



Report and Recommendation of the President to the Board of Directors

Project Number: 55132-001
May 2021

Proposed Debt Investment Georgian Railway JSC Georgian Railway Green Bond Project (Georgia)

This is a redacted version of the document approved by ADB's Board of Directors which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 7 April 2021)

Currency unit	–	lari (GEL)
GEL1.00	=	\$0.293
\$1.00	=	GEL3.408

ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
COVID-19	–	coronavirus disease
CWRD	–	Central and West Asia Department
ESMS	–	environmental and social management system
JSC	–	joint stock company
TA	–	technical assistance
US	–	United States

NOTES

- (i) The fiscal year (FY) of Georgian Railway JSC ends on 31 December. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ends on 31 December 2021.
- (ii) In this report, “\$” refers to United States dollars.

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^a Outposted to the Georgia Resident Mission.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 55132-001	
Project Name	Georgian Railway Green Bond Project	Department/Division	PSOD/PSIF1
Country	Georgia		
Borrower	Georgian Railway JSC		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=55132-001-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Transport	Subsector(s) Rail transport (non-urban)		50.00
		Total	50.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0.00
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Making cities more livable			
✓ Fostering regional cooperation and integration			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 5.2		Effective gender mainstreaming (EGM)	✓
SDG 9.1			
SDG 10.2		Poverty Targeting	
SDG 11.2		General Intervention on Poverty	✓
SDG 17.11			
4. Nonsovereign Operation Risk Rating			
Obligor Name		Obligor Risk Rating	Facility Risk Rating
Georgian Railway JSC			
5. Safeguard Categorization			
Environment: B		Involuntary Resettlement: B	Indigenous Peoples: C
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		50.00	
Nonsovereign Debt Security (Regular Loan): Ordinary capital resources		50.00	
Cofinancing		0.00	
None		0.00	
Others ^a		500.00	
Total		550.00	
Currency of ADB Financing: US Dollar			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed debt investment in bonds of up to \$50,000,000 to be issued by Georgian Railway JSC (joint stock company) for the Georgian Railway Green Bond Project in Georgia.

2. Georgian Railway will issue \$500 million of 5–7-year Eurobonds, which will be listed on the London Stock Exchange. The proceeds of the issuance, combined with Georgian Railway's own resources, will be used to roll over Georgian Railway's existing \$500 million in Eurobonds, and partly finance capital expenditures in relation to the company's ongoing railway modernization project. The proceeds of the Asian Development Bank (ADB) subscription will be earmarked up to (i) \$4 million for capital expenditures related to the upgrade of two existing substations; and (ii) \$46 million for the partial refinancing of debts (existing Eurobonds) incurred to improve existing railway lines as part of the ongoing modernization project, covering preliminary works, subgrade works, the upgrade of associated infrastructure and electric traction supply lines, and railway track enhancements. The proceeds will not finance any tunnel-related works and any capital expenditures, upgrades, or repairs linked to new railway lines. The instrument is targeted to be issued in June 2021. The bonds are expected to be recognized as green bonds in compliance with the International Capital Markets Association's Green Bond Principles.¹ The instrument is expected to be the first-ever green bond to be issued by a state-owned enterprise in the South Caucasus, and the second from a Georgian issuer. ADB's subscription to the bond as an anchor investor is expected to boost investor confidence in the issuance, particularly given market uncertainties because of the ongoing pandemic, and thereby help ensure financial and operational sustainability of Georgian Railway.

II. THE PROJECT

A. Project Identification and Description

3. **Project identification.** Georgia lies at the crossroads of Europe and Asia, serving as an important section of international trade and transport corridors, such as the Transport Corridor Europe Caucasus Asia corridor, as well as the Central Asia Regional Economic Cooperation (CAREC) Railway Corridor 2: Mediterranean–East Asia and CAREC Railway Corridor 6: Europe–Middle East–South Asia.² Establishing sustainable and efficient transport networks that improve connectivity with neighboring trading partners can lead to increased trade flows and improved competitiveness. In line with ADB's country partnership strategy, 2019–2023,³ Georgia can leverage such advantages to strengthen its position as an international gateway by upgrading its transport network in a sustainable manner.

4. **Project design.** Georgian Railway's main objective for the proposed bond issuance is to restructure its liability profile by rolling over its \$500 million in Eurobonds that had been issued primarily to fund the company's ongoing modernization project. Since 2010, Georgian Railway has been working on a multiyear, phased modernization of its network. The project includes improving the bottleneck in a 40-kilometer mountainous region, which delays operations and accelerates the depreciation of tracks and rolling stock. (Confidential information deleted.) Once the modernization project, involving the entire rail network, is completed in 2023, it is expected to

¹ International Capital Market Association. 2018. *Green Bond Principles*. Paris.

² ADB. 2017. [The CAREC Corridors - Linking Europe and East Asia](#). News release. 27 November.

³ ADB. 2019. [Country Partnership Strategy: Georgia, 2019–2023—Developing Caucasus's Gateway to the World](#). Manila.

increase freight capacity from 27 million to 48 million tons per annum, increase passenger capacity from 4.5 million to 8.0 million per annum, increase the maximum cargo speed, reduce the transport time of freight trains, and improve transport safety by reducing derailment risk. Once the ongoing capital expenditure is completed, improved and expanded railway operations may help reduce carbon emissions through cargo and passenger modal shifts from more greenhouse gas-intensive road-based transport to rail. Notwithstanding the above, the project will not be eligible for climate financing. This is because it is not possible to meaningfully quantify the incremental greenhouse gas emission reduction accruing out of the modernization project, due to the absence of a comprehensive traffic survey and demand analysis study on the likely extent of modal shift in the project area.⁴ However, the bond issuance will be in compliance with the Green Bond Principles (footnote 1).⁵

5. To fund the modernization project in phases, Georgian Railway initially issued \$250 million in Eurobonds in 2010, which were subsequently refinanced in 2012 by a \$500 million Eurobond issuance with a bullet repayment in 2022. The proposed bond issuance would be primarily used to roll over these existing Eurobonds and thus help reprofile Georgian Railway's balance sheet by ensuring much-needed liquidity, which is critical for Georgian Railway's sustainability and completion of its modernization project. Given the capital-intensive nature of the ongoing investment (with long payback period), Georgian Railway's current operating cash flow is not sufficient to cover such bullet repayment while at the same time maintaining the momentum of ongoing capital expenditures. The role of ADB and the European Bank for Reconstruction and Development as anchor investors to support the issuance of the green bonds will thus enable Georgian Railway to repay its upcoming liabilities, and to maintain the momentum of modernizing the entire railway network, which is vital to the country.

6. Of Georgian Railway's total cargo throughput in 2020, transit accounted for 50%, exports for 10%, and imports for 23%. Local shipments accounted for only 17%. Because Georgian Railway's mainline railway network is a key link in the shortest route from the Caspian Sea and Central Asia to the Black Sea and the Mediterranean basin, it is uniquely positioned to capitalize on trade between Europe, the Caspian Sea region, and Central Asia. Therefore, Georgian Railway's modernization project is critical for Georgia to serve as a gateway for trade with Europe not only for other Caucasus countries but also for neighboring economies, which form an integral part of key regional cooperation and integration initiatives.

7. ADB and Georgian Railway will execute an agreement stipulating specific requirements, including development outcome, safeguards and social dimensions, gender elements, and an anticorruption policy. Georgian Railway will commit to undertake a number of improvements in safeguards and gender design to comply with ADB's requirements. These actions are expected to have a demonstrational effect across the transport sector in Georgia and significantly add value to one of Georgia's largest employers, with more than 12,000 employees as of the end of 2020. The project will support Georgian Railway's efforts to access international capital markets at a time when liquidity is uncertain because of the negative economic effects of the coronavirus disease (COVID-19) pandemic.

⁴ Under the joint Multilateral Development Bank (MDB) methodology for tracking climate change mitigation finance typology, railways are an eligible mitigation activity; however, the methodology also requires a clear demonstration of a modal shift from a higher-carbon mode, as well as the consequent estimations for greenhouse gas emission reductions.

⁵ Green bonds projects (following the Green Bonds Principles) do not necessarily qualify as climate finance projects (following the joint MDB methodology), as the latter have more stringent eligibility criteria.

8. **One-ADB approach.** The project has been developed and processed by ADB's Private Sector Operations Department – in close collaboration with Central and West Asia Department (CWRD). The project opportunity was identified during CWRD's technical assistance (TA)⁶ support to Georgian Railway and the Government of Georgia to formulate a long-term business strategy for rail passenger services, optimize passenger operations, and finalize a fair and transparent public service contract between Georgian Railway and the government. Once completed, the TA is expected to identify a road map for Georgian Railway to reduce its financial burden stemming from loss-making, yet socioeconomically desirable, passenger rail services and improve its sustainability. The support for the bond issuance thus complements CWRD's upstream engagement with Georgian Railway. ADB's Georgia Resident Mission is involved in processing the project and engaged in managing ADB's relationship with Georgian Railway.

9. **Gender equality.** Few women are employed in transport (2% in construction and 4% in transport and communication) in Georgia.⁷ Transport usage, trip patterns, and mobility often have significant gender constraints. Even when women have access to public transport, it is often considered unsafe as sexual harassment on public transport has been reported as a growing problem in many countries in CAREC.⁸ Key gender issues considered in designing and implementing the ongoing modernization project include access, safety, and provision of equal job opportunities in transport. Gender elements have been incorporated into the project to align with ADB requirements.

10. **Issuer.** Georgian Railway is Georgia's sole railway company operating in Georgia and is wholly owned by the Partnership Fund JSC, Georgia's sovereign investment fund. Georgian Railway provides freight services, transshipping a variety of cargo, including crude oil, oil products, ores, and grains, principally from the Caspian Sea and Central Asia in the east to the Black Sea in the west. Georgian Railway also provides passenger services. Its total infrastructure included a 1,436-kilometer railway network (of which 97% is electrified), 1,323 bridges, 40 tunnels, 31 passenger stations, and 99 cargo stations as of the end of 2020. Georgian Railway is a vertically integrated natural monopoly that owns and operates the tracks, stations, other infrastructure and rolling stock comprising Georgia's entire national railway system, as well as the land adjoining the tracks. Georgian Railway is authorized to set its own tariffs independently of government approval. The company's mainline rail network, together with that of Azerbaijan Railways (a closed joint stock company), forms the Caucasus railway corridor, which is a key segment of the Transport Corridor Europe Caucasus Asia corridor, as well as the CAREC Railway Corridor 2: Mediterranean–East Asia and CAREC Railway Corridor 6: Europe–Middle East–South Asia (footnote 2). Three of Georgian Railway's lines terminate at the Black Sea, at the Georgian port cities of Batumi, Kulevi, and Poti, with easy on-shipment of transit cargo to the Mediterranean basin and Europe.

11. **COVID-19 impact.** In early 2020, the government ordered a temporary suspension of rail passenger operations because of the COVID-19 pandemic. As a result, ridership decreased significantly. In 2020, Georgian Railway transported only 0.9 million passengers compared with 3.0 million in 2019. The pandemic slowed the pace of some of Georgian Railway's modernization works. However, the temporary restrictions placed by the government in 2020 on air and overland transport have positively impacted Georgian Railway's freight transport volumewhich was 11.1 million tons in 2020 compared with 10.9 million tons in 2019

⁶ ADB. 2020. *Georgia: Support to Rail Passenger Services Contracting*. Manila.

⁷ National Statistics Office of Georgia. 2020. *Women and Men in Georgia: Statistical Publication*. Tbilisi.

⁸ ADB. 2021. *CAREC Gender Strategy 2030: Inclusion, Empowerment, and Resilience for All*. Manila.

12. (Confidential information deleted.)

B. Development Impacts, Outcome, and Outputs

13. **Impacts.** The project is aligned with the following impacts: provision of a safer, more efficient transport corridor, consistent with ADB's country partnership strategy for Georgia (footnote 3) to develop efficient and sustainable transport and storage systems, and with ADB's CAREC 2030 transport strategy,⁹ to improve service levels and operation efficiency of railways.

14. **Outcome.** The project will have the following outcomes: Georgian Railway's financial sustainability and railway operations improved through the issuance of Eurobonds, increasing the volume of cargo and passengers transported, reducing travel time for freight trains from the Azerbaijan border to the Georgian port of Batumi, and improving train speeds in gorge sections of the railway network project.

15. **Outputs.** The outputs of the project are (i) Georgian Railway's Eurobonds fully issued and subscribed, (ii) Georgian Railway's network improved with freight and passenger capacity increased and gender responsiveness improved through installation of gender-awareness boards at train stations, (iii) gender inclusiveness in Georgian Railway's workplace enhanced, and (iv) opportunities for women in transport improved.

C. Alignment with ADB Strategy and Operations

16. **Consistency with ADB strategy and country partnership strategy.** The project is consistent with ADB's Strategy 2030,¹⁰ which prioritizes addressing remaining poverty and reducing inequality, accelerating progress in gender equality, making cities more livable, and meeting cross-border infrastructure needs, which is aligned with the operational priority of fostering regional cooperation and integration. ADB support for the project is in line with ADB's country partnership strategy for Georgia, 2019–2023 (footnote 3) as the project promotes economic development and makes urban areas more livable through more efficient transport. Supporting the first green bond issuance from a state-owned enterprise in the South Caucasus will boost the financial sustainability of Georgian Railway, which will in turn help to address the ultimate goal of the country partnership strategy to expand trade, improve regional connectivity and logistics, create more jobs, and combat poverty through the development of economic corridors in Georgia, as Georgian Railway is an important part of such corridors.

17. **Consistency with sector strategy and relevant ADB operations.** The project is consistent with ADB's CAREC 2030 transport strategy (footnote 9), which targets increasing sustainability, and with its strategic pillar on railways, which focuses on developing effective rail infrastructure, and alleviating cross-border bottlenecks via increased freight capacity and railway network length. The project will thus benefit connectivity in CAREC Railway Corridor 2: Mediterranean–East Asia and CAREC Railway Corridor 6: Europe–Middle East–South Asia. The project is consistent with the Operational Plan for Private Sector Operations through its support for an essential transport infrastructure provider.¹¹

⁹ ADB. 2020. [CAREC Transport Strategy 2030](#). Manila.

¹⁰ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

¹¹ ADB. 2019. [Operational Plan for Private Sector Operations, 2019–2024](#). Manila.

18. **Lessons from previous operations.** The transaction benefits from lessons from ADB's successful green bond projects across Asia and the Pacific, including Georgia.¹² One of the key lessons from prior transactions is the importance of identifying credible issuers who are committed to strictly adhering to the criteria required for green bond issuances. Georgian Railway is committed to the sustainability agenda and is seen as an appropriate partner for ADB. This transaction benefits from ADB's internal knowledge of the commercial structuring of and market for corporate bonds, including green bonds—learnt from prior similar transactions.

D. Project Cost and Financing Plan

19. (Confidential information deleted.)

20. (Confidential information deleted.)

E. Implementation Arrangements

21. (Confidential information deleted.)

F. Projected Financial and Economic Performance

22. (Confidential information deleted.)

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

23. ADB's assistance will comprise an investment of up to \$50 million in Eurobonds to be issued by Georgian Railway.

B. Value Added by ADB Assistance

24. **Financial additionalities.** ADB's support—as an anchor investor—to Georgia's first-ever green bond issuance in the railway sector is expected to fill a critical market gap. The issuance comes at a time of significantly uncertain investor confidence in and appetite for Georgian Railway's proposed bonds because of economic and market disruptions caused by COVID-19. ADB's participation will improve the commercial viability of the issuer by helping it raise required long-term financing to meet its near-term obligations and extend the tenor of its debt profile—a critical requirement for it to continue its ongoing modernization plans unhindered. More generally, ADB will add value by helping further develop the hitherto limited green bond market in the South Caucasus by ensuring that the bond issuance complies with international market standards. ADB's involvement will also help raise the profile and utility of green instruments and standards in the region.

25. **Nonfinancial additionalities.** ADB will require Georgian Railway to adopt environmental and social standards in line with ADB's Safeguard Policy Statement (2009). Georgian Railway will also be required to strengthen gender design features in its operations to tackle key gender equality issues. As one of the largest employers in Georgia, Georgian Railway has the potential to not only have a demonstrational impact on other transport industry actors but also serve as a

¹² ADB. 2020. [*FAST Report: Debt Investment and Administration of Debt Investment to Georgia Global Utilities JSC for the Georgian Green Bond Project in Georgia*](#). Manila.

benchmark for other state-owned enterprises. Georgian Railway will improve the safety of female workers and passengers by adopting gender-responsive communication at train stations and by introducing a corporate policy supporting procedures and awareness campaigns against sexual harassment and on other gender issues in the transport sector, including the need for a respectful work environment and zero tolerance for gender-based violence. The project is expected to lead to increased regional trade and connectivity via optimized logistical chains and improved transport. ADB will continue to work with Georgian Railway through the approved TA (provided through ADB's sovereign operations) to formulate a long-term business strategy for rail passenger services and design a fair and transparent public service contract, which will contribute to a more efficient and sustainable rail transport system.

C. Risks

- 26. (Confidential information deleted.)
- 27. (Confidential information deleted.)
- 28. (Confidential information deleted.)
- 29. (Confidential information deleted.)
- 30. (Confidential information deleted.)

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

31. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement as follows: environment (category B), involuntary resettlement (category B), and indigenous peoples (category C).¹³ Safeguard Policy Requirement 4 for general corporate finance and existing facilities is applicable.

32. ADB has undertaken due diligence and reviewed the potential environmental and social impacts of the project and the measures to avoid, minimize, mitigate, and compensate for adverse impacts. The environmental and social measures and the institutional capacity and commitment of Georgian Railway to manage the project's social and environmental impacts will be strengthened in line with ADB's Safeguard Policy Statement requirements. A corporate audit of Georgian Railway's environmental and social management system (ESMS) and an environmental and social compliance audit of existing facilities and activities to be financed by ADB were undertaken by an external third party in accordance with ADB's Safeguard Policy Statement requirements.

33. The existing facility audit noted the presence of hazardous materials and waste associated with the use of oil containing polychlorinated biphenyl, asbestos, and asbestos-containing materials in existing infrastructure. Georgian Railway will develop a program to phase out the use of polychlorinated biphenyl throughout its operations, which will include procedures for handling and storing the waste material. The company will develop an asbestos management plan to avoid, minimize, and mitigate the potential environmental and health and safety risks associated with the disturbance, removal, or demolition of structures containing asbestos or asbestos-containing

¹³ ADB. [Safeguard Categories](#).

materials. The audit determined that, while no additional land has or will be acquired for the activities being financed by ADB, there are potential risks associated with activities that may cause economic displacement. Georgian Railway will be required to upgrade its ESMS in line with ADB's requirements to incorporate involuntary resettlement screening, categorization, and impact mitigation, and to report to ADB on overall land acquisition status. Use of ADB proceeds will not be committed to activities likely to generate economic displacement until adequate assessment and management planning have been put in place to avoid, minimize, and/or compensate for impacts. No impacts are anticipated on indigenous peoples or vulnerable ethnic minorities because of ADB-financed activities.

34. Georgian Railway engages contract labor in its operations but does not have a formal system to monitor labor conditions to ensure that they are compliant with local, national, and International Labour Organization standards. However, Georgian Railway does have internal occupational health and safety policies and procedures that apply to all workers. The implementation of the occupational health and safety policies and procedures requires strengthening to ensure that the system is compliant with relevant standards and that the resulting safety culture is cascaded to contractors. Georgian Railway will develop a contractor management plan to fill these gaps and will augment its community consultation measures and community grievance mechanism in line with ADB's Safeguard Policy Statement.

35. **Effective gender mainstreaming.** The project is classified as *effective gender mainstreaming*. Gender analysis conducted during due diligence indicated that Georgian Railway follows Georgian labor laws, which include principles on equality, as well as railway regulations on rights and obligations of railway passengers. However, Georgian Railway's corporate policies do not contain specific gender-sensitive references or provisions to tackle gender issues. In accordance with ADB's Policy on Gender and Development (1998),¹⁴ Georgian Railway has incorporated measures to promote gender equality and/or women's empowerment in its business activities. Key features of the gender action plan are (i) improving the safety of female workers and passengers along the railway lines with gender-responsive communication at train stations, and (ii) developing an anti-sexual harassment policy that will be implemented together with an awareness campaign for staff and contractors on sexual harassment and other gender issues in the transport sector. Georgian Railway will increase opportunities for young women in its internship program to further attract women into the transport sector and create jobs for women through the project. Georgian Railway will submit periodic reports to ADB on implementation of gender measures.

36. Georgian Railway will (i) comply with ADB's prohibited investment activities list, (ii) ensure that investments using ADB funds comply with ADB's Safeguard Policy Statement and abide by national laws and regulations, and (iii) strengthen its ESMS to ADB's satisfaction. The ESMS will set out requirements, as applicable, for compliance with national labor laws and measures to comply with the internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2001).¹⁵ The ESMS will contain requirements, as applicable, for information disclosure and consultation with project-affected people, following ADB requirements. Georgian Railway will report regularly to ADB on (i) its compliance with such laws and (ii) the measures taken.¹⁶

¹⁴ ADB. 1998. *Policy on Gender and Development*. Manila.

¹⁵ ADB. 2003. *Social Protection Strategy*. Manila (adopted in 2001).

¹⁶ Summary Poverty Reduction and Social Strategy (accessible from the list of linked documents in Appendix 2).

B. Anticorruption Policy

37. Georgian Railway was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. Investment Limitations

38. (Confidential information deleted.)

D. Assurances

39. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),¹⁷ ADB will proceed with the proposed assistance upon establishing that the Government of Georgia has no objection to the proposed assistance to Georgian Railway. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the ADB Board of Directors.

V. RECOMMENDATION

40. I am satisfied that the proposed debt investment would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the debt investment in bonds of up to \$50,000,000 from ADB's ordinary capital resources to be issued by Georgian Railway JSC for the Georgian Railway Green Bond Project, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Masatsugu Asakawa
President

19 May 2021

¹⁷ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with

Provision of a safer, more efficient transport corridor, consistent with ADB's country partnership strategy for Georgia^a (to develop efficient and sustainable transport and storage systems), and with ADB's CAREC 2030 transport strategy (to improve service levels and operation efficiency of railways).^b

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>Outcomes</p> <p>Georgian Railway's financial sustainability and railway operations improved</p>	<p>By FY2024:</p> <p>a. Eurobonds issued by Georgian Railway meet debt service until maturity (2020 baseline: Not applicable)</p> <p>b. Average travel time for freight trains (from the Azerbaijan border to the Batumi port and vice versa) reduced to 11 hours (2020 baseline: 15 hours)</p> <p>c. Average speed of passenger trains improved to 80 km per hour in the gorge section (2020 baseline: 50 km per hour)</p> <p>d. Average speed of freight trains improved to 80 km per hour in the gorge section (2020 baseline: 40 km per hour)</p> <p>e. Annual volume of freight cargo transported increased to at least 13 million tons (2020 baseline: 11 million tons)</p> <p>f. Number of railway passengers increased to at least 3.0 million per year (2020 baseline: 0.94 million per year) (OP 4.1)</p>	<p>a.–f. Georgian Railway's annual development effectiveness monitoring report</p>	<p>Changes in regulatory environment</p>
<p>Outputs</p> <p>1. Georgian Railway's Eurobonds fully issued and subscribed</p> <p>2. Georgian Railway's network improved with increased capacity</p>	<p>By FY2023:</p> <p>1a. Full subscription for \$500 million in Eurobonds by 2021 (2020 baseline: Not applicable)</p> <p>2a. Volume of maximum freight capacity increased to at least 48 million tons per year (2020 baseline: 27 million tons per year)</p>	<p>1.–4. Georgian Railway's annual development effectiveness monitoring report</p>	<p>Weak investment appetite among bond investors</p> <p>Terms of bonds are unattractive to investors.</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<p>and improved gender responsiveness</p> <p>3. Gender inclusiveness in Georgian Railway's workplace increased</p> <p>4. Opportunities for women in the transport sector improved</p>	<p>(OP 7.1.2)</p> <p>2b. Volume of passenger capacity increased to at least 8.0 million per year (2020 baseline: 4.5 million per year)</p> <p>2c. Total railway network of 109 km modernized (2020 baseline: 88 km) (OP 7.1.1)</p> <p>2d. At least 12 train stations include dedicated visible communication boards to promote women and girls' safety, including a hotline and/or helpline to report cases of violence and harassment (2020 baseline: 0) (OP 2.4.1)</p> <p>2e. Total number of jobs provided during construction increased to 350, of which at least 41 are for women (2020 baseline: 323, 31 women) (OP 1.2)</p> <p>3a. A policy to address sexual harassment with supporting procedures^c established (2020 baseline: No policy) (OP 2.2.3)</p> <p>3b. At least one annual awareness-raising activity on Georgian Railway's anti-sexual harassment policy^d for 80% of staff and contractors conducted (2020 baseline: 0)</p> <p>4. Share of women in internships across transport job categories at Georgian Railway increased to at least 15% (2019 baseline: 11%) (OP 2.1.1)</p>		
<p>Key Activities with Milestones</p> <p>1. The Georgian Railways Eurobonds fully issued and subscribed. 1.1 ADB subscribes to Eurobonds by 2021. 1.2 Georgian Railway raises \$500 million by way of bond issuance and successfully roll over existing bonds by 2021.</p> <p>2. The Georgian Railway's network improved with freight and passenger capacity increased and with improved gender responsiveness through installation of gender-awareness boards at train stations.</p>			

- 2.1 Georgian Railway completes the railway modernization project by 2023.
 2.2 Georgian Railway develops communication material promoting women and girls' safety in railway transports and puts it in public displays at selected train stations by 2023.

3. Gender inclusiveness in the Georgian Railway's workplace enhanced.

- 3.1 Georgian Railway develops and adopts an anti-sexual harassment policy by 2023.
 3.2 Georgian Railway commences implementation of its new anti-sexual harassment policy and organizes an awareness training session for staff and contractors by 2023.

4. Opportunities for women in the transport sector improved.

- 4.1 New cohorts of Georgian Railway's internship program integrate at least 15% of women participants by 2023.

Inputs

ADB: \$50 million (ordinary capital resources)
 (Confidential information deleted.)
 (Confidential information deleted.)

ADB = Asian Development Bank, km = kilometer, OP = operational priority.

- ^a ADB. 2019. [Country Partnership Strategy: Georgia, 2019–2023—Developing Caucasus's Gateway to the World](#). Manila.
^b ADB. 2020. [CAREC Transport Strategy 2030](#). Manila.
^c Anti-sexual harassment procedures include an effective and accessible harassment reporting mechanism, a private and fair investigative process, and a fair and transparent redress system.
^d Awareness-raising activities may potentially be conducted in partnership with a civil society organization, such as a women's organization, and shall cover the content of the new anti-sexual harassment policy and its reporting and redress mechanisms, together with other topics including gender-sensitive and respectful work environment, awareness on gender and diversity at work, and zero tolerance for gender-based violence.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). The project will contribute results for the following OPs:

- OP 1.2: Jobs generated (number)
 OP 2.1.1: Women enrolled in technical and vocational education and training and other job training (number)
 OP 2.2.3: Solutions to prevent or address gender-based violence implemented (number)
 OP 2.4.1: Timesaving or gender-responsive infrastructure assets and/or services established or improved (number)
 OP 4.1: People benefitting from improved services in urban areas (number)
 OP 7.1.1: Transport and information and communication technology connectivity assets established or improved (number)
 OP 7.1.2: Measures to improve efficiency and/or productivity of cross-border connectivity supported in implementation (number)

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=55132-001-4>

1. Sector Overview
2. Client Information
3. Details of Implementation Arrangements
4. Contribution to Strategy 2030 Operational Priorities
5. Financial Analysis
6. Economic Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Environmental and Social Management System: Audit Findings and Details of Arrangement
10. Gender Action Plan