating at least 1 credit according to the credit accumulation manual. The CLR reports that—based on information provided by the Georgian Education Management Information System—the share increased to 62 percent at the



end of the 2016-17 year, compared with a target of 18 percent for 2018. The country team provided additional evidence that was not sufficient for IEG to verify such information. [*Not Verified*].

- Teacher effectiveness evaluation tools developed and adopted. The ICR for the Third Competitiveness and Growth DPO (FY14) reported that the Teacher Recruitment, Evaluation, Professional Development and Career Advancement Scheme was adopted on February 20, 2015, and the respective changes were introduced by law in December 2016. [*Achieved*]
- Institutional framework elaborated for early and pre-school education service delivery and quality assurance, including support to piloting of priority interventions. The CLR reports that in June 2016 a law was passed for early and pre-school education and care. As reported by the ICR of the Competitiveness and Growth DPO series, the new professional standard for teachers was adopted, and a new implementation-monitoring framework was established to evaluate the implementation of the new curriculum in classrooms for all levels of education. [*Achieved*]

11. This objective was **Mostly Achieved**.

Objective 4: Support improvements in public investments and delivery of public services

12. This objective was supported by the DPO series on Inclusive Growth: DPO-1 (FY15) and DPO-2 (FY17); the Regional and Municipal Development projects (FY09, FY14), and ASA including a Public Expenditure Review (PER) on the Diagnostics of Public Investment Management System (FY14).

13. The objective had three indicators:

- Initiate the piloting of the newly approved Public Investment Management (PIM) Guidelines in the Tbilisi Municipality for the selected projects with estimated costs that are above GEL 5 million. A prior action for the Inclusive Growth DPO2 was that five municipalities and one central ministry implement the framework adopted for project appraisal, selection, budgeting, implementation and evaluation of investment projects. The CLR reports that Tbilisi started using the PIM guidelines as part of a pilot involving five other municipalities. The country team provided evidence that confirms such information. Moreover, the 2017 PER reports that nation-wide Public Investment Management (PIM) guidelines were developed and approved in 2016, including for local governments, and that their implementation was yet to be launched in 2017. [*Achieved*]
- Number of published annual IFRS-based financial statements of SOEs. The CLR reports that at least 15 SOEs have published IFRS-based financial reports on their websites. The Georgia team provided evidence on 8 SOEs IFRS-based financial reports. [*Achieved*]
- Number of beneficiaries of improved municipal services and infrastructure. Based on ISRs for FY09 and FY 14 projects, a total of 256,591 people benefitted from improved municipal services and infrastructure, compared with a target of 500,000. [*Partially Achieved*]

14. Two indicators could not be verified by IEG, and the other one was partially achieved. This objective was **Mostly Achieved**.

Objective 5: Contribute to sustained progress towards the adoption of modern public sector and fiscal management systems

15. This objective was supported by the DPO series on Competitiveness and Growth (FY13/FY14) and through the Public Expenditure Management Peer Assisted Learning (PEMPAL) and the PEFA Assessment Economic and Sector Work (FY14). The objective had two indicators:

- Quality and timeliness of annual financial statements (PEFA Performance Indicator (PI)—25). The CLR reports that the PEFA PI—25 target of B+ has been achieved based on the



2016 PEFA self-assessment. The PEFA indicators in the new PEFA report have changed, and the substance of the old PI-25 is now captured under PI-29 (Annual Financial Reports). A **draft** of the PEFA 2017 provided by the country team shows a rating of B+ for indicator PI-29, against a target of a B rating for 2017.⁴ [*Mostly Achieved*]

- Effectiveness of internal audit (PEFA Performance Indicator—21). The CLR reports that a rating of B was achieved on the PEFA —21 based on the 2016 PEFA self-assessment. Internal Audit is indicator PI-26 under the new PEFA format. A draft of the PEFA 2017 provided by the country team shows a rating of B for indicator PI-26, against a target of B for 2017. [*Mostly Achieved*]

16. The ICRR for the Competitiveness and Growth DPO series notes that there is evidence that the level of completeness of financial statements (which is part of the PEFA PI-25 indicator) has improved following the Bank-supported program. In particular, there was progress on budget coverage, implementation of an integrated financial management system, and unification of all state financial transactions under a single treasury account. According to the ICRR, these developments would arguably lead to improving the PEFA PI-25 score to B. In addition, the IMF's Fiscal Affairs Department *Fiscal Transparency Evaluation* for Georgia (September 2017) notes that audited annual budget execution reports and unaudited final annual consolidated statements for the central government are published before or around the end of June of the following year (timeliness of annual fiscal accounts is rated as *advanced*, the highest grade). On balance, this objective was **Mostly Achieved**.

Objective 6: Support efforts to strengthen participatory local development and greater social accountability

17. This objective was supported by Youth Inclusion and Social Accountability Project (FY14), and the Regional and Municipal Development projects (FY09, FY14). The objective had two indicators:

- New pilot mechanisms for citizen engagement and feedback are put in place (development of a new forum and establishment of feedback mechanisms). Under the Youth Inclusion project (FY14) 30 people participated directly in the Youth Municipal Action Plan—YMAP (21 youth and 9 municipal officials), which was extended to three other municipalities. Youth Committees involved hundreds of youth in their municipalities. The ICR for the Youth Inclusion project reports that activities planned to increase social accountability through feedback were not as successful as activities aiming to promote youth participation and influence in decision-making. [*Partially Achieved*]
- Increased citizen satisfaction—from 40 percent to 70 percent—with municipal service provision and municipal response. The CLR reports that the satisfaction rate was 76 percent and 80 percent in the Telavi and Kvareli municipalities, respectively. IEG could not verify this information. [*Not Verified*]

18. The Worldwide Governance Indicators shows that Georgia's ranking in voice and accountability declined slightly in percentile rank (from 57.6 in 2014 to 53.7 in 2016). On balance, this objective was **Partially Achieved**.

19. On balance, IEG rates Focus Area I as **Moderately Satisfactory** given the ratings of objectives 1 to 6. The program contributed to an expansion and strengthening of the social protection system, and increased coverage of the UHC, as well as helped develop the knowledge base for the general and pre-school education, improve public investments and public services, and improve fiscal management systems. While there was strengthened hospital reporting on compliance with safety and quality standards, there is no evidence of improved hospital standards leading to improvements in

⁴ This is a draft PEFA Assessment which is to be reviewed by the PEFA Secretariat, and it is unclear if the ratings for PI-29 and PI-26—showing achieved targets—are already “PEFA-checked.” Therefore, IEG gives a *Mostly Achieved* rating for the two indicators and Objective 5.

health service quality. WBG efforts also were partially successful in developing participatory local development.

Focus Area II: Enabling Job Creation by the Private Sector Through Improving Competitiveness

20. This Focus Area had three objectives: (i) contribute to addressing key legal, regulatory, and institutional constraints for the private sector, (ii) contribute to provision of infrastructure and services to facilitate growth, and (iii) support development of improved framework for matching labor supply with demand.

Objective 7: Contribute to addressing key legal, regulatory and institutional constraints for the private sector

21. This objective was supported by a series of several DPOs: DPO series on Competitiveness and Growth; DPO series on Inclusive Growth: DPO-1 (FY15) and DPO-2 (FY17); and DPO series on Private Sector Competitiveness: DPO-1 (FY15) and DPO-2 (FY17). This objective also was supported through the National Innovation Ecosystem (FY16) and the First Regional Development project (FY12). About half of IFC lending was in the financial sector—two of the banks supported by IFC that represent 60 percent of banking system assets—and IFC Advisory Services contributed through the Investment Climate Advisory project, the SME Banking Advisory project, and ECA Region SME Resilience Advisory project. The objective had five outcomes with ten indicators:

Outcome 1: Stronger regulatory framework

- Enhance business environment and property rights protection measured by ranking of economic freedom (Heritage Foundation) and the Intellectual Property Rights ranking. Georgia's ranking in the Index of Economic Freedom (Heritage Foundation) improved from 34th in 2012 to 13th in 2017. Georgia's ranking in the International Property Rights Ranking improved from 110th (out of 124 countries) to 88th (out of 127 countries) during 2013-17. The Competitiveness and Growth DPO series supported legislative and regulatory reforms to promote and facilitate trade and foreign investment, streamline customs procedures, and a program of regulatory and legislative harmonization with the EU that would attract investors, particularly in the renewable energy sector. [*Achieved*]

Outcome 2: Increase Innovation Capacity

- Increase Georgia's innovation index ranking from 73rd in 2013 (INSEAD-WIPO report). Georgia's ranking in the innovation index (INSEAD-WIPO) improved from 73th (out of 142 countries) in 2013 to 68th (out of 127 countries) in 2017. However, the number of countries diminished between these two rankings, hence, Georgia's relative ranking did not increase but slightly decreased. [*Not Achieved*]

Outcome 3: Strengthen competition in key product markets

- Improve Georgia's intensity of local competition from 123rd (out of 142 in 2012) in the Global Innovation Index. According to the WIPO Global Competition Index, Georgia's ranking increased from 123rd out of 141 countries in 2012 to 75th out of 127 countries in 2017. The Private Sector Competitiveness DPO series contributed to improving efficiency, competition, and access in telecommunications and internet services. As part of this the Bank provided TA on ICT and Innovation Strategy in Georgia (FY14) and on Connecting to Work—ICTs for Employment (FY15). [*Achieved*]

Outcome 4: Increased access to finance

- Increase access by SMEs to bank financing with share of loans to SMEs in bank loans increased from 20 percent (baseline 2013). The share of Small and Medium Enterprises (SME) loans in total bank loans increased from 20 percent in 2013 to 21 percent in 2016 (target to increase to more than 20 percent). IFC was the main contributor to this indicator by increasing access for SMEs through financial intermediaries it supported, which represented about two-thirds of the financial system in asset size. [*Mostly Achieved*]



- Improved access of SMEs to more diversified products and sources of funds, with share of NBFIs assets in total financial sector assets increased from 3 percent in 2013. The 2017 IMF Article IV Consultation Report indicates a doubling of gross liabilities and gross assets of non-bank financial institutions as a percent of GDP during 2013-16 (target to increase to more than 3 percent). The Private Sector Competitiveness DPO series supported a pillar on establishing the conditions for financial sector deepening and diversification, and the Bank and other donors provided technical assistance on capital markets reform. [*Mostly Achieved*]
- Increase volume of outstanding loans to MSMEs in portfolio of financial intermediaries supported by IFC by 50 percent from US\$0.8 billion to US\$1.2 billion.⁵ Based on audited financial statements, the combined MSME portfolio of Bank of Georgia and TBC Bank reached US\$2.00 billion in 2016. [*Achieved*]
- Increase financial penetration, with share of private credit to GDP increasing from 30 percent in 2013.⁶ The share of bank private credit to GDP increased 38.7 percent in 2013 to 55 percent in 2017 according to the *IMF First Review Under the Extended Fund Facility* (December 2017). [*Achieved*]

Outcome 5: Facilitate investment in the regions through support to improved business climate and infrastructure

- Tourism-related SMEs (points of sales) in renovated cultural heritage sites and cities. According to the latest ISR of the First Regional Development project—RDP (FY12) the number of points of sales in renovated culture heritage sites and cities increased from 248 to 337 between May 2012 and December 2017, against a target of 323. [*Achieved*]
- Growth of tourism employment in project region Kakheti as measured by increase of number of people employed in hotels and restaurants. The CLR reports an increase in the number of employed people from 507 to 1,045 during 2012-15. IEG could not verify these figures because supervision (ISR) reports of the RDP (FY12) do not report disaggregated data by type of beneficiaries. Additional information from the World Travel and Tourism Council (2017), however, indicates that the numbers from the CLR are realistic. [*Achieved*]
- Increase tourism spending in targeted regions as measured by increased tourism enterprise VAT receipts. IEG could not verify tax payments related to tourism in the Kakheti region, which the CLR reports to have increased by a multiple of 8 during 2013-16. Other sources of information confirm a significant increase in tourism spending in the Kakheti region. The World Travel and Tourism Council (2017) reports that the direct contribution of Travel & Tourism to GDP increased from GEL1,832 million in 2013 to GEL 2,722 million in 2016, measured in 2016 prices—an increase of nearly 50 percent in real terms—with Kakheti the third most popular destination.⁷ [*Achieved*]
- While the First Regional Development project (FY12), and the Kakheti Regional Roads Improvement project (FY10) contributed to outcome 5—by improving travel conditions to the region—the indicators for the outcome (all related to tourism) are very weakly connected to the purpose of facilitating investment in regions through improved business climate and infrastructure.

⁵ During the CPS period – there are no specific dates for baseline and target.

⁶ IFC contributed partially to this indicator by increasing loans to MSMEs through financial intermediaries it supported with lending and equity. Two of the banks supported by IFC account for more than 60 percent of assets in the banking system, and hence contribute significantly to increases in loans (including to SMEs) at the banking system level.

⁷ Georgian Tourism Figures—Structure & Industry Data, Georgian National Tourism Administration, 2016.



22. Objective #7 attempted to addressing constraints (legal, regulatory and institutional) for the private sector and hence on competitiveness issues. However, the objective was broad, indicators not well focused and in most instances only partially measuring the outcomes at best. In turn, some outcomes were not well linked to the objective. In addition, a number of indicators are composites—mostly indexes—which makes it difficult to establish the contribution that the WBG program made to achieve the outcomes and objective.

23. While a majority of indicators *Achieved* or *Mostly Achieved*, the contribution of the WBG in some outcomes such as #5 are indirect. The objective is rated **Mostly Achieved**.

Objective 8: Contribute to provision of infrastructure and services to facilitate growth

24. This objective was supported by the Third (FY10) and Fourth (FY13) East-West Highway Improvement project, the Second (FY15) and Third (FY15) Secondary and Local Roads project, the Kakheti Regional Roads project (FY10), the Transmission Grid Strengthening project (FY14), and the Land Market Development project (FY14). One of IFC's largest investments during the CPS period was a US\$70 million loan to an energy company (Shuakevi). It also invested in another energy company (Paravani). The objective had two outcomes and eight indicators:

Outcome 1: Improve Road Infrastructure and Energy Market Rules

- Decrease travel time by 30 percent and vehicle operating costs (VOC) by 10 percent in rehabilitated East-West Highway sections. Travel time decreased by about 28 percent in the rehabilitated East-West Highway sections and VOC by nearly 12 percent (6.2 percent for trucks) during the program period (through FY17). The Bank contributed to this result through the Third (FY10) and Fourth (FY13) East-West Highway Improvement projects, and the East-West Highway Corridor Improvement project (FY16). [*Mostly Achieved*]
- Reduce travel time in rehabilitated secondary and local road sections by 47 percent. Supervision reports of the Third East-West Highway Improvement project (FY15) and the Kakheti Regional Roads project (FY10) report a substantial reduction in travel time, in the range of 40-50 percent. [*Mostly Achieved*]
- Reduce vehicle operating costs in rehabilitated secondary and local road sections by 22 percent for cars and 27 percent for trucks. Supervision reports of Second (FY12) and Third (FY15) East-West Highway Improvement projects and the Kakheti Regional Roads project (FY10) suggest a reduction of vehicle operating costs of about 30 percent for both cars and trucks. [*Achieved*]
- Implement enhanced energy regulatory system and electricity market rules in line with the EU Energy Policy applicable to Georgia under the AA and Energy Community Treaty.⁸ The CLR reports that plans for revising regulations to allow new trading arrangements are in preparation, and that parliament adopted amendments on June 30, 2017 to electricity and gas law setting a deadline of May 1, 2018 to introduce the new electricity trading arrangements. It also reports that full adoption of a new trading arrangement fully consistent with the Energy Community Treaty *acquis* may take longer. [*Partially Achieved*]
- In sum, this outcome is rated *Mostly Achieved*.

Outcome 2: Increase power supply and improve reliability of power grid infrastructure

- Reduce number of interruptions in the south-western part of the grid, particularly Batumi areas, measured by number of electricity interruptions at KV220. The ISR for the grid strengthening project (FY14) reports that during the 11-month period to November 2017 there were no emergency outages in the Batumi areas recorded. [*Achieved*]
- Increase use of net transfer capacity at new back-to-back station from close to zero in 2013 to 300 MW in 2017. The CLR reports that the use of net transfer capacity of power

⁸ This indicator was supported by the Competitiveness and Growth DPO2 (FY13) and DPO3 (FY14).



through back-to-back station to Turkey reached 253MW in 2016. However, the January 2018 ISR for the Transmission Grid Strengthening project (FY14) reports no progress in total electricity evacuated from the newly developed power generation stations. [*Partially Achieved*]

- Increase power generation capacity by 274 MW. The CLR reports that the 187 MW hydropower plant (Shuakhevi)—supported by IFC through lending, equity, and advisory services and through a MIGA guarantee- is under construction. No additional information is available whether the plant has been completed and commissioned. IFC also provided funding for an 87 MW plant (Paravani) that started generating power in October 2014. The completed plant was for 85 MW. These projects were done in cooperation with the Asian Development Bank and the European Bank for Reconstruction and Development. [*Partially Achieved*]
- Area provided with improved irrigation services is at least 10,000 has. According to November 2017 ISR of the land market project (FY14), there was no increase in the area provided with increased irrigation services. [*Not Achieved*]
- In sum, this outcome is rated as *Partially Achieved*

25. With substantial improvement in road infrastructure and energy market rules (outcome 1), and some progress in increasing capacity to supply power, and improving reliability of the power grid infrastructure (outcome 2) this objective was **Mostly Achieved**.

Objective 9: Support development of improved framework for matching labor supply with demand⁹

26. This objective was supported by the First (FY15) and Second (FY17) Programmatic Inclusive Growth DPOs and by the First (FY15) and Second (FY18) Private Sector Competitiveness DPOs. The objective had two indicators:

- Develop and implement procedure to match unemployed people with training programs. The CLR reports that the indicator was not met. An online system provides automatic matching possibilities between job-seekers and employers, but the system is not yet able to match the unemployed with respective training programs. [*Not Achieved*]
- Put in place labor market information system that will allow evidence-based policy making. The CLR reports that a Labor Market information system is developed and provides updated information on labor market trends, career guidance and occupational profiles for various stakeholders. None of the interventions supported by the WBG tracked this indicator). [*Partially Achieved*]

27. This objective was **Not Achieved**.

28. Given the ratings of objectives 7 to 9, IEG rates the outcome of WBG support under focus area 2 as **Moderately Satisfactory**. The program contributed to developing the provision of infrastructure and services to facilitate growth. It also addressed key legal, regulatory, and institutional constraints for the private sector, albeit in an unfocused way, with a set of outcomes that were weakly linked to WBG interventions. The objective to support development of a framework to match labor supply and demand showed limited progress.

Overall Assessment and Rating

29. IEG rates the CPS development outcome as **Moderately Satisfactory**. Seven out of nine objectives were *Mostly Achieved or Achieved*, one *Partially Achieved*, and one *Not Achieved*. Under Focus Area I, the program contributed to an expansion and strengthening of the social protection

⁹ Supported by the First Inclusive Growth DPO (FY15) and the First Private Sector Competitiveness DPO (FY15).



system, and increased coverage of the UHC, as well as helped develop the knowledge base for the general and pre-school education, improve public investments and public services, and improve fiscal management systems. While there was strengthened hospital reporting on compliance with safety and quality standards, there is no evidence of improved hospital standards leading to improvements in health service quality. WBG efforts also were partially successful in developing participatory local development. Under Focus Area 2, the program contributed to the provision of infrastructure and services to facilitate growth. It also addressed key legal, regulatory, and institutional constraints for the private sector, albeit in an unfocused way, with a set of outcomes that were weakly linked to WBG interventions. The objective to support development of a framework to match labor supply and demand showed limited progress.

Objectives	CLR Rating	IEG Rating
Focus Area I: Strengthening Public Service Delivery to Promote Inclusion and Equity	N/A	Moderately Satisfactory
<i>Objective 1: Contribute to expansion and strengthening of social protection system in particular targeted social assistance</i>	<i>Mostly Achieved</i>	<i>Achieved</i>
<i>Objective 2: Support government efforts to expand the universal health care coverage program and institutionalize health service quality assurance processes</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 3: Contribute to the elaboration of essential knowledge base for general and pre-school education</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 4: Support improvements in public investments and delivery of public services</i>	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 5: Contribute to sustained progress towards the adoption of modern public sector and fiscal management systems</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 6: Support efforts to strengthen participatory local development and greater social accountability</i>	<i>Achieved</i>	<i>Partially Achieved</i>
Focus Area II: Enabling Job Creation by the Private Sector Through Improving Competitiveness	N/A	Moderately Satisfactory
<i>Objective 7: Contribute to addressing key legal, regulatory and institutional constraints for the private sector</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 8: Contribute to provision of infrastructure and services to facilitate growth</i>	<i>Mostly Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 9: Support development of improved framework for matching labor supply with demand</i>	<i>Partially Achieved</i>	<i>Not Achieved</i>

6. WBG Performance

Lending and Investments

30. At the beginning of the CPS period, total commitments were \$512 million—a third of which were IDA funds—with a focus on road infrastructure development (or 88 percent of total financing) and comprised primarily of investment project financing (IPF). New lending commitments—planned and unplanned—during the CPS period amounted to \$767 million spread over five areas including road infrastructure, competitiveness, regional development, private sector competitiveness, and agriculture. The new lending commitments included five DPO operations as part of the programmatic series on competitiveness and growth, inclusive growth, and private sector competitiveness. During the CAS period, seven trust fund (TFs) grants were approved in FY14-17 for a total of \$19.1 million, primarily in support of sustainable wastewater management and co-financing the regional and municipal infrastructure development. Smaller trust fund amounts were used to support empowering local community entrepreneurs and education.

31. Lending during the CPS was about \$300 million lower than planned. The last of the three-programmatic DPO series on inclusive growth and private sector competitiveness was truncated.

According to the CLR, the Bank and the government agreed to conclude both programmatic series with the second operation and align future operations with the new CPF. The program document for the Second Programmatic Private Sector Competitiveness DPO (FY17) asserts that some triggers for the third operation were already completed and others at advanced stage of implementation at the time of truncation, and that most of those under implementation were captured as structural benchmarks of the IMF Extended Arrangement program (EFF) to mitigate implementation risks.¹⁰

32. During the CPS period, Georgia's portfolio performance at exit was better on average than for the ECA region and the Bank. IEG outcome ratings for the four closed Georgia projects were *Moderately Satisfactory* or better compared to the global average of 74 percent and ECA average of 80 percent. In commitment volume, Georgia had an average outcome rating of 100 percent *MS or better*, compared to ECA (93 percent) and the Bank (85 percent). The risk to development outcome measured as percent with moderate or lower risk is better for Georgia (100 percent) than for ECA (51 percent) and the Bank average (44 percent). Self-ratings of ongoing projects were generally good except for four projects that had to be restructured due to poor project readiness and quality at entry issues.

33. At the start of the CPS period, IFC active projects had a net commitment of \$257.2 million, of which 84 percent was in the financial sector and 15 percent in the energy sector. During the CPS period, IFC made a total commitment of \$404.5 million, of which 44% was in financial markets, 26% in infrastructure, 15% in trade finance, and 10% in health, education and life sciences. IFC diversified its portfolio during the CPS period. IFC's largest investments were a \$70 million loan to an energy company and a \$70 million loan to a commercial bank. Seventy percent of the trade finance commitments went to one bank. In addition to its own commitments, IFC mobilized \$825 million from other financial institutions. IFC's programmatic engagement in the energy sector, including advisory services, resulted in the development of a hydropower project where IFC took the lead in arranging financing. IFC investments in two leading private health services companies complemented Bank support to universal health care reforms.

34. During the CPS period, IEG validated one Expanded Project Supervision Report (XPSR) covering an IFC investment project in the construction and real estate sector. The IEG XPSR Evaluative Note assigned the project an Unsuccessful rating for development outcome. The project was not generating enough cash to pay its debts, and had a negative economic rate of return.

35. MIGA underwrote \$121.1 million of guarantees for this WBG program, of which 52% covered a foreign investment in an energy project and 48% covered the equity investments of a foreign bank in its subsidiary in Georgia and in a microfinance institution. The energy project was a joint hydropower project with IFC and would enable Georgia to export energy to Turkey.

Analytic and Advisory Activities and Services

36. During the CPS period, the Bank delivered 18 Economic and Sector Work (ESW) products, and 16 Technical Assistance (TA) pieces. Major ESW products included a series of Country Economic Memoranda (CEM)—Sources of Growth, Inclusive Growth, Social Analysis reports—in FY14, FY15, and FY17, and a series of Public Expenditure Reviews (FY14, FY15, FY17). In addition, there was a PEFA assessment (FY14) and a Country Environmental Analysis (FY15). In FY14, the Bank also prepared Policy Notes for the new government that were well received both by the government and donor partners, and provided the basis for engaging the new government on key priority issues. Technical assistance in climate change and disaster risk management, air pollution and forestry, and green transport, contributed to program development and implementations. Overall, the analytical work informed well the WBG's engagements (lending and/or policy dialogue). In addition, ASA played an important role in contributing to some of the objectives where the Bank had no lending interventions and other donors took the lead. The WBG coordinated technical support to the Targeted Social Assistance program through partnering with UNICEF, EU, USAID and the Sweden

¹⁰ See program document for the Second Programmatic Private Sector Competitiveness Development Policy Operation, June 27, 2017, Table 6 on pages 19-20.



Development Assistance Program. There is inadequate attention in the CLR to the role ASA may have played in the WBG program, including no mention on dissemination of results of economic sector work.

37. IFC approved eight advisory services projects amounting to \$7.9 million of which 44 percent supported private public partnerships (PPP) and 46 percent provided advice on investment climate reforms. Two smaller projects accounting for 10 percent of total approved amount helped a hydropower project strengthen its stakeholder engagement and support local economic development. Two of the PPP projects representing about 10 percent of total approved amount were terminated – in one case, the project was assessed to be not feasible and in the other case, the client decided to develop the project on its own. IFC work on PPP supported infrastructure investments, including the hydropower project. The investment climate advisory services helped Georgia improve its rankings in competitiveness surveys. In the financial sector, IFC advisory work addressed demand side constraints to SME financing. IFC promoted capital market development by supporting the local currency bond issuances of one of its clients.

38. During the CPS period, IEG validated three Project Completion Report (PCRs) for IFC advisory services. The IEG Evaluative Note assigned a Mostly Successful rating for development effectiveness to one project which improved food safety practices of producers. Two projects, one on mobile banking the other on SME finance, had Unsuccessful ratings. The mobile banking institution supported by the AS project closed down, while the AS on upscaling of SME lending in a bank did not achieve the project objectives.

Results Framework

39. The results framework reflected a logical chain beginning with the country's development goals, issues and obstacles, outcomes and intermediate indicators to which WBG expects to contribute, and WBG instruments supporting the program objectives. Yet, in some objectives, such as objective #7, some of the indicators were weakly connected with economic sector work, and the Bank contribution to those indicators is difficult to establish. In some parts, the results framework was unnecessarily complex. For example, objective #7 was broad and lacked selectivity in the choice of indicators, which are not well linked to the Bank's interventions. It was measured by five outcomes and ten indicators, which made it unwieldy. Moreover, in a few cases baselines/targets were missing or inaccurate, and indicators contained baselines and targets that had no date. Some indicators rely on indicators that depend on reports that would be available at CLR stage, and this was not always the case (e.g., PEFA indicators for objective #5). Proxy or intermediate indicators could have been provided to monitor and report progress during implementation and completion. Moreover, some outcome indicators do not fully measure the objectives- for example under objective #2.

40. The PLR—issued three months before the end of the CPS period—clarified some objectives to reflect better WBG contributions. Moreover, four indicators were reformulated, two were dropped, the targets of three indicators revised, and two indicators added. However, the modifications were minor and did not sufficiently address the shortcomings of the original results framework.

Partnerships and Development Partner Coordination

41. The Bank collaborated with development partners through coordination and division of labor. For example, in the case of education and health the Bank contributed through ASA, and relied on EU and the Millennium Challenge Corporation to take the lead on education, and USAID on health. The WBG coordinated technical support to the Targeted Social Assistance program through partnering with UNICEF, EU, USAID and the Sweden Development Assistance Program. There was also collaboration in the transport sector—with the Bank leading donor meetings—and especially the East-West Highway Corridor Development Program (with ADB, EIB, and JICA). IFC worked closely with ADB and EBRD on developing hydropower energy (objective #8). In addition, the Bank cooperated closely with the IMF on issues related to the macro-framework, including debt sustainability, which are essential for the DPO programmatic series. Reforms not undertaken under the Bank's third DPO operation or substantially completed were included as structural benchmarks of the IMF's EFF program when the DPO series was truncated. A shortcoming in the division of labor was that the Bank

did not take the opportunity to focus more effectively on helping Georgia overcome constraints to competitiveness and labor markets which is essential to unleash the country's growth.

Safeguards and Fiduciary Issues

42. The Bank safeguards policies were triggered in the three operations that were closed and validated by IEG during the CPS period (social development and the transport practices). The CLR reports that the Bank complied with environmental and social safeguard policies thanks to a rigorous WBG supervision, constant client capacity building, and timely guidance. The ICRs and ICRRs noted temporary noncompliance during implementation (due to failures in country systems, weak national regulations, low capacity, poor reporting and delays); but noted satisfactory compliance with safeguards requirements and the resolution of all project by projects' closure. No request for investigation was submitted to the Inspection Panel during the review period.

43. In 2016, INT substantiated a case of collusion related to procurement in the Second Secondary and Local Roads project (FY12). Risk-mitigation measures included recommendations to the implementing agency to review existing contracts and act appropriately on any wrongdoing found. Sanctions were pursued against the entities concerned.

Ownership and Flexibility

44. The WBG carried out dialogue with the government as well as roundtables with development partners, civil society, and the private sector during the preparation of the CPS. The program was organized around a series of programmatic DPOs which required government commitment to policy reforms related to competitiveness and growth, inclusive growth, and private sector competitiveness.

45. On the whole, the government showed ownership and commitment to the policy reform supported by the WBG agenda. However, both DPO series on inclusive growth and private sector competitiveness were truncated (DPO3 cut from the series) without a clear explanation, aside from the PLR mentioning better alignment with a "changed country environment." This may suggest weak ownership in some areas of the WBG program.

WBG Internal Cooperation

46. Program implementation showed internal coordination. IFC investment and advisory services and MIGA guarantees complemented WB programs and projects in the energy and financial sectors. Bank support to universal health care reforms paved the way for IFC investments in health care. The IFC advisory services in the area of investment climate also complemented the WB programmatic Private Sector Competitiveness DPOs.

Risk Identification and Mitigation

47. The CPS identified as major risks the domestic political context, public sector capacity to deliver results, the external environment, private sector capacity to innovate and grow, and macroeconomics (high external debt, dollarized financial system, and limited scope for monetary and fiscal policies). Mitigation measures included identifying capacity gaps and capacity building support from the WBG—primarily as part of DPOs—and other donors, adapting the program to changes in the external environment, focusing the program on both public and private sector roles in equitable growth and job creation, and strengthening the macro-economic framework. Risks were correctly identified, and the macro-economic risk has been mitigated to a large extent by Georgia's program with the IMF, which is on track.

Overall Assessment and Rating

48. IEG rates WBG performance as **Good**. The WBG strategy—under both the CPS and the CPS performance and learning review—addressed the key challenges facing the country and benefited from congruence with government programs. The selected CPS areas were consistent with WBG poverty reduction and shared prosperity objectives. The CPS was selective—with exception of objective #7 on eliminating private sector development constraints—based on areas congruent with the Bank's experience in Georgia, and responded to the government's request in specific areas, which



considered the WBG's value-added potential and support from other development partners. The proposed WBG interventions could reasonably be expected to have an impact toward CPS objectives in most areas of the program. At the same time, in a few instances of the results framework, baselines/targets were missing or inaccurate, and indicators contained baselines and targets that had no date. Some indicators assumed that reliable data would be available at CLR stage, and this was not always the case (e.g., PEFA indicators for objective #5). Analytical work informed well the WBG's engagements (lending and/or policy dialogue), and ASA played contributed to some of the objectives where the Bank had no lending interventions and other donors took the lead. In addition, the WBG coordinated technical support in some instances—like the Targeted Social Assistance program—through partnering with others. The CPS and PLR appropriately identified and mitigated risks. The macro-economic risk has been mitigated to a large extent by Georgia's program with the IMF, which is on track.

49. Implementation benefited from a country environment without major adverse shocks during the CPS period, and Bank performance on closed projects was better than ECA and WBG comparators. The last of the three-programmatic DPO series on inclusive growth and private sector competitiveness was truncated. The CLR explained that the truncation was intended to align future WBG operations with the new CPF. Program implementation showed internal coordination. IFC investment and advisory services and MIGA guarantees complemented WB programs and projects in the energy and financial sectors. The Bank collaborated with development partners through coordination and division of labor. The Bank complied with environmental and social safeguard policies through capacity building and timely guidance. INT substantiated a case of collusion in procurement, and sanctions were pursued against the entities concerned.

7. Assessment of CLR Completion Report

50. The CLR provides evidence on the extent to which outcomes were achieved, although it could have been more explicit on how the WBG contributed to those outcomes. There was inadequate attention on the role ASA may have played in the WBG program, and the dissemination of results of economic sector work, and how technical assistance contributed to results across the WBG program. Given its importance, the truncation of the programmatic DPOs should have been discussed in a more prominent place in the text as opposed to a footnote. Also, it would have been useful to have a discussion in the CLR on the possible effects on policy dialogue and reforms of the truncation of the DPO series. The CLR includes lending delivered in FY18 as part of the CPS delivery, which is not in line with the Shared Approach to assessing Country Partnership Frameworks (the CPS period goes through FY17).

8. Findings and Lessons

51. The CLR contains lessons about the need for a strong results framework, insufficient capacity in the procurement and contract management profession, positive results of DPOs tackling multi-sector issues, combination of WBG instruments, and implementation of innovative contracting approaches.

52. IEG adds the following lesson:

- Competitiveness and labor market issues are key binding constraints for Georgia's growth, and areas in which the Bank has comparative advantage. Yet, the Bank failed to address them adequately and effectively under this CPS. To maximize development effectiveness, the Bank should not miss opportunities to address effectively areas which are both significant binding constraints for country growth and in the domain of the Bank's comparative advantage.

Annex Table 1: Summary of Achievements of CPS Objectives – Georgia

Annex Table 2: Georgia Planned and Actual Lending, FY14-FY17

Annex Table 3: Analytical and Advisory Work for Georgia, FY14-FY17

Annex Table 4: Georgia Trust Funds Active in FY14-17

Annex Table 5: IEG Project Ratings for Georgia, FY14-17

Annex Table 6: IEG Project Ratings for Georgia and Comparators, FY14-17

Annex Table 7: Portfolio Status for Georgia and Comparators, FY14-17

Annex Table 8: Disbursement Ratio for Georgia, FY14-17

Annex Table 9: Net Disbursement and Charges for Georgia, FY14-17

Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid for Georgia

Annex Table 11: Economic and Social Indicators for Georgia, 2014-2016**

Annex Table 12: List of IFC Investments in Georgia

Annex Table 13: List of IFC Advisory Services in Georgia

Annex Table 14: IFC net commitment activity in Georgia, FY14 - FY17

Annex Table 15: List of Active MIGA Activities in Georgia, 2014-2017



Annex Table 1: Summary of Achievements of CPS Objectives – Georgia

	CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
Major Outcome Measures	CPS Objective 1: Contribute to expansion and strengthening of social protection system, in particular TSA and pensions		
	<p>Indicator 1: Targeted Social Assistance (TSA) Coverage of the poorest decile</p> <p>Baseline (2013): 50%</p> <p>Target (2017): 60% with equal coverage of men and women of the poorest decile (2017)</p>	<p>This indicator was supported by the Third Competitiveness and Growth Development Policy Operation (P146890, FY14) and by the First (P149991, FY15) and Second (P156444, FY17) Programmatic Inclusive Growth DPOs which sought to improve coverage and quality of social services and strengthen monitoring of outcomes, as well as by Technical Assistance (TA).</p> <p>The CLR reports that TSA coverage was 56.6% (28.6% for women and 27.6% for men) based on the 2016 Integrated Household Survey not verified by IEG.</p> <p>The only available ISR: MS for the First Inclusive Growth DPO (March 2016) reported that the share of bottom decile receiving TSA was 62%, as of December 2014 (compared to 60% as of 2013, as reported in the ISR and in the Program Document for the First series). Achieved</p>	<p>This objective was clarified at PLR stage: the original objective was, "<i>Expanded and strengthened social protection system (TSA and pensions).</i>"</p> <p>After the PLR, the baseline was changed from the original baseline 40%.</p> <p>The target for this indicator was the baseline for the DPO series.</p>
	<p>Indicator 2: Pension reform roadmap developed</p> <p>Baseline (2013): No roadmap</p> <p>Target (2017): Roadmap developed</p>	<p>The First (P149998, FY15) and Second Private sector competitiveness DPO (P155553, FY18) supported this indicator as well as the Pension Reform TA (P158195). The Program Document for the Second DPO reports that the government approved the strategy and roadmap for comprehensive pension reform in March 2016. A draft law on Private Pensions was approved by the Cabinet for public consultation on March 2017 (see Program Document for the Second DPO). The CLR reported that it was presented to Parliament for discussion in December 2017. Achieved</p>	
CPS Objective 2: Support government's efforts of expansion "universal health coverage (UHC)" program and institutionalization of health service quality assurance processes			
<p>Indicator: Universal Health Coverage (UHC) registration rate of the target population</p> <p>Baseline (2013): 60%</p> <p>Target (2017): 90% with tracking of female registration rate</p>	<p>The operations reported for CPS Objective 1 also supported this CPS Objective as well as the Service Delivery Quality Improvement TA (P156476, FY15). ICRR IEG: MS for the Competitiveness and Growth DPO reports that the share of the population covered by the UHC program increased to 100% as of December 2015,</p>	<p>This objective was clarified at PLR stage: the original objective was, "<i>Expanded universal health coverage (UHC) program and institutionalization of</i></p>	



	CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
		<p>without presenting data for women. However, the ICRR reports that the indicator of coverage is normative (100% coverage by decree) and does not reveal the share of the population effectively being served - consequently, there is no evidence of improvements in health service quality.</p> <p>The CLR reports a registration rate of 90% (52% females) based on various national data not verified by IEG</p> <p>Mostly Achieved</p>	<p><i>health service quality assurance processes."</i></p>
<p>CPS Objective 3: Contribute to elaboration of essential knowledge base for general education and pre-school education</p>			
	<p>Indicator 1: Proportion of teachers accumulating at least 1 credit according to the credit accumulation manual</p> <p>Baseline: 21% (2015) Target: 65% (2018)</p>	<p>This indicator was supported by the First (P149991, FY15) and Second (P156444, FY16) Programmatic Inclusive Growth DPOs; the adoption, by the Ministry of Education and Science, of the credit accumulation manual for teachers was a trigger for the Second DPO (January 2016). The only available ISR: MS for the DPO series (March 2016) does not report information related to this indicator.</p> <p>The PD for the 2nd Series reports that this prior action changed from the 1st series, to better capture improvement in the quality of teachers but it does not report progress in relation to the indicator.</p> <p>The CLR reports that the share of teachers who have acquired one credit through their registered and evaluated professional development activities has increased to 62% as of the end of the 2016-2017 year, based on information provided by the Georgian Education Management Information System (EMIS). IEG could not verify the information.</p> <p>Not Verified</p>	<p>This objective was clarified at PLR stage. The original CPS objective was "<i>Essential knowledge base for general education and preschool education elaborated.</i>"</p> <p>The Country Team provided an e-mail from the Teachers Professional Development Center, which requested the information from EMIS. IEG could not verify the source of the evidence. The team could not provide the documentation.</p>
	<p>Indicator 2: Teacher effectiveness evaluation tools developed and adopted</p> <p>Baseline: No tools or roadmap (2013) Target: Tools developed and adopted (2017)</p>	<p>This indicator was supported by the First (P149991, FY15) and Second (P156444, FY17) Programmatic Inclusive Growth DPOs; the Program Document for the First DPO reports that the exiting teacher evaluation system would change, based on teacher self-assessment; school-based assessment and external assessment.</p> <p>The only available ISR: MS for the DPO series (March 2016) does not report information related to this indicator.</p> <p>The PD for the 2nd Series reports that the prior action "Ministry of Education rolls out the</p>	



	CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
		<p>teacher evaluation system using the classroom observation tool throughout the country was dropped but was in progress and to completed in April 2017. However, the PD reports that a new scheme for teacher entry into profession, evaluation and professional development was adopted in February 2015 and supported by the 1st series – the new scheme evaluates teachers on their participation in professional development activities, subject and aptitude examinations, teacher performance in the classrooms, assessment of teacher portfolios and teacher self-evaluation.</p> <p>The Program Document for the Third Competitiveness and Growth Development Policy Operation (P146890, FY14) reports that the Ministry of Education had launched teacher certification examinations and developed a performance appraisal system for teachers. In addition, the ICR: S indicates that the Ministry of Education has implemented the new assessment system for the evaluation of school principals and that the teacher certification program has been expanded to include teachers across grades. The ICR also reports that the Teacher Recruitment, Evaluation, Professional Development and Career Advancement Scheme was adopted in February 20, 2015 (Government's Teacher Recruitment, Evaluation, Professional Development and Career Advancement Scheme Decree No. 68) and that the respective changes were introduced in the Law on General Education in December 2016.</p> <p>Achieved</p>	
	<p>Indicator 3: Institutional framework elaborated for early and pre-school education service delivery and quality assurance, including support to piloting of priority interventions</p> <p>Baseline: No institutional framework (2013) Target: Institutional framework developed (2017)</p>	<p>This indicator was also supported by the First (P149991, FY15) and Second (P156444, FY17) Programmatic Inclusive Growth DPOs and by the Competitiveness and Growth DPO for the Competitiveness and Growth DPO reports that new professional standard for teachers was adopted, and that a new implementation-monitoring framework was established to evaluate the implementation of the new curriculum in classrooms for all levels of education.</p> <p>The CLR reports that in 2016 a law was passed for early and preschool education,</p>	



CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
	<p>setting a clear institutional framework (Law on Early and Preschool Education and Care (EPEC) of June 2016). Achieved</p>	
CPS Objective 4: Support improvements in public investments and delivery of public services to citizens		
<p>Indicator 1: Initiating the piloting of the newly approved PIM Guideline in Tbilisi Municipality for the selected projects with the estimated costs that are above GEL 5 million</p>	<p>This indicator was supported by a Public Expenditure Review (PER) on the Diagnostics of Public Investment Management System (P143721, FY14), by the Enhancing Public Investment Management TA and the First (P149991, FY15) and Second (P156444, FY17) Programmatic Inclusive Growth DPOs. The only available ISR: MS for the DPO series (March 2016) does not report information related to this indicator.</p> <p>However, the 2017 PER reports that nationwide Public Investment Management (PIM) guidelines were developed and approved in 2016, including for the Local Governments and that their implementation was to be launched in 2017.</p> <p>The CLR reports that Tbilisi municipality has begun to use PIM guidelines as part of a pilot involving five other municipalities (see the March 2018 Outputs and Deliverables document of the Programmatic Public Financial Management (PFM) Task (P152688, FY15). The document also reports that the PIM guidelines were prepared and adopted by the Government – but were pending approval by the Council of Ministers - and that all new public investment projects will be evaluated in accordance with this framework. Achieved</p>	<p>This objective was clarified at PLR stage. The original CPS objective was, "<i>The identification, prioritization and implementation of public investments improve.</i>"</p> <p>The latest ISRs of the Second, P147521, FY15, latest ISR: S, November 2017 and Third, P150696, FY16, latest ISR: MS of November 2017 Regional Development projects do not present data related to this indicator neither do the Program Document and latest ISR: S, September 2017, of the Third and Local Roads Project</p>
<p>Indicator 2: Number of published annual IFRS based financial statements of SOEs</p> <p>Baseline (2013): 4 Target (2017): 8</p>	<p>A Report on the Observance of Standards and Codes (ROSC) Accounting and Auditing (A&A) was prepared in FY15 (see report). The ROSC indicated that, as of 2014, it was not clear which State Owned Enterprises (SOEs) prepared their financial statements according to International Financial Reporting Standards (IFRS). The CLR reports that following the ROSC AA dissemination, the Government has taken most of the recommendations into account.</p> <p>The Reform Momentum and Support (STAREP) TA (P146154) supported the</p>	<p>At PLR stage, this indicator was modified downwards due to an overestimation of the capacity of SOEs to comply with IFRS. The original indicator was specified as follows, "<i>Increased number of published annual IFRS based financial statements of SOEs with unqualified</i></p>



	CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
		<p>Government in drafting the 2016 Law on accounting, reporting and auditing and in the establishment of a Service for Accounting, Reporting, and Auditing Supervision (SARAS), accounting for progress in implementing a previous recommendation from the WBG. Additional information provided by the Country Team, 8 SOEs from the Transport, Industry and Energy sectors, have published IFRS-based financial reports on their websites for calendar year 2016.</p> <p>Achieved</p>	<p><i>audit opinion from 4 in 2013 to 8 in 2017."</i></p>
	<p>Indicator 3: Number of beneficiaries of improved municipal services and infrastructure</p> <p>Baseline (2013): 0 Target (2017): 0.5 million</p>	<p>Various projects contributed to this indicator:</p> <ul style="list-style-type: none"> - The First Regional Development Project-RDP (P126033, FY12): the latest ISR: MS (December 2017) reports 32,319 direct project beneficiaries as of December 2017 - The Second RDP (P130421, FY13): the latest ISR: S (October 2017) reports 10,000 direct project beneficiaries (50% female) in April 2017 - The Second Regional and Municipal Infrastructure Development Project - SRMIDP (P147521, FY15): the latest ISR: S (November 2017), reports 214,000 direct project beneficiaries as of October 2017 (51.25% female) - The Third RDP (P150696, FY16): the latest ISR: MS (November 2017) reports 272 direct project beneficiaries (50% female) as of December 2017 <p>In total, 256,591 people benefited from improved municipal services and infrastructure.</p> <p>Partially Achieved</p>	<p>At PLR stage, the target value for this indicator was revised downwards from 2.4 to 1 million due to an overestimation of the number of beneficiaries during the CPS preparation stage. Moreover, the results of the 2014 census revealed a sharp decline in the overall population.</p>
<p>CPS Objective 5: Contribute to sustained progress towards the adoption of modern public sector and fiscal management systems</p>			
	<p>Indicator 1: Quality and timeliness of annual financial statements (PEFA Performance Indicator-25)</p> <p>Baseline (2013): C+ Target (2017): B</p>	<p>The Public Expenditure Management Peer Assisted Learning (PEMPAL) activities and knowledge-sharing supported this Objective. Georgia also benefited from the PEFA Repeat Assessment Economic and Sector Work (P131501, FY14) for the preparation of the 2012 PEFA Assessment Report and from the Financial Sector Assessment Update (P148563, FY14, see final report).</p> <p>The latest available PEFA assessment (2014) could not be accessed (the report is still at Draft stage) and no 2017 PEFA assessment</p>	<p>This objective was clarified at PLR stage. The original CPS objective was, "<i>Sustained progress towards the adoption of modern public sector and fiscal management systems.</i>"</p> <p>The County Team indicated that the World Bank's team expects to</p>



CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
	<p>was publicly available. As reported in the CLR, PEFA performance Indicator-25 is B+ as of 2017, based on the 2016 PEFA self-assessment carried out by the Government through an inter-agency working group established for this purpose that was finalized and shared with the WBG in 2017. The PEFA indicators in the new PEFA report have changed, and the substance of the old PI-25 is now captured under PI-29 (Annual Financial Reports). A draft of the PEFA 2017 provided by the country team shows a rating of B+ for indicator PI-29, against a target of a B rating for 2017. Mostly Achieved</p>	<p>finalize the review and validation of the PEFA report by the end of FY18.</p>
<p>Indicator 2: Effectiveness of internal audit (PEFA Performance Indicator-21)</p> <p>Baseline: C+ (2013) Target: B (2017)</p>	<p>The latest available PEFA assessment (2014) could not be accessed (the report is still at Draft stage) and no 2017 PEFA assessment was available for the country.</p> <p>As reported in the CLR, PEFA performance Indicator-26 is B as of 2017, based on the 2016 PEFA self-assessment carried out by the Government through an inter-agency working group established for this purpose that was finalized and shared with the WBG in 2017. Internal Audit is indicator PI-26 under the new PEFA format. A draft of the PEFA 2017 provided by the country team shows a rating of B for indicator PI-26, against a target of B for 2017. Mostly Achieved</p>	
<p>CPS Objective 6: Support efforts to strengthen participatory local development and greater social accountability</p>		
<p>Indicator 1: New pilot mechanisms for citizen engagement and feedback are put in place including:</p> <p>(i) development of new forum for youth to engage with local government in the creation of joint action plans; and</p> <p>(ii) establishment of pilot beneficiary feedback mechanisms to provide feedback on municipal services</p>	<p>(i) The ICR: MS for the Youth Inclusion and Social Accountability Project (P150310, FY14) reports that 30 people directly participated in Youth Municipal Action Plan – YMAP-Preparation (21 youth and 9 municipal officials). It also reports that Youth Committees successfully involved hundreds of youth in their municipalities. Finally, as reported in the CLR, the YMAP were implemented in three other municipalities. Achieved</p> <p>(ii) The CLR reports that a tool for feedback mechanism has been developed as part of broader social inclusion approach and piloted in seven municipalities. The ICR: MS for the Youth Inclusion and Social Accountability Project does not report on such tool although it reports that the activities planned to increase social accountability were not as successful as</p>	<p>This objective was clarified at PLR stage. The original CPS objective was, "<i>Strengthening participatory local development and greater social accountability.</i>"</p> <p>The CLR reports that various operations supported this indicator. However, the latest ISRs for the SRMIDP (P147521, FY15): the First RDP (P126033, FY12); the Second RDP (P130421, FY13) and</p>



	CAS FY14-FY17: Focus Area I: <i>Strengthening Public Service Delivery to Promote Inclusion and Equity</i>	Actual Results	IEG Comments
	<p>activities aiming to promote youth participation and influence in decision-making. Partially Achieved</p> <p>Indicator 2: Increased citizen satisfaction with municipal service provision and municipal response from 40% to 70%.</p> <p>Baseline (2013): 40% Target (2017): 70%</p>	<p>The CLR reports that various operations supported this indicator. However, the latest ISRs for the SRMIDP (P147521, FY15), the First RDP (P126033, FY12); the Second RDP (P130421, FY13) and the Third RDP (P150696, FY16) do not present indicators related to Indicator 1.</p> <p>The satisfaction rate reported in the CLR - 76% and 80% respectively in the Telavi and Kvareli municipalities – cannot be verified based on the available WBG documents.</p> <p>Not Verified</p>	<p>the Third RDP (P150696, FY16) do not present indicators related to Indicator 1.</p>
	CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
<p>Major Outcome Measures</p>	<p>CPS Objective 7: Contribute to addressing key legal, regulatory or institutional constraints for the private sector</p> <p>Outcome 1: Stronger regulatory framework:</p> <p><u>Indicator 1:</u> Business environment and property rights protection enhanced with Georgia's ranking in economic freedom (Heritage Foundation) improved from 34th position in 2012 and intellectual property rights enhanced from 129th position in 2013 (out of 130) as ranked by the International Intellectual Property Rights Ranking</p>	<p>As reported in the CLR, various operations supported this Outcome:</p> <ul style="list-style-type: none"> - The Third Competitiveness and Growth DPO (P146890, FY14): in relation to business environment protection, IEG: MS reports that customs violation detections increased by 116% from 2011 to 2015. The ICR: S also reports that the Deep and Comprehensive Free Trade Agreement (DCFTA) implementation – supported by the DPL - involved capacity building on (...) intellectual property rights - Georgia National Innovation Ecosystem Project (P152441, FY16) supports start-up matching grants for early-stage, MSMEs, in the proof of concept stage or that have technological innovation with potential for creation of a new intellectual property. The latest ISR: MU (January 2018) reported no progress in relation to the number of enterprises and start-ups financed through matching grants <p>According to the Heritage Foundation, Georgia's ranking in the Index of Economic Freedom improved from 34th in 2012 (see</p>	<p>At PLR stage, the objective was clarified. Original objective was, "Key legal, regulatory or institutional constraints for the private sector are addressed, including in the regions."</p> <p>The First (P149991, FY15) and Second (P156444, FY17) Programmatic Inclusive Growth DPOs and the First (P149998, FY15) and Second Private sector competitiveness DPOs (P155553, FY18) also supported this Outcome as they aim at creating a fair business environment.</p>



	CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
		<p>report) to 13th in the 2017 (and 16th in the 2018 Index). Regarding intellectual property rights; according to the International Intellectual Property Rights Ranking, Georgia's ranking improved from 110th (out of 124 countries) to 88th (out of 127 countries) between 2013 and 2017.</p> <p>Achieved</p>	
	<p>Outcome 2: Increased innovation capacity:</p> <p><u>Indicator 1:</u> Increased Georgia's innovation index ranking from 73rd in 2013 (INSEAD-WIPO report)</p>	<p>The operations reported for Outcome 1 also contributed to Outcome 2.</p> <p>The latest ISR: MU (January 2018) of the Georgia National Innovation Ecosystem Project (P152441, FY16) reported no progress in relation to the number of new or improved products or services introduced to existing or new markets by the project beneficiaries.</p> <p>The Program Document for the Second Private sector competitiveness DPOs (P155553, FY18) reports that the First Series supported the government's efforts to develop more effective innovation policies, through the establishment (in 2014) and operationalization of the Georgia Innovation and Technology Agency (GITA) and the Research and Innovation Council. As part of the Series' prior actions, the Government adopted a new Law on Innovations, in June 2016. The PD also reports that, as of end-2016, 167 beneficiaries received innovation finance from GITA.</p> <p>According to the World Intellectual Property Organization (WIPO), Georgia's ranking in the innovation index went from 73th (out of 142 countries) in 2013 (see 2013 report) to 68th (out of 127) in 2017 (see 2017 report). However, the number of countries diminished between these two rankings, hence, Georgia's relative ranking did not increase but slightly decreased.</p> <p>Not Achieved</p>	<p>The ratio for 2013 ranking is: 73/142= 0.51 and the ratio for 2017 ranking is 68/127 =0.53.</p>
	<p>Outcome 3: Strengthening competition in key product markets</p> <p><u>Indicator 1:</u> Georgia's intensity of local competition improved from</p>	<p>The operations and results reported for Outcome 2 also contributed to Outcome 3.</p> <p>The ICR: S of the Competitiveness and Growth DPO Series reports that the series supported the setup of the Competition Agency for the Implementation of the Law on Competition (in April 2014), which supports</p>	<p>The First (P149998, FY15) and Second Private sector competitiveness DPOs (P155553, FY18) also supports this Outcome, supporting competition in</p>



CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
123rd (out of 142 in 2012) in the Global Innovation Index	<p>the liberalization of the Georgia market and promote competition. IEG: MS also reports on Georgia's enacted legislation to promote competition.</p> <p>The Georgia National Innovation Ecosystem Project (P152441, FY16) supports the building of the innovation community in the country and the organization and implementation of innovation competition. The latest ISR: MU (January 2018) reported no progress in relation the number of supported competition.</p> <p>According to the Global Innovation Index from the WIPO, Georgia's ranking increased from 123rd out of 141 in 2012 (see 2012 report) to 75th (out of 127) in 2017 (see 2017 report).</p> <p>Achieved</p>	telecommunication and internet services.
<p>Outcome 4: Increased access to finance:</p> <p>Indicator 1: Increased access by SMEs to bank financing with share of loans to SMEs in banks' loans increased from 20 percent (baseline 2013)</p>	<p>IFC Advisory Services in Georgia – such as the Investment Climate Advisory Project; the SME Banking Advisory Project and ECA Region SME Resilience Advisory Project – supported Outcome 4. IFC has investments in several financial institutions, including in the two largest banks. The First (P149998, FY15) and Second Private sector competitiveness DPO (P155553, FY18) also contributed to this Outcome.</p> <p>Indicator 1: The Program Document of the Second Private Sector Competitiveness DPO reports that one of the DPO' prior action was that the Government would implement an SME Development Strategy, by delivering access to finance programs and micro and small business support programs and that the Entrepreneurship Development Agency (EDA) services would reach about 8,000 SMEs. The PD also reports that the SME sector increased by 300% between 2006 and 2015 and that SMEs accounted for about 20% of GDP. However, the PD does not report on access by SMEs to bank financing</p> <p>The CLR reports that the share of Small and Medium Enterprises (SME) loans in total banks' loans increased slightly between 2013 and 2016: 2013 – 20%; 2014 – 19%; 2015 –</p>	<p>As reported in the CLR: due to a change in the classification of the loans (according to NBG reports, some retail loans were reclassified as SME in 2015 and reclassified as retail in 2016), it is difficult to estimate actual growth of the SME loans during the CPS period.</p> <p>The CLR commented on the fact that the baseline of 3% seems to be a typo.</p>



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	<p><u>Indicator 2:</u> Improved access of SMEs to more diversified products and sources of funds, with share of NBFi assets (including MFI, leasing, factoring and other formal financial sector lenders) in total private financial sector assets increased from 3 percent (in 2013)</p> <p><u>Indicator 3:</u> Volume of outstanding loans to MSMEs in the portfolio of financial intermediaries supported by IFC increased by 50% from US\$0.8 billion to US\$1.2 billion</p> <p><u>Indicator 4:</u> Increased financial penetration, with share of private credit to GDP from 30 percent in 2013.</p>	<p>23% and 2016 – 21% (see the 2016 report from the National Bank of Georgia). Mostly Achieved</p> <p><u>Indicator 2:</u> The Program Document of the Second Private Sector Competitiveness DPO reports that one of the DPO's pillar was to support the development of instruments that promote financial access, especially for SME. In this way, the DPO supports the implementation of the SME development Strategy by EDA but the Program Document does not report data on improved access to SMEs to more diversified products and sources of funds.</p> <p>The CLR reports that the share of non-banking financial institutions' assets increased from 9.3% (2013) to 10.2% (2016) and that the share of non-bank credit institutions assets increased from 6.1% (2013) to 8.1% (2016), without specifying the source. The 2017 IMF Article IV for Georgia reports an increase in the gross liabilities and gross assets of non-banks institutions, as a share of GDP that doubled between 2013 and 2016. Mostly Achieved</p> <p><u>Indicator 3:</u> the CLR reports that the volume of outstanding loans to MSMEs in the portfolio of financial intermediaries supported by IFC increased to around USD 1.6 billion.</p> <p>Based on audited financial statements, the combined MSME portfolio of Bank of Georgia and TBC Bank, which are supported by IFC, reached \$2.0 billion in 2016. Achieved</p> <p><u>Indicator 4:</u> The Program Document of the Second Private Sector Competitiveness DPO reports that the Bank extended TA to the government for the creation of an EDA and possible financial and non-financial instruments it could roll out to support SME development. However, the PD does not report on an increase of financial penetration.</p> <p>The CLR reports that Loans to Non-Financial Sector and Households/GDP were as follows: December 2013 – 39%; December 2014 – 44%; December 2015 – 51%; December 2016 – 56% based on the Assets and Liabilities of</p>	



	CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
		<p>Commercial Banks data from the National Bank of Georgia.</p> <p>Alternative information sources: The share of bank private credit to GDP increased 38.7 percent in 2013 to 55 percent in 2017 according to the <i>IMF First Review Under the Extended Fund Facility</i> (December 2017). Achieved</p>	
	<p>Outcome 5: Facilitate investment in the regions through support to an improved investment climate and infrastructure</p> <p><u>Indicator 1:</u> Tourism related SMEs (points of sales) in renovated cultural heritage sites and cities</p> <p>Baseline: 248 (2013) Target: 323 (2017)</p> <p><u>Indicator 2:</u> Growth of tourism employment in project region Kakheti as measured by increase of number of people employed in hotels and restaurants.</p> <p><u>Indicator 3:</u> Increased tourism spending in targeted regions as measured by increased tourism enterprise VAT receipts</p>	<p><u>Indicator 1:</u> The First Regional Development Project- RDP (P126033, FY12) contributed to this indicator: the latest ISR: MS (December 2017) reports that the number of points of sales in renovated culture heritage sites and cities increased from 248 to 337 between May 2012 and December 2017. Achieved</p> <p><u>Indicator 2:</u> The First RDP (P126033, FY12) also contributed to this indicator: the latest ISR: MS (December 2017) does not report disaggregated data by type of beneficiaries (32,319 people are reported, as of December 2017, including, among others, the number of permanent employees in private sector investments supported by the project). The previous ISRs do not report either on the number of employed people. The number reported in the CLR (an increase in the number of employed people from 507 in 2012 to 1,045 in 2015) could not be verified. Additional information from the World Travel and Tourism Council (2017), however, indicates that the numbers from the CLR are realistic. Achieved</p> <p><u>Indicator 3:</u> The First RDP (P126033, FY12) also contributed to this indicator: The latest ISR: MS (December 2017) does not present a specific related indicator.</p> <p>The CLR reports that, according to Communication from the Ministry of Finance, VAT Payments by the Tourism Sector in</p>	<p>At PLR stage, the formulation of this indicator was changed to make it more accurate and more reliably measurable. The original indicator was, "<i>Increased tourist spending in targeted regions by 20 percent.</i>"</p> <p>The WBG also supported the development of the tourist sector in Georgia through the preparation of a National Tourism Strategy 2015-2015 (P158281, FY16)</p>



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	<p>Kakheti region increased from GEL 231,731 in 2013 to GEL 1,855,954 in 2016. This information could not be verified by IEG.</p> <p>Other sources of information confirm the significant increase in tourism spending in the Kakheti region. The World Travel and Tourism Council (2017) reports that the direct contribution of Travel & Tourism to GDP increased from GEL1,832 million in 2013 to GEL 2,722 million in 2016, measured in 2016 prices—an increase of nearly 50 percent in real terms—with Kakheti the third most popular destination.</p> <p>Achieved</p>	
CPS Objective 8: Contribute to provision of infrastructure and services to facilitate growth.		
<p><u>Indicator 1:</u> Decreased travel time and vehicle operating costs (VOC) in rehabilitated East-West Highway sections by 30% and 10% respectively.</p>	<p>This indicator was supported by:</p> <ul style="list-style-type: none"> - The Third East West Highway Improvement project (P112523, FY10): IEG: S reports: <ul style="list-style-type: none"> ▪ Sveneti – Agara route: a 22% reduction in transit time and a 10% reduction (5.3% for trucks) in VOC ▪ Sveneti – Ruisi route: a 32.5% reduction in transit time and a 15% reduction (6.6% for trucks) in VOC - The Fourth East West Highway Improvement Project (P130413, FY13): the latest ISR: S (January 2018) reports: <ul style="list-style-type: none"> ▪ Agara – Kashury route: a 30% reduction in transit time and a 10% reduction (6.6% for trucks) in VOC - The East West Highway Corridor improvement project (P149952, FY16): the latest ISR: S (October 2017) reports no progress in relation to travel time reduction and VOC, on the Zemo Osiauri-Chumateleti route section <p>Through these three projects, travel time decreased by about 28.2% and VOC decreased by about 11.6% (6.2 for trucks).</p> <p>Mostly Achieved</p>	<p>At PLR stage, the objective was clarified. Original objective was, "Provision of infrastructure and services to facilitate growth."</p> <p>The target value for this indicator was also revised downwards because the original target of 40% was considered too ambitious and to align the CPS targets values with those used in the roads projects. No baseline was specified.</p>
<p><u>Indicator 2:</u> Reduction of travel time in rehabilitated secondary and local roads sections by 47%.</p>	<p>This indicator was supported by:</p> <ul style="list-style-type: none"> - The Second (P122204, FY12) Secondary and Local Roads project: the April 2017 ISR: S reported a 42% average decrease 	<p>At PLR stage, the original indicator was split into two indicators and the respective targets were revised.</p>



	CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
		<p>in travel time in the rehabilitated road sections.</p> <ul style="list-style-type: none"> - The Third (P148048, FY15) Secondary and Local Roads project: the latest ISR: S (September 2017) presents data on the average vehicle speed, as a proxy variable for a reduction in travel time and reports that average vehicle speed increased by about 30% (from 40 km/h to 52.10 km/h) between April 2014 and August 2017 - The Kakheti Regional Roads project (P117152, FY10): IEG: S, reports that travel time between Vaziani and Telavi via Gombori halved (from 120 to 55 minutes). <p>Mostly Achieved</p>	<p>The original indicator was as follows, "<i>Reduction of travel time and vehicle operating costs in rehabilitated secondary and local roads sections by 20% and 30% respectively.</i>"</p> <p>The target values for the indicator were revised downwards to comply with the targets set in the respective roads projects: travel time reduction targets for SLRP2 and SLRP3 are 44% and 50% respectively which is around 47% if weighted for respective lengths of roads.</p>
	<p><u>Indicator 3:</u> Reduction in vehicle operating costs in rehabilitated secondary and local roads sections by 22% for cars and 27% for trucks</p>	<p>This indicator was supported by:</p> <ul style="list-style-type: none"> - The Third (P148048, FY15) Secondary and Local Roads project: the latest ISR: S (September 2017) reports a 28% reduction in vehicle operating for cars and 30% decrease in cost for trucks between April 2014 and August 2017 - The Kakheti Regional Roads project (P117152, FY10): IEG: S, reports a 31% reduction in vehicle operating for cars and 31% decrease in cost for trucks. <p>Achieved</p>	<p>The target values for the indicator were revised downwards to comply with the targets set in the respective roads projects: the reduction in operating costs targets are 22% for cars and 27% for trucks.</p> <p>The Second Secondary and Local Roads project did not measure this indicator.</p>
	<p><u>Indicator 4:</u> Enhanced energy regulatory system and electricity market rules are implemented in line with EU Energy Policy applicable to Georgia under the AA and Energy Community Treaty</p>	<p>This indicator was supported by the Competitiveness and Growth DPOs II (P143060, FY13), and III (P146890, FY14) which aimed to support the development of an efficient and reliable supply of energy to domestic businesses and consumers. ICR: S reports that a new transmission grid code was developed and approved and the code was fully harmonized with EU requirements and approved by the Electricity Regulatory Authority in 2014.</p> <p>According to media reports, the Parliament of Georgia ratified on April 21, 2017 the</p>	



	CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
		<p>agreement to join the Energy Community, an organization uniting the European Union member states and its neighbors with the aim to create an integrated European energy market.</p> <p>The CLR reported that detailed plans for the revision of regulations to allow new trading arrangements are being prepared and that the Parliament adopted amendments to the Law on Electricity and Gas on June 30, 2017 which set a deadline of May 1, 2018 for the introduction of the new trading arrangements for electricity. It also reports that full adoption of new trading arrangement fully consistent with Energy Community Treaty acquis may take longer.</p> <p>Partially Achieved</p>	
	<p>Outcome: Increased power supply and improved reliability of power grid infrastructure.</p> <p><u>Indicator 1:</u> A reduced number of electricity interruptions in the south-western part of the grid, particularly Batumi areas, measured by number of electricity interruptions at KV220</p> <p><u>Indicator 2:</u> Use of net transfer capacity at new back-to-back station increased from close-to-zero to 300 MW. Baseline: Close to zero (2013) Target: 300 MW (2017)</p>	<p>This outcome was supported by the Transmission Grid Strengthening Project (P147348, FY14) whose objective was to provide reliable power transmission to the southwestern part of the grid, upgrade electricity exchange systems, and provide economically efficient, environmentally and socially sustainable electricity sector planning.</p> <p>Partially Achieved</p> <p><u>Indicator 1:</u> according to the January 2018 ISR: MS of project P147348 the total duration of outages in Batumi substation was reduced from 136 hours in June 2014 to zero in November 2017. The ISR also indicates that during the 11 month period up to November 2017, no emergency outages of Batumi substation were recorded.</p> <p>Achieved</p> <p><u>Indicator 2:</u> the January 2018 ISR: MS of project P147348 reports not progress, as of November 2017, in relation to the total electricity evacuated from the newly developed power generation stations. The CLR reports that the use of net transfer capacity of power through back-to-back station to Turkey reached 253 MW in 2016; this progress was supported by the Paravani HPP project.</p> <p>Partially Achieved</p>	<p>At PLR stage, this outcome was reformulated. The original outcome was, "<i>Improved reliability of the power grid infrastructure.</i>"</p> <p>At PLR stage, the value of this target was revised downwards to take into account the delays with the structuring of the Nenskra HPP project. The original target value was MW550 of added generation capacity.</p>



CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
<p><u>Indicator 3:</u> Increased power generation capacity by 274MW. Baseline: Close to zero (2013) Target: 300 (2017)</p>	<p><u>Indicator 3:</u> the IFC supported the development of:</p> <ul style="list-style-type: none"> - the Shuakhevi 187MW Hydropower Plant in FY15, through a loan (Shuakhevi HPP project, USD 70 million) and equity (USD 34 million) in cooperation with MIGA Guarantee, the Asian Development Bank and the European Bank for Reconstruction and Development. The plant is not yet operational. - the 85MW Paravani plant (IFC Paravani HPP project, USD 40.5 million), in cooperation with the European Bank for Reconstruction and Development (EBRD, see EBRD operations Portal) which was opened in October 2014 (see EBRD release) <p>Partially Achieved</p>	<p>These two operations were accompanied by IFC transaction Advisory Services.</p>
<p><u>Indicator 4:</u> The area provided with improved irrigation services is at least 10,000 ha.</p> <p>Baseline: 248 (2013) Target: 323 (2017)</p>	<p>This indicator was supported by the Irrigation and Land Market Development Project (P133828, FY14) which sought to improve delivery of irrigation and drainage services in selected areas.</p> <p>According to the November 2017 ISR:MU, there was no increase in the area provided with improved irrigation services.</p> <p>Not Achieved</p>	<p>At PLR stage, this indicator was reformulated. The revised indicator better measured the results of the interventions envisaged in the CPS and was also aligned with the results of the irrigation project under implementation. The original indicator was, "There is an increase in agricultural productivity (15%) in at least 75 percent of the area where irrigation rehabilitation takes place."</p>
<p>CPS Objective 9: Support development of improved framework for matching labor supply with demand.</p>		
	<p>The CLR reports that this Objective was supported by the First (P149991, FY15) and Second (P156444, FY17) Programmatic Inclusive Growth DPOs and by the First (P149998, FY15) and Second Private sector competitiveness DPOs (P155553, FY18)</p> <p>Partially Achieved</p> <p><u>Indicator 1:</u> The only available ISR: MS for the First Inclusive Growth DPO (March 2016) and</p>	<p>At PLR stage, the objective was clarified. Original objective was, "Improved framework for matching labor supply with demand."</p>



	CAS FY14-FY17: Focus Area II: <i>Enabling job creation by the private sector through improving competitiveness</i>	Actual Results	IEG Comments
	Indicator 1: Procedure to match unemployed with training programs developed and implemented.	<p>ISR: S (January 2016) for the First Private Sector Competitiveness DPO do not present related indicators.</p> <p>The CLR reports that the indicator was not met since an online system provides automatic matching possibility between job-seeker and employers but is not yet able to match the unemployed with respective training programs.</p> <p>Not Achieved</p>	
	Indicator 2: Labor Market information system is in place that will allow for evidence-based policy making.	<p>Indicator 2: The only available ISR: MS for the First Inclusive Growth DPO (March 2016) and ISR: S (January 2016) for the First Private Sector Competitiveness DPO do not present related indicators.</p> <p>However, the Program Document for the Second Inclusive Growth DPO reports that, as prior action for the second DPO, the Geostat (the national technical office) completes the collection of data for the first month under the labor force survey using a revised framework . A larger sample size, with higher frequency of reporting is also supported by the DPO (the cleaning up of the newly collected census data was completed in April 2016 and the labor force survey was launched in January 2017).</p> <p>The CLR reports that a Labor Market information system is developed and provides updated information on labor market trends, career guidance and occupational profiles for various stakeholders.</p> <p>Partially Achieved</p>	



Annex Table 2: Georgia Planned and Actual Lending, FY14-FY17

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed IBRD Amount	Approved IBRD/IDA Amount
Project Planned Under CPS/PLR FY14-17					CPS	
P133828	Irrigation and Land Market Development Project	2014	2014	2020	50.0	50.0
P146890	Georgia Competitiveness and Growth DPO3	2014	2014	2014	92.8	92.7
P147348	Transmission Grid Strengthening Project	2014	2014	2019	60.0	60.0
P147521	Second Regional and Municipal Infrastructure Development Project	2014	2015	2019	30.0	30.0
P148048	Third Secondary and Local Roads Project	2014	2015	2019	75.0	75.0
P149991	Inclusive Growth DPO	2015	2015	2016	50.0	60.0
P149998	Private Sector Competitiveness DPO1	2015	2015	2016	50.0	60.0
<u>P149952</u>	East-West Highway Corridor Improvement	2016	2016	2024	140.0	140.0
P150696	Third Regional Development Project	2015	2016	2020	95.0	60.0
P152441	Georgia National Innovation Ecosystem (GENIE) Project	2015	2016	2021	40.0	40.0
P156444	Georgia Inclusive Growth DPO 2	2016	2017	2018	50.0	50.0
DROPPED:	Third Secondary and Local Roads Project - AF	2016			50.0	
P155553	Private Sector Competitiveness DPO2	2016	2018	2019	50.0	
	Georgia Inclusive Growth DPO 3	2017			60.0	
	Private Sector Competitiveness DPO 3	2017			60.0	
	East-West Highway Corridor Improvement -AF	2017			80.0	
	Agriculture Project	2017			60.0	
Total Planned					1,092.8	717.7
Unplanned Projects during the CPS Period						
P149953	Secondary Road Asset Management Project		2016	2022		40.0
P157465	Second Regional Development Project - AF		2016	2019		9.0
Total Unplanned					0	49.0
On-going Projects during the CPS/PLR Period			Approval FY	Closing FY		Approved IBRD Amount
P110126	REG & MUNI INFRA DEV		2009	2015		40.0
<u>P112523</u>	EW HIGHWAY IMP 3		2010	2016		147.0
P117152	KAKHETI REGIONAL ROADS		2010	2016		30.0
P122204	Second Secondary and Local Roads Project		2012	2019		70.0
P126033	REG DEV 1		2012	2018		60.0
P130413	EAST-WEST HIGHWAY 4		2013	2019		75.0
P130421	REG DEV 2		2013	2019		30.0
P143060	GEORGIA Competitiveness and Growth DPO2		2013	2014		60.0
Total On-going						512.0

Source: Georgia CPS and PLR, WB Business Intelligence Table 2b.1, 2a.4 and 2a.7 as of 01/23/18

*LIR: Latest internal rating.



Annex Table 3: Analytical and Advisory Work for Georgia, FY14-FY17

Proj ID	Economic and Sector Work	Fiscal year	Output Type	Global Practice
P156404	Georgia Country Social Analysis	FY17	Sector or Thematic Study/Note	Social, Urban, Rural and Resilience Global Practice
P156724	PER2016	FY17	Public Expenditure Review (PER)	Macroeconomics, Trade and Investment
P146594	Georgia Urban Strategy	FY16	Sector or Thematic Study/Note	Social, Urban, Rural and Resilience Global Practice
P147865	Georgia Energy Sector Strategy	FY16	Sector or Thematic Study/Note	Energy & Extractives
P154067	Impacts of East-West Highway Corridor	FY16	Other Poverty Study	Transport & Digital Development
P157016	Economic Impact of EW Highway Phase 2	FY16	Sector or Thematic Study/Note	Transport & Digital Development
P158281	Georgia National Tourism Strategy	FY16	Sector or Thematic Study/Note	Social, Urban, Rural and Resilience Global Practice
P132977	ROSC A&A update	FY15	Accounting and Auditing Assessment (ROSC)	Governance
P147344	Programmatic CEM: Inclusive Growth	FY15	Country Economic Memorandum (CEM)	Macroeconomics, Trade and Investment
P147475	Country Environmental Analysis	FY15	Country Environmental Analysis (CEA)	Environment & Natural Resources
P148563	Georgia - FSAP Update	FY15	Financial Sector Assessment Program (FSAP)	Finance, Competitiveness and Innovation
P151523	Georgia Programmatic PER	FY15	Public Expenditure Review (PER)	Macroeconomics, Trade and Investment
P127774	CEM - Sources of Growth Report	FY14	Country Economic Memorandum (CEM)	Macroeconomics, Trade and Investment
P129624	Georgia Urbanization Review	FY14	Sector or Thematic Study/Note	Social, Urban, Rural and Resilience Global Practice
P131501	Georgia PEFA Assessment	FY14	Public Expenditure Financial Accountability	Governance
P143721	Georgia PER-2	FY14	Public Expenditure Review (PER)	Macroeconomics, Trade and Investment
P143911	Policy Notes for the new Government	FY14	Sector or Thematic Study/Note	Macroeconomics, Trade and Investment
P145964	DeMPA Georgia	FY14	Debt management Performance Assessment(DeMPA)	Macroeconomics, Trade and Investment
Proj ID	Technical Assistance	Fiscal year	Output Type	Global Practice
P155869	Georgia Financial Advisory TA	FY17	Technical Assistance	Finance, Competitiveness and Innovation
P148812	Green Freight Transport and Logistics	FY16	Technical Assistance	Transport & Digital Development
P151284	Georgia Policy Review for IDPs	FY16	Technical Assistance	Social, Urban, Rural and Resilience Global Practice
P156588	Tbilisi Flash Flood Response	FY16	Sector or Thematic Study/Note	Social, Urban, Rural and Resilience Global Practice
P158195	Georgia Pension Reform TA	FY16	Technical Assistance	Social Protection & Labor
P158282	S-J Regional Tourism Strategy	FY16	Technical Assistance	Social, Urban, Rural and Resilience Global Practice
P158285	Azerbaijan Agribusiness Dev Analysis (includes Georgia)	FY16	Technical Assistance	Social, Urban, Rural and Resilience Global Practice
P146590	Social Accountability Municipal services	FY15	Technical Assistance	Social, Urban, Rural and Resilience Global Practice



P148580	TA Support for Education Sector Strategy	FY15	Technical Assistance	Education
P150668	PFM Workshop	FY15	Technical Assistance	Governance
P150753	Connecting to work: ICTs for employment	FY15	Technical Assistance	Transport & Digital Development
P155429	Smallholders in agrifood value chains	FY15	Technical Assistance	Agriculture
P156280	Health Utilization & Expenditure Survey	FY15	Technical Assistance	Health, Nutrition & Population
P156476	Service Delivery Quality Improvement	FY15	Technical Assistance	Health, Nutrition & Population
P130433	Georgia Payment System Modernizing	FY14	Technical Assistance	Finance, Competitiveness and Innovation
P147316	ICT and innovation strategy in Georgia	FY14	Technical Assistance	Transport & Digital Development
P148871	Georgia PPP High Level Policy Workshop	FY14	Technical Assistance	Macroeconomics, Trade and Investment

Source: WB Business Intelligence 2/5/18

*NO RAS

Annex Table 4: Georgia Trust Funds Active in FY14-17

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P161435	Improving Preschool Education in Georgia through Social Accountability Processes	TF A4473	2017	2020	680,000
P155543	Advancing Public Participation in the Audit Process in Georgia	TF A1357	2016	2016	125,000
P152658	IT Audit Development in the State Audit Office of Georgia	TF 18381	2015	2019	500,000
P146123	Empowering Local Community Entrepreneurs	TF 18661	2015	2018	2,500,000
P147521	Second Regional and Municipal Infrastructure Development Project	TF 18090	2015	2019	5,000,000
P150310	Youth Inclusion	TF 16978	2014	2016	500,000
P145040	Supporting Sustainable Wastewater Management	TF 14912	2014	2018	10,052,155
P144453	Capacity Building For Georgia's National Examination Center	TF 14363	2013	2017	315,500
P125424	Preparatory Work for 2014 Georgia National Population Census	TF 14382	2013	2015	250,000
P110126	Regional and Municipal Infrastructure Development Project	TF 12891	2013	2014	1,483,000
P125997	Strengthening Parliament's Capacity for Legal Drafting and Policy Formulation	TF 99612	2012	2015	474,500
P124176	Tbilisi City Capital Investment Planning and Budgeting	TF 98647	2011	2015	350,000
P101625	HYDRO REHABILITATION	TF 90253	2008	2018	1,197,000
Total					23,427,155

Source: Client Connection as of 2/5/18

** IEG Validates RETF that are 5M and above



Annex Table 5: IEG Project Ratings for Georgia, FY14-17

Exit FY	Proj ID	Project name	Total Evaluated (\$M) *	IEG Outcome	IEG Risk to DO
2015	P110126	REG & MUNI INFRA DEV	82.5	SATISFACTORY	MODERATE
2016	P112523	EW HIGHWAY IMP 3	182.5	SATISFACTORY	MODERATE
2016	P117152	KAKHETI REGIONAL ROADS	29.0	SATISFACTORY	MODERATE
Total			294.0		

Source: AO Key IEG Ratings as of 2/5/18

Annex Table 6: IEG Project Ratings for Georgia and Comparators, FY14-17

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Georgia	294.0	3	100.0	100.0	100.0	100.0
ECA	13,309.5	118	93.3	79.7	63.9	51.3
World	73,307.1	798	85.4	74.1	52.7	43.5

Source: WB AO as of 2/5/18

* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 7: Portfolio Status for Georgia and Comparators, FY14-17

Fiscal year	2014	2015	2016	2017	Ave FY14-17
Georgia					
# Proj	12	17	15	17	15
# Proj At Risk	1			1	1
% Proj At Risk	8.3	-	-	5.9	6.6
Net Comm Amt	743.4	802.9	752.1	801.9	775
Comm At Risk	190.0			40.0	115
% Commit at Risk	25.6			5.0	14.8
ECA					
# Proj	280	290	279	292	285
# Proj At Risk	37	36	47	37	39
% Proj At Risk	13.2	12.4	16.8	12.7	13.8
Net Comm Amt	26,927.9	26,544.5	27,637.3	25,808.5	26,730
Comm At Risk	2,635.4	3,533.8	4,350.5	5,466.2	3,996
% Commit at Risk	9.8	13.3	15.7	21.2	15.0
World					
# Proj	2,048	2,022	1,975	2,072	2,029
# Proj At Risk	412	444	422	449	432
% Proj At Risk	20.1	22.0	21.4	21.7	21.3
Net Comm Amt	192,610.1	201,045.2	220,331.5	224,458.9	209,611
Comm At Risk	40,933.5	45,987.7	44,244.9	52,549.1	45,929
% Commit at Risk	21.3	22.9	20.1	23.4	21.9

Source: WB BI as of 2/5/18

Note: Only IBRD and IDA Agreement Type are included



Annex Table 8: Disbursement Ratio for Georgia, FY14-17

Fiscal Year	2014	2015	2016	2017	Overall Result
Georgia					
Disbursement Ratio	24.0	22.5	25.2	17.7	21.4
Inv Disb in FY	46.3	57.4	75.8	90.3	269.9
Inv Tot Undisb Begin FY	192.7	255.6	301.0	511.2	1,260.5
ECA					
Disbursement Ratio	22.8	23.5	17.5	20.7	21.0
Inv Disb in FY	2,612.0	2,664.4	2,275.6	2,857.1	10,409.1
Inv Tot Undisb Begin FY	11,467.5	11,342.1	13,028.9	13,776.0	49,614.4
World					
Disbursement Ratio	20.8	21.8	19.5	20.5	20.6
Inv Disb in FY	20,757.7	21,853.7	21,152.9	22,129.9	85,894.1
Inv Tot Undisb Begin FY	99,854.3	100,344.9	108,600.3	108,175.4	416,974.9

* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.
Source: AO disbursement ratio table as of 2/5/18

Annex Table 9: Net Disbursement and Charges for Georgia, FY14-17

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
FY14	107,475,162.5	18,965,051.4	88,510,111.1	4,254,864.0	9,924,324.5	74,330,922.6
FY15	269,436,724.1	50,235,066.8	219,201,657.3	5,668,652.4	10,376,398.8	203,156,606.1
FY16	76,191,903.8	56,675,524.5	19,516,379.3	8,417,462.8	9,773,529.3	1,325,387.1
FY17	138,104,456.6	63,242,768.0	74,861,688.6	13,541,558.0	9,934,975.1	51,385,155.5
Report Total	591,208,246.9	189,118,410.6	402,089,836.3	31,882,537.2	40,009,227.7	330,198,071.3

World Bank Client Connection 2/5/18



Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid for Georgia

Development Partners	2014	2015	2016
All Donors, Total	563.76	448.93	462.74
DAC Countries, Total	258.15	204.06	176.72
Australia	0.01	..	..
Austria	3.42	3.98	6.58
Belgium	..	..	0.02
Canada	0.11	0.35	0.07
Czech Republic	2.69	2.8	2.77
Denmark	3.27	1.6	4.09
Finland	2.82	1.79	1.36
France	5.72	5.6	10.11
Germany	-16.39	15.95	22.94
Greece	0.38	0.33	0.02
Hungary	0.09	0.16	0.49
Iceland	..	..	0.06
Ireland	0.22	0.1	0.15
Italy	0.11	0.17	0.14
Japan	57.39	39.72	15.42
Korea	0.06	0.2	0.52
Luxembourg	..	..	0.08
Netherlands	0.52	0.44	0.61
Norway	4.99	5.66	2.79
Poland	2.54	1.99	1.84
Portugal	0.06	0.02	0.07
Slovak Republic	0.37	0.37	0.44
Slovenia	..	0	..
Spain	0.03	0.01	0.59
Sweden	18.46	13.26	12.03
Switzerland	13.97	14.54	11.63
United Kingdom	7.14	4.36	1.03
United States	150.17	90.65	80.89
Multilaterals, Total	299.65	240.86	280.22
EU Institutions	167.17	146.31	189.09
International Monetary Fund, Total	-27.66	-21.55	-13.62
IMF (Concessional Trust Funds)	-27.66	-21.55	-13.62
Regional Development Banks, Total	117.69	115.8	121.71
Asian Development Bank, Total	117.69	115.8	121.71
AsDB Special Funds	117.69	115.8	121.71
United Nations, Total	8.42	3.91	2.37



Development Partners	2014	2015	2016
International Atomic Energy Agency [IAEA]	0.64	0.27	0.24
IFAD	5.2	0.84	-0.5
International Labour Organisation [ILO]	0.03	0.07	0.03
UNDP	0.78	0.55	0.58
UNFPA	0.65	0.6	0.56
UNICEF	0.9	1.27	1.01
World Health Organisation [WHO]	0.22	0.3	0.45
World Bank Group, Total	20.3	-16.72	-30.41
World Bank, Total	20.3	-16.72	-30.41
International Development Association [IDA]	20.3	-16.72	-30.41
Other Multilateral, Total	13.73	13.11	11.08
Adaptation Fund	1.5	1.46	..
Global Alliance for Vaccines and Immunization [GAVI]	0.58	0.6	0.85
Global Environment Facility [GEF]	2.23	2.54	2.65
Global Fund	9.42	8.51	7.59
Non-DAC Countries, Total	5.96	4.01	5.8
Bulgaria	0.01	0.09	0.26
Estonia	1.12	1.1	0.94
Israel	0.39	0.56	0.33
Kuwait	-2.1	-1.92	-1.91
Latvia	0.2	0.19	0.19
Lithuania	0.12	0.18	0.26
Romania	0.16	0.11	0.39
Russia	..	..	0.01
Thailand	0.01	0.01	0
Turkey	6.05	3.69	5.31

Source: OECD Stat, [DAC2a] as of 2/5/18

* Data only available up to FY16



Annex Table 11: Economic and Social Indicators for Georgia, 2014-2016*

Series Name				Georgia	ECA	World
	2014	2015	2016	Average 2014-2016		
Growth and Inflation						
GDP growth (annual %)	4.6	2.9	2.8	3.5	1.9	2.7
GDP per capita growth (annual %)	6.0	3.2	2.8	4.0		1.5
GNI per capita, PPP (current international \$)	9,130.0	9,370.0	9,530.0	9,343.3	30,359.6	15,698.6
GNI per capita, Atlas method (current US\$) (Millions)	4,490.0	4,120.0	3,830.0	4,146.7	24,502.6	10,608.1
Inflation, consumer prices (annual %)	3.1	4.0	2.1		0.5	2.0
Composition of GDP (%)						
Agriculture, value added (% of GDP)	9.3	9.1	9.0		2.2	3.8
Industry, value added (% of GDP)	24.0	24.7	24.9		25.7	27.5
Services, etc., value added (% of GDP)	66.7	66.2	66.1		72.1	68.6
Gross fixed capital formation (% of GDP)	25.8	28.4	30.3	28.2	20.2	23.4
Gross domestic savings (% of GDP)	12.3	14.0	17.0	14.4	23.9	24.8
External Accounts						
Exports of goods and services (% of GDP)	42.9	44.7	43.6	43.8	41.6	29.3
Imports of goods and services (% of GDP)	60.5	62.3	59.3	60.7	38.4	28.7
Current account balance (% of GDP)	(10.7)	(12.0)	(12.8)			
External debt stocks (% of GNI)	85.8	108.9	118.0			
Total debt service (% of GNI)	11.0	15.2	19.7			
Total reserves in months of imports	2.9	3.1	3.3		7.3	13.0
Fiscal Accounts ¹						
General government revenue (% of GDP)	28.0	28.1	28.4	28.2		
General government total expenditure (% of GDP)	29.9	29.4	30.0	29.8		
General government net lending/borrowing (% of GDP)	(1.9)	(1.3)	(1.6)	-1.6		
General government gross debt (% of GDP)	35.6	41.4	44.6	40.5		
Health						
Life expectancy at birth, total (years)	72.8	73.0	..	72.9	77.3	71.8
Immunization, DPT (% of children ages 12-23 months)	91.0	94.0	92.0	92.3	93.1	85.4
Improved sanitation facilities (% of population with access)	86.9	86.3	..	86.6	93.1	67.3
Improved water source (% of population with access)	99.1	100.0	..	99.6	96.0	84.2
Mortality rate, infant (per 1,000 live births)	11.0	10.2	9.5	10.2	8.8	31.4
Education						
School enrollment, preprimary (% gross)	..	..	..		74.6	48.1
School enrollment, primary (% gross)	116.9	116.8	..	116.8	103.3	104.2



Series Name				Georgia	ECA	World
	2014	2015	2016	Average 2014-2016		
School enrollment, secondary (% gross)	99.4	103.7	..	101.6	106.0	76.4
Population						
Population, total (Millions)	3,727,000	3,717,100	3,719,300	3,721,133	907,504,936	7,355,447,389
Population growth (annual %)	(1.3)	(0.3)	0.1	-0.5	0.5	1.2
Urban population (% of total)	53.5	53.6	53.8	53.6	70.9	53.8
Poverty						
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of pop)	9.8	8.3	..			
Poverty headcount ratio at national poverty lines (% of pop)	22.4	20.8	21.3	21.5		
Rural poverty headcount ratio at national poverty lines (% of rural pop)	..	..	..
Urban poverty headcount ratio at national poverty lines (% of urban pop)	..	..	..
GINI index (World Bank estimate)	40.1	38.5	..	39.3		

Source: DDP as of 1/25/18

* Data only available up to FY16

** International Monetary Fund, World Economic Outlook Database, October 2017

Annex Table 12: List of IFC Investments in Georgia
Investments Committed in FY14-FY17

Project ID	Cmt FY	Project Status	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
37574	2017	Active	Health Care	16,432	13,842	-	13,842	-	-	13,842	-	13,842
37824	2017	Active	Health Care	25,000	25,000	-	25,000	-	-	25,000	-	25,000
38541	2017	Active	Finance & Insurance	70,000	70,000	-	70,000	-	-	70,000	-	70,000
36683	2016	Closed	Finance & Insurance	30,000	30,000	-	30,000	-	-	30,000	-	30,000
37431	2016	Active	Accommodation & Tourism Services	7,000	7,000	-	7,000	-	-	7,000	-	7,000
37432	2016	Active	Construction and Real Estate	26,500	11,500	-	11,500	-	-	11,500	-	11,500
34591	2015	Active	Nonmetallic Mineral Product Manufacturing	17,500	8,500	-	8,500	-	-	8,500	-	8,500
34907	2015	Active	Food & Beverages	7,200	2,000	-	2,000	-	-	2,000	-	2,000
35109	2015	Active	Food & Beverages	5,000	2,000	-	2,000	-	-	2,000	-	2,000
35386	2015	Active	Electric Power	4,300	4,300	0	4,300	-	-	4,300	0	4,300
36640	2015	Active	Finance & Insurance	90,000	70,000	-	70,000	-	-	70,000	-	70,000
33007	2014	Closed	Finance & Insurance	20,000	20,000	-	20,000	-	-	20,000	-	20,000
33135	2014	Closed	Finance & Insurance	320	320	-	320	320	-	-	-	-
33435	2014	Active	Electric Power	598,000	70,000	31,400	101,400	-	-	101,400	31,400	101,400
			Sub-Total	917,252	334,461	31,400	365,862	320	-	365,542	31,400	365,542

Investments Committed pre-FY14 but active during FY14-17

Project ID	CMT FY	Project Status	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
34092	2014	Active	Finance & Insurance	4,000	4,000	-	4,000	-	-	4,000	-	4,000
27604	2012	Active	Finance & Insurance	5,000	25,510	-	25,510	-	-	25,510	-	25,510
30683	2012	Active	Finance & Insurance	50,000	25,000	-	25,000	-	-	25,000	-	25,000
30992	2012	Active	Food & Beverages	3,000	1,500	-	1,500	-	-	1,500	-	1,500
28709	2011	Active	Collective Investment Vehicles	10,000	-	10,000	10,000	-	650	10,000	9,350	9,350
28985	2011	Active	Electric Power	207,500	40,500	-	40,500	-	-	40,500	-	40,500
25423	2010	Active	Finance & Insurance	25,000	134,282	-	134,282	-	-	134,282	-	134,282
27301	2010	Active	Finance & Insurance	10,000	16,771	-	16,771	-	-	16,771	-	16,771
29421	2010	Active	Finance & Insurance	2,000	2,000	-	2,000	1,718	-	282	-	282
			Sub-Total	316,500	249,563	10,000	259,563	1,718	650	257,844	9,350	257,194
			TOTAL	1,233,752	584,024	41,400	625,424	2,038	650	623,386	40,750	622,736

Source: IFC-MIS Extract as of 8/30/17



**Annex Table 13: List of IFC Advisory Services in Georgia
Advisory Services Approved in FY14-17**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
601292	Georgia Trade, Investment and Agricompetitiveness Project	2018	2021	ACTIVE	TAC	1,850,000
601932	AGL Hydropower	2018	2021	ACTIVE	INR	660,000
600447	Agriculture Georgia PPP	2016	2017	TERMINATED	CAS	560,000
601449	AGL Hydropower Stakeholder Engagement	2016	2017	ACTIVE	INR	98,882
601723	Ukraine and Caucasus PPP BD	2016	1900	ACTIVE	CAS	327,000
600180	Georgia, Gori Wind PPP	2015	2015	TERMINATED	CAS	265,000
599537	Georgia IC Project	2014	2017	ACTIVE	TAC	1,834,000
599817	Nenskra HPP	2014	2018	ACTIVE	CAS	2,349,999
	Sub-Total					7,944,881

Advisory Services Approved pre-FY14 but active during FY14-17

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
591647	Georgia Oni Cascade HPP	2013	2015	TERMINATED	PPP	2,548,000
589428	Bank Constanta-SME Banking AS	2012	2014	CLOSED	FIG	200,000
591687	Machakhela Hydros in Georgia	2012	2014	TERMINATED	PPP	1,826,000
30006	Georgia East-West Highway	2011	2014	CLOSED	CAS	943,941
	Sub-Total					5,517,941
	TOTAL					13,462,822

Source: IFC AS Data as of 10/15/17



Annex Table 14: IFC net commitment activity in Georgia, FY14 - FY17

		2014	2015	2016	2017	Total
Financial Markets	Commercial Banking	(12,249,596)	68,261,207	29,924,439	66,470,588	152,406,638
	Housing Finance	20,000,000	-	-	3,529,412	23,529,412
	Microfinance	4,320,000	-	(320,000)	-	4,000,000
Trade Finance (TF)	GTFP	27,602,700	4,382,699	8,257,411	18,457,332	58,700,142
Agribusiness & Forestry	Packaged Food & Beverages	-	2,000,000	-	-	2,000,000
	Animal Protein	-	2,000,000	-	-	2,000,000
Manufacturing	Construction Materials	-	8,500,000	-	-	8,500,000
Tourism, Retail, Construction & Real Estates (TRP)	Tourism	-	-	7,000,000	-	7,000,000
	Housing	-	(10,000,000)	11,500,000	-	1,500,000
Health, Education, Life Sciences	Health	-	-	-	39,143,750	39,143,750
Infrastructure	Electric Power	101,364,930	4,300,000	-	-	105,664,930
Total		141,038,033	79,443,906	56,361,850	127,601,082	404,444,871

Source: IFC MIS as of 2/1/18

Annex Table 15: List of Active MIGA Activities in Georgia, 2014-2017

ID	Contract Enterprise	FY	Project Status	Sector	Investor	Max Gross Issuance
9192	ProCredit Group Central Bank Mandatory Reserves Coverage	2017	Active	Banking	Germany	13.5
12315	Adjaristsqali Hydro Project	2016	Proposed	Power	Norway	
12315	Adjaristsqali Hydro Project	2015	Active	Power	Singapore	63
9161	ProCredit Group Central Bank Mandatory Reserves Coverage, Georgia	2015	Active	Banking	Germany	6.8
9192	ProCredit Group Central Bank Mandatory Reserves Coverage	2015	Active	Banking	Germany	13.5
11597	GeoCapital, Georgia	2013	Active	Banking	United States	1.8
9192	ProCredit Group Central Bank Mandatory Reserves Coverage	2012	Active	Banking	Germany	13.5
9192	ProCredit Group Central Bank Mandatory Reserves Coverage	2011	Active	Banking	Germany	9
Total						121.1

Source: MIGA 2/1/18