87337

For Official Use Only

CPSCR Review

Independent Evaluation Group

1. *CPS Data*	
Country: Georgia	
CPS Year: FY10-13	**CPS Period**: FY10 – FY13
CPSCR Review Period: FY10- FY13	**Date of this review:** April 21, 2014

2. *Executive Summary*

i. This review examines the implementation of the FY10-FY13 Georgia Country Partnership Strategy (CPS) of FY10 and the CPS Progress Report (CPSPR) of FY12, and assesses the CPS Completion Report (CPSCR). The CPS was jointly implemented by IBRD/IDA, IFC and MIGA; this review covers the joint program of the three institutions.

ii. The focus of Bank support under the first pillar of Meeting Post-Conflict and Vulnerability needs was to support the gradual bringing of the macro-situation under control from the large deficit that had resulted from the twin crises of 2008/9 while ensuring that the approach was a balanced one that continued to provide a social safety net for the poor and vulnerable. The latter group included the Internally Displaced Persons who had left Abkhazia and Ossetia and needed to be housed and supported. The second pillar was concentrated first on upgrading the road system to reduce transport costs and second to accelerate business growth through improving the business environment, and supporting the SME and agriculture sectors. The IFC and MIGA programs were well integrated into this latter area, although IFC's large presence in Georgia's banking sector meant that it also played a role in restoring stability of the financial system after the crisis.

iii. This review agrees with the Georgia CPSCR in finding the Bank's program and its achievement satisfactory. Indeed were it not for some evidence of lack of coordination in the design of the macro and financial programs, and of reported weaknesses in the aid coordination effort, a strong argument could have been made for a highly satisfactory rating. The CPSCR derives a substantial list of lessons from the Georgia experience, with which the review concurs.

- *The need for the Bank's program to maintain a balance between investment for growth and the use of transfers for poverty reduction.*
- *The importance of analytic work to underpin reforms supported by DPOs and the lending program more generally. The complementarity of the Bank and IFC programs. The need for continuing IDA eligibility and lending flexibility.*
- *Selectivity has been beneficial in focusing resources and producing results.*
- *Impact evaluation of selected Bank supported programs could make a useful input into future program design*.
- *Gender should be embedded in all operations and monitored as part of the results framework.*
- *There is a need for more effective donor coordination.*

iv. The lesson for the Bank that resonates the most from the Georgia experience is selectivity. Georgia has a large volume of donor assistance and the Bank's focus on a few key areas seems to have made a major contribution. That does not mean that the program should be static. The Bank may well want to consider phasing out of the transport sector in the future and moving more forcefully into education and agriculture - key sectors which seem to be doing less well at the moment and which lie at the heart of programs for pro-poor growth.

CPSCR Reviewed by:	**Peer Reviewed by**:	**CPSCR Review Coordinator**
Basil Kavalsky, Consultant, IEGCC	**Lorenzo Laureano-Perez, Consultant, IEGCC**	**Geeta Batra, Manager, IEGCC**

3. *WBG Strategy Summary*

Overview of CPS Relevance:

Country Context:

1. During the decade or so from the break-up of the former Soviet Union until 2003 Georgia struggled to adjust its economy to the new realities. The economy was almost wholly dependent on Russia as a market for its wine and mineral water and as a tourist venue. The achievements by 2003 were minimal, despite substantial donor support. Corruption was rampant; infrastructure was crumbling and the progress in developing new institutions and in building capacity was limited. The Rose Revolution of 2003 signaled a major change in the level of government commitment to modernizing the Georgian economy and putting it on the path to private-sector led growth and poverty reduction. A determined effort was made to address issues of corruption and reduce the constraints to private sector development, which rapidly vaulted Georgia up the various indicator tables for doing business, investment climate, competitiveness and transparency. The consequence was steady growth and poverty reduction until 2008.

2. In 2008, growing frustration with the de facto independence of the Abkhazia and South Ossetia provinces within Georgia, led to an attempt to establish Georgian control in the latter province, which was rebuffed by Russian military intervention and resulted in the displacement of Georgian nationals from those provinces. This was followed by the global crisis which seriously impacted foreign domestic investment and other capital inflows into Georgia. These so-called 'twin crises' created a great deal of uncertainty about the prospects for the economy. It was at this point that the World Bank's Country Partnership Strategy for FY09-13 was prepared.

3. On management of the economy - a judicious initial stimulus followed by an adjustment effort, supported by the Fund, the Bank and substantial donor inflows, contributed to a rapid recovery and a resumption of growth until FY13. A particularly striking achievement was the reduction in the poverty rate from 21 percent in 2010 to 14.8 percent in 2012. During this period however, the political atmosphere had become somewhat less certain with declining popularity for the President Mikhael Saakashvili who had led the Rose Revolution. A new Prime Minister was elected, perhaps more on the basis of opposition to the President than a clear vision of an alternative approach to the economy. This has contributed to some uncertainty for foreign investors and in 2013, growth fell to the lowest levels for some time. The IMF Article IV consultations in mid-2013 assessed the situation as follows: "After growing at a 7 percent average annual rate since 2010, the economy has slowed since the third quarter of 2012 due to political and policy uncertainty, government under-spending, and a weakening external environment. Over the last two years, inflation has fallen steadily, while the real and nominal effective exchange rates have both strengthened. Despite decreasing slightly, from more than 16 percent in 2010 to 15 percent in 2012, unemployment remains high. Last October's parliamentary elections saw the peaceful handover of power to a new government committed to sustaining growth and making it more inclusive. However, cohabitation of the new government with the President has proved challenging, and political tensions may have weakened business confidence." The new CPS therefore comes at a point when Georgia will again be faced with a challenge of restoring confidence and resuming the path of growth and poverty reduction.

4. Since the Rose Revolution, the strategy of the Georgian government has focused on the development of the private sector. The reduction of constraints to PSD has been addressed at all levels of government and there has been a concerted effort to upgrade infrastructure to serve the private sector. At the same time the government has recognized the need to put in place a social safety net and expand health and education services for the population.

Objectives of the WBG Strategy:

5. The Bank Group strategy has been framed in terms of two broad pillars or objectives. The first

of these is Meeting Post-conflict and vulnerability needs focused on addressing some of the immediate needs facing the economy as a consequence of the global crisis. The second is Strengthening Competitiveness for Post-Crisis Growth focused on the longer term development needs. There is a rather curious misplacement of an outcome indicator relating to the quality of education under the rubric of Economic Stability and Job Creation. It is a much better fit with the Competitiveness results area. The broad objectives and outcomes were not changed in the CPSPR though four indicators were revised. The same set of objectives for IBRD/IDA were supported by both IFC and MIGA with the IFC program entrusted with a key role in restoring stability of the financial system.

6. The focus of Bank support under the first pillar of Meeting Post-Conflict and Vulnerability needs was to support the gradual bringing of the macro-situation under control from the large deficit that had resulted from the twin crises of 2008/9 while ensuring that the approach was a balanced one that continued to provide a social safety net for the poor and vulnerable. The latter group included the Internally Displaced Persons who had left South Ossetia and needed to be housed and supported. The second pillar was concentrated first on upgrading the road system to reduce transport costs and second to accelerate business growth through improving the business environment, and supporting the SME and agriculture sectors. The IFC and MIGA programs were well integrated into this latter area, although IFCs large presence in Georgia's banking sector meant that it also played a role in restoring stability of the financial system after the crisis.

Relevance of the WBG Strategy:

7. **Congruence with Country Context and Country Program.** The Bank strategy is well aligned with the Government's own program reflected in its Medium Term Framework and its broadly announced strategy. The high degree of selectivity of the program reflects the Georgian government's view that the Bank program had been too thinly spread.

8. The Bank and the donor community realized that Georgia faced enormous short term pressures as a result of the twin crises, and it was not possible to focus only on longer-term growth issues. The short-term problems needed to be addressed. The CPS identified a potential risk in the inability of the Bank and other donors to provide adequate financing over the CPS period. A major donor effort was forthcoming including Bank support. In the event both the Bank and IFC programs for Georgia shown in the CPS were more than doubled so as to provide this additional support, with front-loading of the program. The CPS signaled both the need for, and the likelihood of this additional financing from the World Bank group for the Georgia program. The additional operations were not identified in the CPS which indicated that the mid-term review would provide the specifics. In practice the Bank was able to provide the additional resources while maintaining the selectivity of the program through larger allocations, in particular to the DPO series and the transport sector.

9. **Relevance of Design.** The Georgian FY06-9 CPS was the first prepared by the Bank after the Rose Revolution and reflected a very wide-ranging program on the ground and a desire to help the new Government in a large number of different areas. Hardly any sector was left untouched by the CPS. There were 65 outcomes in the Results Framework, most of them involving process changes and reflecting outputs or intermediate steps towards outcomes.

10. The origins of this thinly spread Bank program in Georgia go back all the way to the 1998-2003 period. The Georgia CAE noted the Bank's "enthusiastic foray into many sectors at once (in the 1998-2003 period) that stretched the scarce IDA envelope, weakening interventions in important areas". 12 investment projects closed during the 2006-9 period and the large number of outcomes in the Bank CPS reflected the need to give each lending operation its due by including outcomes and indicators relating to it. Thus even with the clearly stated intention during the preparation of the 2006 CPS on both the Bank and Government's part of being selective it was impossible to do this until the backlog of small projects in a large number of areas (judicial reform, forestry, etc.) was cleared. The program of new lending in the earlier CPS was already much more focused and selective and this provided the basis for the more selective approach to outcomes in the 2009 CPS. To their credit both the Georgian authorities and the Bank were dissatisfied with this as a framework for joint action, and a

decision was made to move away from this in the FY10-13 CPS. The FY10 CPS deserves high marks for proposing one of the few genuinely selective Bank programs. It has 13 outcomes with 20 indicators, and for the most part these are genuine outcomes reflecting the consequence of the measures taken rather than the measures themselves. In addition the areas selected represented those where the Bank had a clear comparative advantage. In the previous CPS period for example, there had been a substantial program on governance, yet this was an area with large support programs from other donors. The US, UNDP and EU all had a major presence in judicial reform for example, yet the earlier CPS included an ongoing Bank intervention and two outcomes were defined in this area. To a large extent it was the success of the Georgian government in strengthening governance that allowed the Bank to define a much more selective program that zeroed in on those areas that were still clearly recognized as the core constraints for growth and poverty reduction, such as the inadequacy of infrastructure, and the need to deepen the financial system.

11. As far as the relevance of design of the IFC program is concerned, it identified the key challenges well. Because of the global economic downturn, the banking sector was rightly considered to be a source of risk. At the beginning of the CPS period, IFC continued its effort of the previous CPS period to support three leading banks. In parallel, it made a NPL/Risk Management Advisory Service available to a wider group of banks. The banking sector support was also expected to improve access to finance for SMEs during the CPS period. In the real sector, because of vulnerability of energy security following the conflict, a key challenge was to attract private investment to support increased hydropower generation. Beyond infrastructure development, loss of exports to Russia had made development of export oriented agribusiness relevant, and the IFC program directed its efforts to improve the investment climate and agriculture sector through two AS initiatives. However, because of slow economic recovery, this part of the program could not be front-loaded as was the case for the rest of the program. Overall, the IFC program was indeed consistent with overall WBG strategy of addressing the two pillars, and congruent with market conditions. The MIGA program complemented the IFC program by supporting two microfinance investments where the IFC did not invest in the CPS period.

12. **Strength of the Results Framework.** The Georgia CPS and Results Framework do a particularly good job of defining a set of objectives, outcomes and indicators that provide a clear results chain and are measurable and unambiguous. By and large the outcomes defined in the Georgian CPS represent a genuine results chain. Many cannot be achieved simply through the satisfactory implementation of a Bank supported project, but require scaling up and other actions that are supported by Bank analytic work and technical assistance. Thus for example the Bank transport projects provided for the upgrading of various hazardous stretches of highway. This in and of itself would not have been sufficient to reduce traffic fatalities from the baseline of 14 in 2008 to 8 in 2012 (the target was 12). This required a broader traffic safety campaign. For many CPS this outcome would simply have been defined as the upgrading of hazardous stretches of road. It obviously helps that the Georgian government in 2009 had an excellent track record of commitment and achievement since the Rose Revolution, but nonetheless, the CPS results chain deserves to be considered a good practice example both for its focus and selectivity and for the clarity with which the results chain is defined.

13. Another important strength of the Georgia results framework is the measurability of the indicators and the unambiguous definition of positive outcomes. There is only one indicator out of 20 that implies some judgment on the part of the evaluator. This is in the health sector where one of the indicators is "Better targeting of services through the development of an effective health care information data base." And indeed the evidence on this is quite ambiguous as is explained later.

14. While most indicators are defined in specific quantitative terms, there were instances where the Government felt that there was too much uncertainty to enable it to commit to a particular number. In the case of the fiscal deficit for example, the CPS defines the indicator as “managing the fiscal deficit in a non-inflationary way, while maintaining support for key social sectors.” This enabled the Government program to encompass the initial stimulus package while re-establishing a path to deficit reduction later in the period.

15. Risk Identification and Mitigation. By and large the strategy reflected the risks very accurately. At the time of writing the CPS the risks related to the recovery from the twin crises. First the direct risk that recovery could be slower than expected and lead to an unsustainable macro-situation, and second the indirect risk that the Government stimulus package might overshoot and lead to a return to high deficits and inflation. The Fund and Bank programs were well judged to provide steady support in response to this through helping to fund the stimulus initially, but with triggers to ensure a the steady return to a sound and sustainable fiscal situation. The situation in 2013 where the economy ran out of steam, with reduced FDI as a consequence of political uncertainty, was a very low probability on anyone's radar screen in 2009 and even if it had been foreseen it is not clear that the Bank strategy could or should have been redesigned to mitigate this risk.

Overview of CPS Implementation:

Lending and Investments:

16. The CPSCR argues that Georgia has one of the strongest portfolios in the Bank, based largely on the high disbursement ratios and the virtual absence of projects at risk. However, IEG's evaluation of closed projects in the CPS period suggests a rather more average performance, with six of eight being rated moderately satisfactory, one satisfactory and one moderately unsatisfactory. In part of course this is a timing issue with some of the closed projects dating from before the Rose Revolution and not having the same level of government commitment. However even those supported by loans made after 2003, do not receive stellar ratings from IEG, in some cases reflecting overly complex designs of the original projects.

17. Seventeen IFC investments were outstanding at inception of the review period, for US$348.4 million of net commitment. The largest investments were in banking, which supported among other things SMEs and housing. During the review period, IFC committed US$212.4 million through eighteen investments that included further commitments in banks, and new investments in hydropower. IEG rated “mostly successful” one IFC investment in a financial institution that was approved in FY09. In general, IFC investments in financial institutions met with success as Georgia recovered from the economic downturn. The greenfield investments in hydropower were started in FY11 and have not been completed yet. The performances of other real sector investments have been mixed. While, an investment in an airport has been successful, a couple of investments in real estate have suffered. Most of the real sector investments in the IFC portfolio, however, have been added only since FY12 and, therefore, are too new to evaluate. MIGA guarantees covered two operations, in microfinance, for a maximum gross issuance of US$24.3 million. IEG did not rate any MIGA projects in Georgia.

Analytic and Advisory Activities and Services

18. The Bank's analytic work in Georgia during the period focused on two major outputs - the Public Expenditure Review and the programmatic poverty assessments. These have been important inputs into both the design of Bank supported programs and in influencing government policy. In addition the Bank supported a range of capacity building activities in Georgia which would seem to have been a useful complement to other donors' programs although the CPSCR suggests that there were coordination problems in this area. As reported in the CPSCR, the country survey reflects the considerable emphasis which is placed on this work and the high degree of appreciation for its quality and contribution.

19. The original plan for analytic work included core diagnostic reports, but also other studies which were not undertaken or substituted by products for which there was more demand on the Georgian side. This is appropriate. Analytic work needs to respond to the evolving demand of the Government and not locked in to dealing with problems which may lose their priority during the CPS period.

20. There were three IFC advisory projects approved before the CPS period and were implemented during the CPS period, amounting to US$3.3 million of IFC managed funds. One of these projects, the

Georgia Corporate Governance Project, was found to be “successful” by IEG, and the other two, on SME Investment Climate and Energy Efficiency Survey, were self-rated successful as well. During the CPS period, IFC implemented seven more advisory services projects amounting to over US$6.9 million of IFC managed funds. Three of these, on Financial Management Crisis, Food Safety, and SME taxes, have closed and have been self-rated successful/highly successful. One, on Mobile Banking, has closed and has been self-rated as unsuccessful. The Georgia EW Road project has been on hold for the last two years. Lastly, of the two active AS projects currently under implementation, one advising a SME bank, is supposed to close this fiscal year but is behind schedule, and the other, a new SME investment climate project, was started in FY13 and is too recent to be evaluated.

Partnerships and Development Partner Coordination

21. This is one of the most confusing areas discussed in the CPSCR. On the one hand the objective evidence that is presented suggests that by and large the Bank’s program complemented other donors. The CPS suggests however, that there were problems in this regard based presumably on interviews with the Georgian authorities and donors. “Both the client and donors noted the limitations of the sector focus of donor coordination, the insufficient strategic framework, and insufficient coordination on capacity building and technical assistance. The Bank should take the opportunity during the design of the new CPS to identify maximize complementarity, effectiveness and efficiency of resources across sectors. An example of aid coordination presented is the engagement in the Education sector, where the Bank worked closely with the Millennium Challenge Corporation (MCC) during its preparation of a US$122 million education project. The Bank provided technical support, and was engaged in the project design. The Bank and MCC subsequently collaborated and jointly funded a tracer study on vocational education graduates in 2013. In the Transport sector, the Bank has taken the lead in convening annual donor meetings to exchange ideas and strengthen coordination with respect to the overall transport sector policy and road sector financing plans. In addition to the Bank, key donors in the Transport sector include ADB, JICA, and EIB.

Safeguards and Fiduciary Issues

No issues raised in CPSCR, but these should be addressed in subsequent completion reports.

Overview of Achievement by Objective:

Pillar I: Meeting Post-conflict and Vulnerability Needs

22. This pillar has two results areas that although loosely related to each other, might usefully have been defined as separate pillars. The first is Economic Stability and Job Creation. This reflected the need to support the economy to return to a growth path after the impacts of the conflict with Russia and the global economic crisis. This was an important objective given the timing of the CPS coming immediately after the impact of these crises was apparent. The budget deficit in 2009 had reached nearly 10 percent of GDP and the banking sector was at some risk.

23. The outcome indicators defined for purposes of this results area was first and foremost improved public resource management. The first indicator was the reduction of the budget deficit. Specific reduction targets were not defined - the phrase used was 'gradual reduction consistent with fiscal sustainability'. An important proviso was added however, that the share of social services in the budget, which was 36 percent in 2009, was not to be reduced in real terms. Both these targets were impressively achieved, with the budget deficit declining to 3 percent of GDP in 2012 and social services consisting of nearly 40 percent of the budget in that year. A second indicator was the introduction of performance based budgeting. The CPS proposed as a target that this be done in five ministries by the end of the period. The progress report increased the target to coverage of all ministries, which was achieved. A third indicator was the establishment and roll-out of the local government budget system in 69 local government units. This was in fact done in all municipalities and local government budgets for 2013 were presented in program format.

24. A second outcome related to restoring the health of the banking system. A series of key indicators of financial soundness were defined (capital adequacy ratio, return on assets, return on equity, level of NPL, liquidity ratio and loan to deposit ratio). The CPS did not define quantitative targets for these ratios. The outcomes were less convincing in this area with both the return on assets and equity declining relative to 2009. This probably reflects conservatism of the banks and a tightening of credit supply - both the loan to deposit ratio and the level of NPL fell sharply. In addition the data in the results matrix of the CPSCR also suggests declines in the ratios of capital adequacy, liquidity and loan to deposits. The Bank Group relationship with the financial system was spearheaded by IFC which has three Georgian banks in its portfolio, representing 66 percent of the total assets of commercial banks. The CPSCR rightly notes the continuing vulnerability of the banking system to economic cycles and rates the results in this area as only partially met. The review would suggest that it would be more appropriate to rate this outcome as not met.

25. The third outcome area of the CPS was the creation of at least 30,000 man-months of employment under Bank financed investment projects (mainly in transport and regional development). In the event 45,000 man months of work were provided under the projects. Although it could be argued that this is a soft target, it was nevertheless important to create temporary jobs during the recovery phase of the economy when jobs needed to be found for newly displaced persons after the conflict with Russia and those who lost jobs after the global economic crisis.

26. The fourth and final outcome area was to improve the quality of education, for want of any more appropriate place to account for the Bank's ongoing involvement in the education sector in Georgia. It seems a better fit with the second Objective of Strengthening competitiveness). This is no afterthought however. The Country Survey for Georgia puts education as Georgia's highest development priority, well ahead of economic growth and jobs/employment. The Bank has been supporting the sector with an Education APL from FY07-GY12.The indicator here was to move children in basic education (grades 1 -12) onto the improved national curriculum which had been introduced in 2006. This was fully achieved by the end of the CPS period with 100 percent of children learning according to the new curriculum. However, the CPSCR of the previous CPS, prepared in 2009, stated that the introduction of the new curriculum was nearly complete and had already been extended to 9 out of the 12 grades, so this is a very soft target. In addition the current CPSCR rightly points out that this is not synonymous with improved quality of education and that Georgia does not have in place a monitoring framework that would allow this to be assessed. However the FY09CPSCR states that "Strong capacity has been built in the National Assessment Center which will continue international student assessments, namely PIRLS 2011, TIMSS 2011 and TEDS 2011". It is not clear why these could not have been used to measure progress on quality. Given the weakness of the indicator in terms of the results chain in this area, and the lack of evidence provided in the CPSCR, this review regards the outcome in this area as not being met.

27. In general the Bank had available, and used an effective set of instruments to support this objective. Georgia from 2010 to 2013 seems like a context that the DPO was born for. The Bank stepped up to the plate with four DPOs for a total of $235 million. This played a significant role in easing the move back to fiscal stability and supporting the needed adjustments and enhancements in public sector finance and management such as the introduction of results oriented budgets in selected ministries (a milestone of the CPE). For the rest the program was well judged with IFC's key role in the financial sector. Mention should also be made here of MIGA's valuable support for an international micro-credit institution operating in Georgia. The Bank transport projects (3 for $205 million) and regional development projects (3 for $145 million) which were already in the pipeline contributed in an important way to job creation and finally the Education APL provided the combination of investment and program support needed for upgrading the sector.

28. The second results area under the first objective was to Improve Social Services. This was focused mainly on providing targeted social assistance and increased health care for the poorest groups of the population, and also assisting those displaced persons who had lost their homes and livelihoods as a consequence of the conflict. The first outcome here is to increase the coverage and efficiency of

Georgia's Targeted Social Assistance (TSA) program. The indicator here was to raise the percent of the extreme poor that receive benefits under the TSA from 30 to 50 percent. The extreme poor are defined as the bottom decile. This also implied a substantial increase in the budget allocation for TSA (the milestone was a 30% increase from 2008 to 2010). This target was met with 54 percent of the bottom decile receiving TSA benefits in 2011 according to UNICEF.

29. The second outcome is wider health coverage facilitated through improved budgeting, infrastructure and information systems. In spite of the fairly general way in which the outcome is framed, the CPS defined an excellent set of indicators for assessing outcomes in this area. The first was an increase in the share of the bottom two quintiles with access to subsidized health insurance from 20 percent to over 45 percent. In September 2012, the MIP was extended to all the elderly and all children under the age of six, and throughout 2013 about 800,000 new beneficiaries were effectively covered. The introduction of universal health insurance in February 2013 meant that there was 100 percent coverage. The second indicator was better targeting of services through development of an effective health care information data base. By the end of the CPS cycle, the Social Assistance Information System (SIMS) had been developed and was being rolled out. Pilot modules had been launched. The CPSCR argues that this constituted achievement of the indicator. However the indicator was not simply the development of the data base, but its contribution to better targeting and this has not as yet been demonstrated. The milestone here was the design of a Health Management Information System by 2011. It is not clear what happened to this and whether the SIMS provided adequate coverage of the necessary information. The third indicator was increased health care utilization as measured by out-patient visits per capita increasing from 1.8 in 2009 to 2.3 by the end of the CPS period. The Progress Report sharpened this indicator to relate specifically to the poorest two quintiles and raised the target to 2.6 visits. Achievement against this was 2.47.

30. The third outcome was improved municipal services in areas supported by WB lending operations. The indicators included reduction in power consumption through energy efficient water production methods, a 3-6 hour increase in piped water service per day, and a 30 percent reduction in trip time and vehicle costs due to improved roads. These targets were all met, with particularly impressive results in the provision of piped water service, from 7 hours a day in 2008 to 17 hours a day in 2013.

31. The fourth outcome was improved IDP (internally displaced persons) housing and welfare. This reflected Georgians who had been uprooted from homes in South Ossetia and Abkhazia during the conflict and provided with temporary housing. Indicators related to the construction of durable houses and broader utility provision and community development. Essentially the indicators reflected the program of the Regional and Municipal Infrastructure Project, which was approved in FY09 and had made substantial progress by the end of the CPS period.

32. The Bank program of support under this results area consisted of an ongoing health project, and the Regional and Municipal Infrastructure project. In addition the DPO series supported the improved health coverage for the poor. The World Bank analytic work in particular the Programmatic Poverty Assessments and Public Expenditure Review provided important analytic underpinnings in this area. By and large it is reasonable to rate this objective as fully achieved. The CPS rates six out of eight outcomes as fully achieved and two partially achieved. The CPS review, assesses seven out of eight as being fully achieved, reflecting the view that the relatively minor shortfall against the target, in per capita use of outpatient services by the poor, does not diminish the overall achievement of wider health coverage for the poor during the period.

33. The IFC program contributed to these results areas by addressing Outcome 2 (Improved performance of key financial institutions) and Outcome 3 (Increased employments through IFC financed projects). Towards Outcome 2, according to the CPS, IFC was already playing a particularly important role in assisting systemically important banks as well as providing these banks with advisory services on managing NPL (non-performing loans), risk management and corporate governance. IFC continued along the same lines during the CPS period. As indicated in IFC internal documents, for the three leading banks where IFC had investments throughout the CPS period,

NPLs declined from the levels these banks experienced during 2008 and 2009 global financial crisis, as it did for most of the other banks in the country. As the quality of the loan portfolio improved, profitability of IFC investee banks recovered from their poor performance during the crisis. Towards Outcome 3, according to the CPSCR, IFC-supported clients generated over 1,400 permanent (new) jobs. However, this could not be validated, and given the IFC commitment of about $200 million during the CPS period, it amounted to about US$140,000 of IFC commitment per new job. In addition, according to the CPSCR, "IFC assisted by making its first ever investment into a health insurance provider, which also constructed and operated clinics in rural areas". This could not be validated. An IFC investment in a Clinic is still in the "promotion" stage, where IFC has yet to make a commitment. Based on the results above, IFC contribution to Pillar I, was essentially through restoration of stability of three key banks. In addition, one aspect of the above pillar, vulnerability of energy security, was not part of any outcome. IFC's two large investments in hydropower for additional capacity of 272MW addressed this bringing additional contribution to Pillar I.

Pillar II: Strengthening Competitiveness for Post-Crisis Growth

34. This pillar was designed to build on the tremendous achievement of the Georgian authorities subsequent to the velvet revolution in improving the investment climate. It focused on the lagging areas such as the need to enhance the quality of infrastructure, to deepen the financial system, to help in coping with natural disasters and to enhance agricultural productivity.

35. The first results area was to Upgrade the Transport Corridor and Increase Connectivity. Essentially this reflected the Bank's substantial support for Georgia's road transport sector through a series of seven roads projects between FY06 and the end of the CPS period with most of the indicators reflecting the objectives. It is notable however, that the Georgia CPS defined genuine results indicators and not merely project inputs. Thus the indicator is not for example the number of kilometers built or rehabilitated as is often the case, but reflects improvements in transit time and lower vehicle operating costs. The first outcome under this results area related to the specific road stretches supported by the projects. All targeted reductions in transit time and vehicle operating costs were met. The second outcome was a reduction in the high rate of road traffic fatalities in Georgia. The Bank provided support in this area through supporting investment in improving hazardous locations, as well as a substantial program of technical support and analytic work. The achievements have been remarkable with fatalities per 10,000 cars reduced from the 2008 baseline of nearly 14 to 8 in 2012. (The CPS target here had been 12).

36. The final results area was to Accelerate Business Growth. This was intended to build more directly on addressing areas where progress was still lagging and with direct support to SMEs and agricultural enterprises. The first outcome was a sustained improvement in the business environment, addressing the weakest areas of the Doing Business survey – 'paying taxes', number of days required to important and export, and the high number of firms indicating a problem with access to finance in the BEEPS. While the first two were met, the last of these was clearly not met at the time of the completion of the CPS period. The 2013 BEEPS survey indicates a significant decrease in the percent of firms that identify access to finance as a moderate, major or very severe obstacle, from 55 percent in 2008 to 30 percent in 2013.To some extent this reflects an inconsistency in the Bank Group's approach where the emphasis placed on improving the resilience of the banking sector in the second outcome of the first pillar, was at odds with the desire to increase lending to businesses. In the event neither of these objectives were met. The appropriate sequencing would have been first to focus on the health of the banking system and only later to try to promote improved access for SMEs.

37. The second outcome was related to this issue of the adequacy of financing. The objective was to increase support to Small and Medium Enterprises. The indicator was a fairly modest one of returning the portfolio of the three IFC supported banks to the pre-crisis level of support. This was achieved.

38. The third outcome to improve agriculture production, testing and sales. The first indicator of this was the sales of enterprises supported by the Rural Development Project. The CPSCR defines the achievement more broadly in terms of increased income rather than sales. This was 28.3 percent

higher in 2011 than the 2008 baseline – an impressive achievement. The second indicator was increases in agricultural exports. Although there was no specific target, exports in nominal dollars were nearly 60 percent higher in 2012 than the 2009 baseline.

39. IFC contributed to this results area through all three Outcomes. IFC contributed to Outcome 1 (Sustained improvement in the business environment) through three investment climate advisory services projects. Among other things, these projects reduced the regulatory burden on SMEs from business inspections and licensing, established special taxation regime for micro-enterprises, and reduced the cost and time for a tax appeal. IFC delivery of Outcome 2 (Increased support to SMEs) has come mainly through the various investments in the banks as well as through an access to finance advisory services project for an IFC investee bank subsidiary. Much of the recent growth in the loan portfolio of the IFC investee banks relied on the SMEs because their corporate borrowers were slow to recover and borrow. MIGA's two microfinance project related guarantees similarly contributed to Outcome 2 and to this Results Area. IFC also contributed to Outcome 3 (Improved agriculture production, testing and sales) through direct investments in a winery and a producer of mushroom. In addition, through the banks, IFC brought financing of about US$23 million, after 11 entities had adopted the recommendations of a food-safety advisory services project. Lastly, IFC's two large investments in hydropower, in addition to enhancing energy security, can also be expected to accelerate business growth when they are completed.

40. In addition to the large transport sector program, the Bank and IFC supported this pillar through the DPOs, the Rural Development Project and a large program of non-lending and advisory services. The only area in which this pillar fell short of achievement was that of the access to finance. Overall however, the progress was impressive and in some areas targets were exceeded by large margins. According to the CPS, "IFC was to catalyze private investment in transportation and logistics through investments but also potentially through IFC's infrastructure advisory services". The private investments in transportation did not materialize, and an IFC advisory service on the Georgia EW Road has been on hold for the last two years. Consequently, IFC contribution to this results area was minimal.

Objectives	CPSCR Rating	IEG Rating
Pillar I: Meeting Post-Conflict and Vulnerability Needs	*Satisfactory*	*Satisfactory*
Results Area 1: Preserve Economic Stability and Create Jobs	*Satisfactory*	*Satisfactory*
Results Area 2: Improve Social Services	*Satisfactory*	*Highly Satisfactory*
Pillar II: Strengthening Competitiveness for Post-Crisis Growth	*Satisfactory*	*Satisfactory*
Results Area 3: Upgrade Transport Corridor and Increase Connectivity	*Satisfactory*	*Highly Satisfactory*
Results Area 4: Accelerate Business Growth	*Satisfactory*	*Satisfactory*

4. *Overall IEG Assessment*

	CASCR Rating	IEG Rating
Overall Outcome:	**Satisfactory**	**Satisfactory**
IBRD/IDA Performance:	**Satisfactory**	**Good**
IFC Performance:		**Good**
MIGA Performance:		**Fair**

Overall outcome:

41. This review agrees with the Georgia CPSCR in finding the Bank's program and its achievement satisfactory. Indeed were it not for some evidence of lack of coordination in the design of the macro and financial programs, and of gaps in the aid coordination effort, a strong argument could have been made for a highly satisfactory rating.

IBRD/IDA Performance:

42. IBRD performance is rated Good. The Bank responded to the twin crises with a sharp increase in support, which was rated as Satisfactory by the IEG review of the Bank's response to the global crisis. The program was highly focused on key issues such as transport where the program had the advantage of creating short-term employment while reducing one of the important bottlenecks to growth and increased exports. The results framework was well thought through and designed for the most part with monitorable indicators. The review found only minor weaknesses in the design of the program with regard to the social sectors where the results chain was less clearly thought through, and in the financial sector where the macro-pressures for a more conservative approach to lending by the banking system were at odds with sectoral outcomes pressing for more lending to SMEs. In addition the Bank needs to think carefully about how best to handle the donor/government perception that it is not doing enough with regard to aid coordination. The country office staff needs to build relationships and be willing to spend the time needed to work together with counterparts and visiting missions from donors who may not be as well staffed on the ground as the Bank.

IFC Performance:

43. IEG rates IFC performance as good. A particularly important step has been to locate an IFC staff in the Bank office which has enabled much closer coordination between the Bank and IFC. IFC's major role in supporting the financial system in Georgia has also been of tremendous importance and even though this is the one area where a number of the projected outcomes in terms of financial ratios were not achieved, the overall direction is positive. The CR argues that even though Georgia did not achieve the projected outcomes, its financial ratios still compare favorably with other Eastern European countries. This is beside the point however. Objectives and outcomes need to be framed for the country and what it can be expected to achieve with good policies and good performance over the period. [IEG rates IFC performance as Good. IFC's major role in bringing stability to the financial system in Georgia, through improving NPLs and profitability at three leading banks, as well as the direct investments in hydropower were keys to the achievement of Pillar I. Similarly, IFC investment climate related advisory services, facilitation of access to finance for SMEs through the banks, and investments in the Agriculture sector were keys to the achievement of Pillar II.]

MIGA Performance:

44. IEG rates MIGA performance as fair because of its contribution to microfinance. Given high political risks in Georgia it seems that MIGA could perhaps have marketed itself more aggressively to support FDI. The one guarantee that was made, which supports a micro-credit organization was useful and complemented IFC's financial sector efforts.

5. *Assessment of CPS Completion Report*

45. The CPSCR is a very thorough and well-argued review of the Bank's program during the past three or four years. It tells a coherent story of the Bank responding to the crisis in Georgia, with a much larger, but also much more focused program than in the past.

- Because the results framework is so well designed to focus on achievement of objectives, the

CPSCR is able to provide a similar focus. Indeed it sometimes glosses over the intermediate steps and for example ignores almost completely the achievement of the milestones identified in the CPS. In education for example, where there was an important milestone of teacher certification for the new curriculum - the introduction of the new curriculum is the outcome - the CPSCR could usefully have described the progress in this area.

- The CPSCR is somewhat vague on the attribution of the outcomes to the Bank. By not discussing attribution directly it implies that the Bank can take the full credit for the outcomes. These being genuine outcomes they are of course much more difficult to attribute directly to a specific intermediate step supported by a Bank project. At the outcome level there is always a complex of agents and factors that contribute to the achievement or not of the outcome. The CPSCR is very thin on identifying these other agents or factors. The only reference to another donor for example is on SIDA funding of wastewater plans, which is attributed to a Bank project funding a National Strategy in this area, which in turn enabled the Government to obtain the SIDA funding.
- In general the CPSCR provides good supporting evidence for its judgments, helped again by the unambiguous definition of most of the outcomes in the results framework. In a few areas additional evidence is needed, mainly where the achievement of the indicators do not in and of themselves clearly indicate whether the outcome was achieved - for example the relationship between putting in place a new curriculum and improving the quality of education needs further elaboration than is provided.
- The discussion of IBRD/IDA, IFC and MIGA synergies simply describes what each agency is doing without explaining whether the whole was more than the sum of the parts. There is some evidence of this in the IFC/MIGA programs, but it is absent from the discussion of Bank and IFC interventions.

6. *Findings and Lessons*

46. The CPSCR cites the following lessons:

- *The need for the Bank's program to maintain a balance between investment for growth and the use of transfers for poverty reduction.* The point here is that growth has not resulted in poverty reduction, which has depended on transfers. The CPSCR does not however raise the question of what it would take for growth to be more pro-poor in the future.
- *The importance of analytic work to underpin reforms supported by DPOs and the lending program more generally.* It suggests that the analytic work is doing this effectively. The country survey suggests that the Bank's analytic work is widely respected and is an effective knowledge sharing mechanism.
- *The complementarity of the Bank and IFC programs.* This is couched very much in terms of the Bank and IFC, each focusing on their own respective areas of accountability and expertise. It is unclear to what extent these formed an integrated strategic approach to PSD for example.
- *The need for continuing IDA eligibility and lending flexibility.* The sharp increase in Bank group lending to Georgia, with substantial front-loading to help the Government adjust to the crises and supplement the lead role played by the fund in this regard, was clearly an important contribution and demonstrated the Bank's commitment.
- *Selectivity has been beneficial in focusing resources and producing results.* The CPSCR argues for a continuation of this selectivity going forward.

- *Impact evaluation of selected Bank supported programs could make a useful input into future program design.* This is already ongoing in the Transport sector.
- *Gender should be embedded in all operations and monitored as part of the results framework.*
- *There is a need for more effective donor coordination.* This could strengthen the strategic framework and promote more effective coordination of capacity building and technical assistance.

47. These are recommendations rather than lessons. The one topic that resonates the most is selectivity. Georgia has a large volume of donor assistance and the Bank's focus on a few key areas seems to have made a major contribution. That does not mean that the program should be static. The Bank may well want to consider phasing out of the transport sector in the future and moving more forcefully into education and agriculture – key sectors which seem to be doing less well at the moment and which lie at the heart of programs for pro-poor growth.

48. The Georgian experience suggests a very important development lesson more generally. While the Government did many things right, the success has arguably been triggered by putting better governance front and center in its program. The various international indexes of governance, transparency, doing business, investment climate and competitiveness have played an importing supporting role in providing a metric for government achievements and being able to communicate the value of this and the progress that has been made to the electorate.

Annex Table 1: Summary Achievements of CPS Objectives

CPS Objective 1: Meeting Post-conflict and Vulnerability Needs

	CPS FY10-13 Results Area I: Preserve Economic Stability and Create Jobs	Actual Results (as of current month year)	Comments
Major Outcome Measures	1. Improved public resource management		
	Indicators: a.) Fiscal deficit is managed in a non-inflationary way, while maintaining support for key social services. b.) Introduction of results-based budgeting. c). Establishment and rollout of local government budget system. Baseline (2009): a.) *fiscal deficit* = 9 percent; share of *social sector expenditure* in state budget was 36 percent b.) none. c.) none. Target: a.) gradual reduction consistent with fiscal sustainability; no decrease in share of social sector expenditures in state budget. b.) all ministries c. 69 LGUs use this.	a.) Fiscal deficit decreased to 3 percent of GDP in 2012. Expenditure for social services rose to 39.7 percent of state budget in 2012. b.) Budgets for 2012 and 2013 was approved in program format. All Ministries have developed performance indicators. c.) The Budgetary and Financial management System for the Municipalities and the Ministry of Finance was developed and installed with staff trained in all municipalities at the time of CPSPR. Local government budgets for 2013 were presented in program format.	Source: CPSCR
	2. Improved performance of key financial institutions		
	Indicators: Improve financial health of and lending levels by Georgian commercial banks as measured by following indicators. Baselines (September 2009): Capital Adequacy Ratio = 20.2 Return on Assets = 1.4 Return on Equity = 7.2 Level of NPL = 18.2 Liquidity ratio = 44.7 Loan to deposit ratio = 143 Target:	Capital Adequacy Ratio = 17 Return on Assets = 1 Return on Equity = 5.8 Level of NPL = 9.3 Liquidity ratio = 39.8 Loan to deposit ratio = 106.7	Source: CPSCR
	3. Increased employment through Bank financed projects		
	Indicators: Create number of new job-months in World Bank Group financed projects. Baseline: 0 Target: at least 30,000 man-months of labor	About 45,000 man-months of labor were created under the Bank financed projects after the CPS approval. In addition, IFC clients generated over 1,400 permanent jobs.	Source: CPSCR
	4. Improved quality of education		
	Indicators: Percentage of children learning according to the improved national curriculum. Baseline (2006): About 2 percent. Target (2012): At least 95 percent.	100 percent of children in basic education (grades 1-12) learning according to improved national curriculum as of May 2013.	Source: CPSCR Target date is for 2012 but actual reported results are for 2013.

	CPS FY10-13 Results Area II: Improve Social Services	Actual Results (as of current month year)	Comments
Major Outcome Measures	5. Increased coverage and efficiency of TSA		
	Indicator: Percent of the extreme poor that receive poverty benefits through TSA Baseline (2009): 38.9 percent. Target: At least 50	54% of bottom decile of consumption per adult equivalent received TSA benefits in 2011 (UNICEF 2012).	Source: CPSCR CR Note: "extreme poor" refers to the "bottom decile of consumption per adult equivalent". No target date specified in PR.
	6. Wider health coverage facilitated through improved budgeting, infrastructure and information systems.		
	Indicators: a.) Share of bottom two quintiles with access to subsidized health insurance; b.) Health care service utilization by poor population as measured by number of out-patient visits per capita; c.) Better targeting of services through the development of an effective health care information data base. Baseline (2009): a.) 27.6 percent; b.)1.4 Target: a.) over 45 percent; b.) 2.6	a.) Universal Health Insurance introduced in February 2013 ensures 100 percent coverage. b.) Number of out-patient visits per capita - 2.47 for poor (poorest two quintiles). c.)The Social Assistance Information System (SIMS) development completed and being rolled out. Pilot modules for state pension, compensation package launched in May 2013 in Tbilisi and the Rustavi and Mtskheta regional districts.	Source: CPSCR
	7. Improved Municipal Services in Supported areas (water, local roads etc.)		
	Indicators: a.) Average reduction in KWh consumed per m3 due to introduction of energy efficient water production methods; b.) Average increased number of hours per day of piped water service; c.) Average reduction in trip time due to improved secondary roads. Baseline (2008): a.) 0.7; b.) 7 hours; c.) 100 percent. Target: a.) 0.4; b.) 12 hours; c.) 70 percent.	a.) 0.3 KWh/m3 as of May 2013. b.) 17 hours per day as of May 2013. c.) 70 percent of 2008 trip baseline as of May 2013.	Source: CPSCR
	8. Improved IDP housing and welfare		
	Indicators: a.) Number of beneficiaries from completed post-conflict rehabilitation/construction; b.) Broader support to IDPs: expand infrastructure and improve living conditions. Baseline: a.) 0 (as of 2008); b.) 0 (as of 2009) Target: a.) 3,600 by end-2009; b.) 3,500 IDPs	a.) About 3,600 IDPs have benefited from the construction of 783 houses. b.) 139 subprojects for water supply, wastewater collection and road construction implemented.	Source: CPSCR

CPS Objective 2: Strengthening Competitiveness for Post-Crisis Growth

CPS FY10-13 Results Area III: Upgrade Transport Corridor and Increase Connectivity		Actual Results (as of current month year)	Comments
Major Outcome Measures	10. Transport time and costs reduced along key transport routes		
	Indicators: Transit time and vehicle operating costs along various supported segments improved by over 25%: a.) Transit time to Telavi. b.) Transit time from Agaiani to Igoeti. c.) Transit time from Igoeti to Sveneti. Baseline: a.) 120 minutes; b.) 10 minutes (as of 2006); c.) 19 minutes (as of 2007) Target: a.) 55 minutes; b.) 7 minutes; c.) 12 minutes.	a.) 55 minute target achieved (78% reduction) on the 65 km section. Vehicle operating costs have been reduced from 0.36 USD/veh-km to 0.7 USD/veh-km for cars (53% reduction), and from 1.05 USD/veh-km to 0.65 USD/veh-km for trucks (38% reduction). b.) 7 minute target achieved (30% reduction) on the 13 km section. Vehicle operating costs have been reduced from 0.20 USD/veh-km to 0.17 USD/veh-km for cars (15% reduction), and from 0.76 USD/veh-km to 0.71 USD/veh-km for trucks (6.6% reduction). c.) 12 minute target achieved (38% reduction) on the 24 km section. Vehicle operating costs have been reduced from 0.20 USD/veh-km to 0.18 USD/veh-km for cars (10% reduction), and from 0.76 USD/veh-km to 0.72 USD/veh-km for trucks (5.3% reduction).	Source: CPSCR
	11. Improved road safety		
	Indicators: Number of fatalities per 10,000 cars Baseline (2008): 13.9 Target: 12	Number of fatalities per 10,000 cars was 7.9 in 2012.	Source: CPSCR

CPS FY10-13 Results Area IV: Accelerate Business Growth		Actual Results (as of current month year)	Comments
Major Outcome Measures	12. Sustained Improvement in Business Environment		
	Indicators: Improvement in selected business environment and competitiveness indicators including: a.) “Paying Taxes” rank in Doing Business; b.) Number of days required to import and export from Doing Business; c.) “Access to finance” rating in BEEPS; d.) Global Competitiveness Index. Baseline: a.) 110th (as of 2009); b.) 12 days to export, 14 days to import (as of 2009); c.) 55 percent of firms indicated a problem (as of 2008); d.) ranked 93, score 3.86 (as of 2010). Target: a.) Improvement in ranking; b.) reduction by 10 percent; c.) Under 40 percent;	a.) "Paying Taxes" rank 33th (Doing Business 2013) compared to 61st as per Doing Business 2011. b.) 9 days to export (25 percent reduction) and 10 days to import (29 percent reduction) as per Doing Business 2013. c.) 57% of respondents to 2012 IFC Business Perception Survey ranked "Access to Finance" as a top problem. d.) CGI 2013/2014 rank – 72; score – 4.15.	Source: CPSCR

	d.) Improved rank and score.		
	13. Increased support to Small and Medium Enterprises		
	Indicators: Portfolio of SME credits extended by IFC-supported banks. Baseline: None Target: Return to pre-crisis (2007) level of $750 million.	IFC client banks held a portfolio of $795.6 million in 41,733 loans extended to MSMEs as of end-2012.	Source: CPSCR
	14. Improved agriculture production, testing, and sales		
	Indicators: a.) Sales of enterprises supported by rural development project; b.) Increased exports of agriculture produce. Baseline: a.) 20 enterprises supported (as of 2008); b.) $286 million (as of 2009). Target: a.) double number of supported enterprises	a.) Proxy indicator of increased income of farmers and enterprises supported by the RDP 28.3% higher in June 2011 (compared to RDP target of 10% increase). b.) Exports of Agriculture produce have gradually increased and amounted to $450.6 mln in 2012 (compared to $400.5 mln in 2011 and $303.5 in 2010).	Source: CPSCR

Annex Table 2: Planned and Actual Lending, FY10-13 (US$ Million)

Project ID	Project Name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Approved Amount	Outcome Rating
Project Planned under CPS / CPSPR 2010-13							
P112523	EW HIGHWAY IMP 3	2010	2010	2015	147.00	147.00	LIR: S
P112700	Georgia: DPO -1	2010	2010	2010	85.00	85.00	
P117152	Kakheti Regional Roads	2010	2010	2016	30.00	30.00	LIR: S
P117860	First East West Highway - AF	2010	2010	2013	28.00	28.00	LIR: S
P117698	Georgia: DPO-2	2011	2011	2011	50.00	50.00	
P120887	AF Regional & MUN. INFRA. DEV. PROJ.	2011	2011	2015	45.00	45.00	LIR: S
P125862	SEEC Catastrophe Risk Insurance Facility APL2	2011	Dropped		5.00		
P122202	GEORGIA DPO-3	2012	2012	2012	40.00	40.00	LIR: S
P122204	SLRP II	2012	2012	2017	40.00	70.00	LIR: S
P126033	REG DEV 1	2012	2012	2017	50.00	60.00	LIR: S
P129597	DPO I	2013	2013	2013	40.00	60.00	LIR: MS
P130421	REG DEV 2	2013	2013	2017	50.00	30.00	LIR: S
	SLRP II AF	2013	Dropped		30.00		
	Total planned projects				640.00	645.00	
Non-Programmed Projects under CPS / CPSPR 2010-13							
P128863	AF-EAST WEST HWY IMPRVMT 3		2012	2015		43.00	LIR: S
P130413	EAST-WEST HIGHWAY 4		2013	2018		75.00	LIR: S
P143060	GEORGIA Competitiveness and Growth DPO2		2013	2014		60.00	LIR: MS
Total Non-Programmed projects						178.00	
Dropped Projects							
P094377	Khudoni Hydropower (Dropped)	2010	Dropped		60.00		
P125862	GE seec crif apl2 (DROPPED)	2012	Dropped		5.00		
P122205	SKILLS & ED DEV	2013	Dropped		30.00		
	Total Dropped projects				95.00		
On-going Projects							
P054886	ELEC Market Support		2001	2010		27.37	IEG: S
P040555	Health Sector DEVT		2003	2012		20.30	IEG: MS
P086277	SEC/LOC ROADS		2004	2012		20.00	LIR: S
P088911	ELEC Market Support (Supplement)		2004	2010		3.60	IEG: S
P078544	Rural DEVT		2005	2011		10.00	IEG: MU
P063081	PUB SECTR FM Reform		2006	2012		3.00	IEG: MS
P098850	INFRA PRE-INVEST Facility		2006	2011		5.00	IEG: MS
P099808	AVIAN FLU - GE		2006	2011		7.00	IEG: MS
P083110	HIGHWAY IMPR 1		2007	2013		19.00	LIR: S
P098217	EDUC II (APL #2)		2007	2012		15.00	IEG: MS
P094044	Highway Improvement 2		2008	2012		35.00	IEG: MS
P107610	Highway Improvement 2 AF		2009	2012		20.00	IEG: MS
P110126	REG & MUNI INFRA DEV		2009	2015		40.00	LIR: S
P114365	Secondary and Local Roads Pr: AF		2009	2012		70.00	LIR: S
	Total On-going Projects					295.27	

Source: Georgia CPS, CPSPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 12/18/2013
*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

Annex Table 3: Grants and Trust Funds Active in FY10-13 (US$ million)

Project ID	Project Name	TF ID	Approval FY	Closing FY	Approved Amount
P125782	Mobile Social Networking in Georgia	TF 99089	0.04	2011	2013
P055068	Irrigation & Drainage Community Development Project	TF 54294	0.14	2006	2010
P125424	Preparatory Work for 2014 Georgia National Population Census	TF 14382	0.25	2013	2015
P098217	Education System Realignment & Strengthening Program (APL #2)	TF 94610	0.26	2010	2011
P114669	Tblisi city Development Strategy	TF 93014	0.27	2009	2013
P093519	STRENGTHENING E-GOVERNMENT PROCUREMENT	TF 56467	0.30	2006	2010
P144453	Capacity Building For Georgia's National Examination Center	TF 14363	0.32	2013	2017
P124176	Tbilisi City Capital Investment Planning and Budgeting	TF 98647	0.35	2011	2015
P125997	Strengthening Parliament's Capacity for Legal Drafting and Policy Formulation	TF 99612	0.47	2012	2015
P078544*	Rural Development Project	COFN 04610	0.81	2005	2012
P101468	YOUTH DEVELOPMENT & INCLUSION	TF 90484	1.22	2008	2012
P099808	Avian Influenza Control & Human Pandemic Preparedness & Response Project	TF 56631	1.40	2007	2011
P099808	Avian Influenza Control & Human Pandemic Preparedness & Response Project	TF 57342	1.60	2007	2010
P116534	IDP COMMUNITY DEVT PROJECT	TF 94187	2.21	2009	2013
P117698	Georgia: Second Development Policy Operation	TF 98478	2.68	2011	2011
P112700	Georgia: First Development Policy Operation (DPO-1)	TF 95827	3.59	2010	2010
P110126	Regional and Municipal Infrastructure Development Project	TF 97715	3.71	2011	2012
P078544	Rural Development Project	TF 54362	4.50	2005	2011
P098217	Education System Realignment & Strengthening Program (APL #2)	TF 57515	4.95	2007	2012
P078544*	Rural Development Project	COFN 04600	8.88	2005	2012
Total			37.94		

Source: Client Connection as of 12/18/2013
*Cofinaning by IFAD

Annex Table 4: Analytical and Advisory Work for Georgia, FY10 - FY13

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P118160	Programmatic Poverty	FY10	Report
P098487	CEM: POLICIES FOR SUSTAINING DEVELOPMENT	FY12	Report
P117684	Georgia: Programmatic PER	FY12	Report
P122191	RICA Georgia	FY12	Report
P127210	GREEN TRANSPORTATION	FY12	Policy Note
P129412	KAKHETI REGIONAL DEVELOPMENT STUDY	FY12	EW/Not assigned
Proj ID	**Technical Assistance**	**Fiscal year**	**Output Type**
P105518	FIRST #631:Devt of country strategy ROSC	FY10	"How-To" Guidance
P119508	Joint Need Assessment Progress Report	FY10	Client Document Review
P120471	HIGH-LEVEL AGRICULTURE WORKSHOP	FY10	Knowledge-Sharing Forum
P101028	FFS MILLENIUM CHALLENG GEORGIA FUND	FY11	Client Document Review
P121747	Capacity Building	FY12	Institutional Development Plan
P125040	Georgia Book on Anti-Corruption Reforms	FY12	TA/EPD
P125642	TF - EPDF Support to Educ Strategy	FY12	TA/IAR
P130411	Georgia Kakheti Cultural Heritage Touris	FY13	TA/IAR
P144844	Georgia Competitive Industries TA	FY13	TA/EPD

Source: WB Business Warehouse as of 12/18/2013

Annex Table 5: IEG Project Ratings for Georgia, FY10-13

Exit FY	Proj ID	Project name	Total Evaluated ($M)	IEG Outcome	IEG Risk to DO
2010	P054886	ELEC MRKT SUPPORT	36.20	SATISFACTORY	MODERATE
2011	P078544	RURAL DEVT	10.27	MODERATELY UNSATISFACTORY	SIGNIFICANT
2011	P098217	EDUC II (APL #2)	15.84	MODERATELY SATISFACTORY	MODERATE
2011	P098850	INFRA PRE-INVEST FACILITY	4.58	MODERATELY SATISFACTORY	SIGNIFICANT
2011	P099808	AVIAN FLU - GE	4.33	MODERATELY SATISFACTORY	MODERATE
2012	P040555	HEALTH SECTR DEVT	24.24	MODERATELY SATISFACTORY	MODERATE
2012	P063081	PUB SECTR FM REFORM	1.38	MODERATELY SATISFACTORY	MODERATE
2012	P094044	HIGHWAY IMPROVEMENT 2	54.04	MODERATELY SATISFACTORY	SIGNIFICANT
		Total	150.87		

Source: BW Key IEG Ratings as of 12/18/2013

Annex Table 6: IEG Project Ratings for Georgia and Comparators, FY10-13

Region	Total Evaluated ($M)	Total Evaluated (No)	Outcome % Sat ($)	Outcome % Sat (No)	RDO % Moderate or Lower Sat ($) *	RDO % Moderate or Lower Sat (No) *
Georgia	150.87	8.00	93.19	87.50	54.33	62.50
ECA	7,802.06	132.00	85.81	76.74	64.14	61.24
World	54,559.83	693.00	82.30	71.39	62.32	52.78

Source: WB Business Warehouse as of 12/18/2013

* 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, FY10-13

Fiscal year	2010	2011	2012	2013	Overall Result
Georgia					
# Proj	12.00	8.00	6.00	8.00	34.00
# Proj At Risk	1.00	3.00	1.00	0.00	5.00
% Proj At Risk	8.33	37.50	16.67	0.00	0.15
Net Comm Amt	469.30	477.30	482.00	600.00	2,028.60
Comm At Risk	55.00	105.00	47.00	0.00	207.00
% Commit at Risk	11.72	22.00	9.75	0.00	0.10
ECA					
# Proj	276.00	251.00	209.00	194.00	930.00
# Proj At Risk	50.00	40.00	42.00	45.00	177.00
% Proj At Risk	18.12	15.94	20.10	23.20	0.19
Net Comm Amt	24,340.53	22,535.41	22,957.93	24,571.33	94,405.20
Comm At Risk	4,357.07	2,116.89	2,652.60	3,834.94	12,961.50
% Commit at Risk	17.90	9.39	11.55	15.61	0.14
World					
# Proj	1,590.00	1,595.00	1,500.00	1,466.00	6,151.00
# Proj At Risk	366.00	337.00	333.00	368.00	1,404.00
% Proj At Risk	23.02	21.13	22.20	25.10	0.23
Net Comm Amt	158,287.43	168,248.69	168,407.73	171,249.82	666,193.67
Comm At Risk	28,186.13	22,978.54	23,723.14	40,131.00	115,018.81
% Commit at Risk	17.81	13.66	14.09	23.43	0.17

Source: WB Business Warehouse as of 12/18/2013

Annex Table 8: Disbursement Ratio for Georgia and Comparators, FY10-13 (US$ Million)

Fiscal Year	2010	2011	2012	2013	Overall Result
Georgia					
Disbursement Ratio (%)	113.15	54.04	98.55	49.38	74.94
Inv Disb in FY ($M)	155.28	100.97	124.80	83.57	464.62
Inv Tot Undisb Begin FY ($M)	137.24	186.85	126.63	169.25	619.96
ECA					
Disbursement Ratio (%)	18.64	20.51	25.93	24.15	22.20
Inv Disb in FY ($M)	2,660.03	2,806.39	3,498.18	2,925.12	11,889.72
Inv Tot Undisb Begin FY ($M)	14,268.76	13,682.49	13,492.15	12,110.38	53,553.77
World					
Disbursement Ratio (%)	26.92	22.39	20.79	20.59	22.42
Inv Disb in FY ($M)	20,928.71	20,933.14	21,043.78	20,501.62	83,407.24
Inv Tot Undisb Begin FY ($M)	77,755.60	93,506.41	101,214.56	99,551.36	372,027.93

Source: WB Business Warehouse as of 12/18/2013

Annex Table 9: List of IFC's investments in Georgia that were active during FY10-13 (US$'000)

Project ID	Cmt. FY	Closure FY	Project Status	IFC Sector Primary	IFC Sector Explntry	Project Size	Net Loans	Net Equity	Total Net Commitment
Investments approved pre-FY10, but active during FY10-13									
8546	1999	2011	Closed	MAS	Glass bottles	20,845	6,320	2,500	8,820
8741, 20718, 24057 24421, 26147, 26375, 26802#	1998, 2005, 2005 2006, 2007, 2007, 2008	24057, 20718 Closed 2011, 2012	Others Active	Fin & Ins	Comm. Bank	110,000	47,000	53,413	100,413
9322	1999	2010		Fin & Ins	Comm. Bank	3,000	3,000		3,000
20717, 27173, 28143+	2003, 2009, 2009	20717 Closed 2011	Others Active	Fin & Ins	Comm. Bank	209,000	109,000		109,000
24628	2006		Active	IINR	Airport	137,389	27,000		27,000
25704, 27154*	2008, 2008	25704 Closed 2012	27154 Active	Fin & Ins	Comm. Bank	160,900	42,000		42,000
26593	2008		Active	MAS	Real Estate	32,410	8,500		8,500
26433	2009		Active	MAS	Real Estate	129,798	42,000	7,649	49,649
Subtotal						803,342	284,820	63,562	348,382

Annex Table 10: List of MIGA's Operations in Georgia, FY10-13 (US$ '000)

ID	*Contract Enterprise*	*FY*	*Project Status*	*Sector*	*Investor*	*Max. Gross Issuance*
9192	ProCredit Holding	2011,12	Active	Banking (Microfinance)	Germany	22,500
11597	Two investors in GeoCapital.	2013	Active	Banking (Microfinance)	US	1,800
		Grand Total:				24,300

Source: Source: MIGA, March 2014

Annex Table 11: Net Disbursements and Charges for Georgia, FY10-13 (US$ Million)

FY	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2010	245.31	14.06	231.25	0.18	8.75	222.32
2011	152.93	16.18	136.74	0.98	8.76	127.01
2012	163.70	17.61	146.09	1.63	9.43	135.03
2013	143.89	18.37	125.52	3.95	9.23	112.35
Total FY10-13	705.83	66.23	639.60	6.73	36.17	596.71

Source: World Bank Client Connection 12/18/2013

Annex Table 12: Total Net Disbursements of Official Development Assistance and Official Aid

Development Partners	2010	2011	2012	2010-2012
Australia				
Austria	1.52	1.81		3.33
Belgium	0.05			0.05
Canada	0.03	0.06		0.09
Czech Republic	3.89	2.05	2.63	8.57
Denmark	2.48	4.54	1.05	8.07
Finland	4.69	4.19		8.88
France	6.21	7.27		13.48
Germany	82.04	73.61		155.65
Greece	1.70	1.66		3.36
Iceland				
Ireland	0.36	0.28		0.64
Italy	0.18	0.11		0.29
Japan	6.48	4.71		11.19
Korea	0.05	0.16		0.21
Luxembourg	0.02		0.03	0.05
Netherlands	3.19	0.68		3.87
New Zealand				
Norway	10.01	10.11		20.12
Poland	6.19	6.58	2.58	15.35
Portugal	0.30	0.10	0.05	0.45
Slovak Republic	0.48	0.51	0.52	1.51
Spain	0.13	0.11		0.24
Sweden	18.62	19.25		37.87
Switzerland	6.39	9.36		15.75
United Kingdom	3.43	3.19		6.62
United States	202.16	172.60		374.76
DAC Countries, Total	*360.60*	*322.94*		*683.54*
AfDB				
AfDF				
Arab Fund (AFESD)				
AsDB Special Funds	38.28	42.36	56.49	137.13
BADEA				
CarDB				
EBRD				
EU Institutions	154.69	183.14		337.83
GAVI	0.60	1.00	0.34	1.94
GEF	2.00			2.00

Global Fund	8.88	14.27	11.04	34.19
IAEA	0.37	0.28	0.30	0.95
IBRD				
IDA	53.28	37.15		90.43
IDB Sp.Fund				
IFAD	6.62	1.35		7.97
IFC				
IMF (Concessional Trust Funds)	-21.51	-28.26	-30.48	-80.25
Isl.Dev Bank				
Montreal Protocol				
Nordic Dev.Fund				
OFID				
OSCE				
UNAIDS	0.09	0.16	0.23	0.48
UNDP	1.71	1.25		2.96
UNECE				
UNFPA	0.72	0.57	0.69	1.98
UNHCR	1.52	3.46	4.04	9.02
UNICEF	0.85	0.80	0.87	2.52
UNPBF				
UNRWA				
UNTA				
WFP	0.46	0.60	0.44	1.50
WHO		0.37	0.02	0.39
Other Multilaterals				
Multilateral, Total	*248.56*	*258.50*		*507.06*
Bulgaria				
Chinese Taipei				
Cyprus	0.04	0.02		0.06
Estonia	0.53	0.69	0.86	2.08
Hungary	0.03	0.13	0.03	0.19
Israel	2.33	0.51	0.44	3.28
Kuwait (KFAED)	6.43	-1.13		5.30
Latvia			0.17	0.17
Liechtenstein				
Lithuania	0.28	0.41	0.11	0.80
Malta				
Romania	0.41	0.46	0.34	1.21
Russia			0.30	0.30
Saudi Arabia				
Slovenia	0.12	0.11	0.11	0.34
Thailand	0.01		0.01	0.02
Turkey	5.85	7.38	12.37	25.60
United Arab Emirates	0.00			
Other donor countries				
Non-DAC Countries, Total	*16.03*	*8.58*		*24.61*
All Donors, Total	*625.19*	*590.02*		*1,215.21*

Source: data extracted on 19 Dec 2013 23:20 UTC (GMT) from OECD. Stat

Annex Table 13: Economic and Social Indicators for Georgia, 2010-2013

Series Name	2010	2011	2012	2013	Average 2010-2013		
Growth and Inflation					Georgia	ECA (All Income Levels)	World
GDP growth (annual %)	6.25	6.95	6.00		6.40	1.55	3.06
GDP per capita growth (annual %)	5.25	6.22	5.33		5.60	1.09	1.87
GNI per capita, PPP (current international $)	4,910.00	5,260.00	5,770.00		5,313.33	25,430.19	11,670.15
GNI, Atlas method (current US$) (billions)	11.91	12.75	14.76		13.14	21.24	67.24
Inflation, consumer prices (annual %)	7.11	8.54	-0.94		4.90	2.98	4.04
Composition of GDP (%)							
Agriculture, value added (% of GDP)	8.38	9.33	8.51		8.74	2.11	3.20
Industry, value added (% of GDP)	22.24	23.24	23.14		22.87	26.57	26.79
Services, etc., value added (% of GDP)	69.38	67.43	68.35		68.38	71.31	69.94
Gross fixed capital formation (% of GDP)	19.33	21.83	24.85		22.00	18.48	21.05
Gross domestic savings (% of GDP)	3.77	6.92	10.07		6.92	20.74	21.64
External Accounts							
Exports of goods and services (% of GDP)	34.95	36.28	38.44		36.56	41.40	29.87
Imports of goods and services (% of GDP)	52.76	54.86	57.79		55.14	39.72	29.90
Current account balance (% of GDP)	-10.28	-12.75	-11.75		-11.59		
External debt stocks (% of GNI)	83.39	81.07	85.39		83.28		
Total debt service (% of GNI)	7.04	11.46	10.55		9.68		
Total reserves in months of imports	3.95	3.69	3.33		3.65	6.29	13.48
Fiscal Accounts *							
General government revenue (% of GDP)	28.28	28.22	28.65	27.51			
General government total expenditure (% of GDP)	33.06	29.09	29.41	29.35			
General government net lending/borrowing (% of GDP)	-4.78	-0.87	-0.75	-1.83			
General government gross debt (% of GDP)	39.16	33.75	32.74	31.17			
Social Indicators							
Health							
Life expectancy at birth, total (years)	73.67	73.81			73.74	75.99	70.42
Immunization, DPT (% of children ages 12-23 months)	91.00	94.00	92.00		92.33	94.44	83.28
Improved sanitation facilities (% population with access)	93.60	93.40			93.50	92.52	63.38
Improved water source (% population with access)	97.30	98.10			97.70	97.91	88.63
Mortality rate, infant (per 1,000 live births)	19.10	18.50	17.80		18.47	10.55	36.03
Education							
School enrollment, preprimary (% gross)						76.18	49.30
School enrollment, primary (% gross)	109.27	106.99	106.12		107.46	102.47	106.85
School enrollment, secondary (% gross)						98.50	70.52
Population							
Population (Total) (millions)	4.45	4.48	4.51		4.48	895.54	6,965.84
Population growth (annual %)	0.95	0.68	0.63		0.75	0.45	1.17
Urban population (% of total)	52.74	52.86	52.98		52.86	70.21	52.08

Source: DDP as of December 19, 2013

*International Monetary Fund, World Economic Outlook Database, April 2013 (Estimates start after 2012)

Annex Table 14: Georgia – Millennium Development Goals

Millennium Development Goals	1990	1995	2000	2005	2011
Goal 1: Eradicate extreme poverty and hunger					
Employment to population ratio, 15+, total (%)		56.20	56.70	54.80	55.00
Employment to population ratio, ages 15-24, total (%)		24.10	28.40	23.30	21.80
GDP per person employed (constant 1990 PPP $)	15,935.00	6,512.00	8,441.00	12,662.00	18,039.00
Income share held by lowest 20%			5.27	5.38	
Malnutrition prevalence, weight for age (% of children under 5)				2.30	
Poverty gap at $1.25 a day (PPP) (%)			6.50	4.82	
Poverty headcount ratio at $1.25 a day (PPP) (% of population)			19.29	15.98	
Vulnerable employment, total (% of total employment)			59.90	64.20	
Goal 2: Achieve universal primary education					
Literacy rate, youth female (% of females ages 15-24)					
Literacy rate, youth male (% of males ages 15-24)					
Persistence to last grade of primary, total (% of cohort)			94.83	98.84	
Primary completion rate, total (% of relevant age group)		84.18	97.97	85.09	
Adjusted net enrollment rate, primary (% of primary school age children)		84.00		91.00	99.00
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliaments (%)			7.20	9.40	6.60
Ratio of female to male primary enrollment (%)		98.32	98.44	96.96	103.01
Ratio of female to male secondary enrollment (%)		91.32	98.54	96.75	
Ratio of female to male tertiary enrollment (%)		132.33	95.21	103.21	119.61
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)				48.50	
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)		61.00	73.00	92.00	94.00
Mortality rate, infant (per 1,000 live births)	30.40	38.60	29.80	22.80	18.50
Mortality rate, under-5 (per 1,000 live births)	34.70	44.80	34.10	25.60	20.00
Goal 5: Improve maternal health					
Adolescent fertility rate (births per 1,000 women ages 15-19)	71.79	63.89	53.30	49.91	47.61
Births attended by skilled health staff (% of total)	96.60		95.70	98.30	
Contraceptive prevalence (% of women ages 15-49)			40.50	47.30	
Maternal mortality ratio (modeled estimate, per 100,000 live births)	63.00	75.00	58.00	61.00	
Pregnant women receiving prenatal care (%)				96.30	
Unmet need for contraception (% of married women ages 15-49)					
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)					
Condom use, population ages 15-24, female (% of females ages 15-24)					
Condom use, population ages 15-24, male (% of males ages 15-24)					
Incidence of tuberculosis (per 100,000 people)	280.00	263.00	256.00	175.00	125.00
Prevalence of HIV, female (% ages 15-24)					0.10

Prevalence of HIV, male (% ages 15-24)					0.20
Prevalence of HIV, total (% of population ages 15-49)	0.10	0.10	0.10	0.10	0.20
Tuberculosis case detection rate (%, all forms)	10.00	12.00	36.00	58.00	84.00
Goal 7: Ensure environmental sustainability					
CO2 emissions (kg per PPP $ of GDP)		0.34	0.46	0.32	
CO2 emissions (metric tons per capita)		0.49	1.03	1.16	
Forest area (% of land area)	39.99	39.91	39.83	39.65	39.43
Improved sanitation facilities (% of population with access)	96.50	96.30	95.40	94.50	93.40
Improved water source (% of population with access)	85.00	85.50	89.20	93.20	98.10
Marine protected areas (% of total surface area)	0.16	0.16	0.45	0.45	
Net ODA received per capita (current US$)		44.16	38.28	66.97	131.60
Goal 8: Develop a global partnership for development					
Total debt service (% of exports of goods, services and income)			12.51	8.06	26.85
Internet users (per 100 people)		0.01	0.48	6.08	36.56
Mobile cellular subscriptions (per 100 people)		0.00	4.10	26.23	102.34
Telephone lines (per 100 people)	9.89	10.93	10.72	12.74	30.96
Fertility rate, total (births per woman)	2.18	1.88	1.61	1.68	1.82
Other					
GNI per capita, Atlas method (current US$)		540.00	750.00	1,360.00	2,850.00
GNI, Atlas method (current US$)		2.57	3.29	5.91	12.75
Gross capital formation (% of GDP)	30.73	4.03	26.58	33.49	26.16
Life expectancy at birth, total (years)	70.00	70.23	71.63	72.91	73.81
Literacy rate, adult total (% of people ages 15 and above)					
Population, total (millions)	4.80	4.73	4.41	4.36	4.48
Trade (% of GDP)	85.64	67.83	62.66	85.32	91.02