



LM 8595-GE

Supplemental Letter No. 2

GEORGIA

March 28, 2016

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Re: Loan No. 8595-GE
(National Innovation Ecosystem Project)
Performance Monitoring Indicators

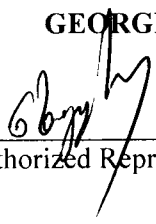
Dear Sirs and Mesdames:

This refers to the provisions of Section II.A of Schedule 2 to the Loan Agreement of this date between the International Bank for Reconstruction and Development and Georgia (Borrower) for the above-captioned Project.

The Borrower hereby confirms to the Bank that the indicators set forth in the attachment to this letter shall serve as a basis for the Borrower to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

GEORGIA

By 

Authorized Representative

Attachment

**GEORGIA: National Innovation Ecosystem Project
Performance Monitoring Indicators**

Project Development Objectives

PDO Statement

The project development objective is to increase innovative activities of firms and individuals in the Borrower's territory and their participation in the digital economy.

These results are at Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
New/improved products or services introduced to new or existing markets by Project beneficiaries (Number)	0	0	30	70	130	200
Start-ups launched by Project beneficiaries (Number)	0	0	60	140	240	340
Access to broadband Internet (number of subscribers per 100 people) (Number)	39	40	41	43	46	50
Beneficiary MSMEs selling via e-commerce platforms (Number)	0	50	100	200	300	400

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values				
		YR1	YR2	YR3	YR4	End Target
Direct project beneficiaries (Number) – (Core)	0	2,500	11,900	25,600	44,500	64,000
Female beneficiaries (Percentage - Sub-Type: Supplemental) - Core	N/A	15%	15%	15%	20%	20%

Component 1: Innovation Infrastructure

RIHs established, equipped, and operational (Number)	0	3	5	6	7	8
CICs established, equipped, and operational (Number)	0	10	20	30	40	50

Visitors to CICs and RIHs (Number)	0	0	12,500	40,000	85,000	150,000
Female visitors to CICs and RIHs (Percent of total - Sub-Type: Breakdown)	N/A	N/A	15%	15%	20%	20%
New household and MSME broadband subscriptions catalyzed (Number)	0	1,800	7,200	14,400	25,200	33,000
Component 2: Innovation Services						
Innovation competitions and exhibitions supported by Project (Number)	0	25	65	125	200	275
Participants in innovation competitions and exhibitions supported by the Project (Number)	0	350	850	1,900	3,000	4,400
Recipients of basic digital literacy training (Number)	0	1,500	6,500	14,000	25,000	30,000
Individuals completing structured training modules and programs (Number)	0	400	1,700	3,900	6,800	10,000
Females completing structured training modules and programs (Percent of total - Sub-type: Breakdown)	N/A	15%	15%	15%	20%	20%
Beneficiaries of coaching, mentoring, and technical consulting (Number)	0	20	60	100	140	180
Component 3: Innovation Financing						
Private financing mobilized through matching grant programs (USD)	0	0	650,000	1,300,000	1,950,000	1,950,000
Enterprises and start-ups financed through matching grants (Number)	0	0	52	104	156	156
Component 4: Project Implementation Support						
Government and associated professionals/staff receiving capacity building through trainings, workshops, study visits, etc. (Number)	0	15	30	45	60	75
Citizen engagement: user feedback collected from Project beneficiaries (Number)	0	100	500	2,000	3,500	5,000

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
New/improved products or services introduced to new or existing markets by Project beneficiaries	A product innovation is the market introduction of a new or significantly improved good or service with respect to its capabilities, user friendliness, components or sub-systems. Process innovation, meaning the implementation of a new or significantly improved production process, distribution method, or supporting activity, will also be counted here if it impacts a product or service on the market.	Semi-annual	GITA monitoring system	GITA
Start-ups launched by Project beneficiaries	Number of start-up firms that were created or grew from a nascent stage by beneficiaries of Project services or matching grants.	Semi-annual	GITA monitoring system	GITA
Access to broadband Internet (number of subscribers per 100 people)	Number of people who pay for access to the broadband Internet per 100 people in a given country.	Quarterly	GNCC	GITA
Beneficiary MSMEs selling via e-commerce platforms	Number of MSMEs receiving Project support that sell at least GEL 2,500 worth of goods or services online, through any e-commerce platform.	Annual	GITA monitoring system	GITA

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Direct Project beneficiaries	Includes recipients of broadband connections under component 1.3; participants in innovation competitions; participants in structured training modules; recipients of digital literacy training (excluding those through component 1.3), beneficiaries of coaching, mentoring, and technical consulting; enterprises and individuals financed through the Project's matching grants program; and government and GITA staff receiving Project training/capacity building. It excludes general visitors to RIHs and CICs.	Semi-annual	GITA monitoring system	GITA
Female beneficiaries	Percentage of the direct project beneficiaries that are female.	Semi-annual	GITA monitoring system	GITA

Component 1: Innovation Infrastructure				
CICs and RIHs established, equipped, and operational	Number of Community Innovation Centers and Regional Innovation Hubs supported directly by the Project that are established, equipped, and operational.	Semi-annual	GITA monitoring system	GITA
Visitors to CICs and RIHs	Number of visitors to CICs and RIHs supported by the Project. This refers to the number of entries into CICs and RIHs, rather than distinct individuals. For instance, if the same person users a CIC or RIH on 5 separate occasions, this is counted as 5 visitors. The number includes visitors coming to receive training and participate in innovation competitions.	Semi-annual	GITA monitoring system	GITA
Female visitors to CICs and RIHs	Percentage of total visitors that are female.	Semi-annual	GITA monitoring system	GITA
New households and MSME broadband subscriptions catalyzed	Subscriptions directly resulting from use of installation and training voucher financed through GITA's BfD program.	Semi-annual	GITA monitoring system	GITA
Component 2: Innovation Services				
Innovation competitions and exhibitions supported by the Project	This includes competitions such as hack-a-thons, make-a-thons, and create-a-thons, as well as exhibitions hosted by GITA to connect businesses with innovators.	Semi-annual	GITA monitoring system	GITA
Participants in innovation competitions and exhibitions supported by the Project	If a person participates in multiples competitions or exhibitions, this is counted multiple times.	Semi-annual	GITA monitoring system	GITA
Recipients of digital literacy training	This includes those who receive training (predominantly at the RIHs and CICs) using their voucher from the purchase of broadband internet (Component 1.3) and those who are trained at the RIHs and CICs independently of the BfD program.	Semi-annual	GITA monitoring system	GITA
Individuals completing structured training modules and programs (Number)	This includes participants in the longer-term dedicated ICT training program, shorter on-demand training classes at the innovation centers, e-learning modules, and e-commerce training delivered through the BfD program. If the same person participates in multiple training courses or modules, this is counted multiple times.	Semi-annual	GITA monitoring system	GITA
Females completing structured training modules and programs (Percent of total - Sub-type: Breakdown)	Female percentage of total individuals completing structured training programs and modules.	Semi-annual	GITA monitoring system	GITA

Beneficiaries of coaching, mentoring, or technical consulting	Each coaching, mentoring, or technical consulting arrangement is counted once, even if multiple sessions are involved.	Semi-annual	GITA monitoring system	GITA
Component 3: Innovation Financing				
Private financing catalyzed through matching grant programs	Private financing committed by participants in the start-up and innovation matching grant programs operated by GITA.	Semi-annual	GITA monitoring system	GITA
Enterprises and start-ups financed through matching grants	Number of enterprises and start-ups financed by GITA's Start-up and Innovation matching grants programs.	Semi-annual	GITA monitoring system	GITA
Component 4: Project Implementation Support				
Government and associated professionals/staff receiving capacity building through trainings, workshops, study visits, etc.	This refers to capacity building events organized by GITA. If the same individual participates in multiple trainings, workshops, etc., this is counted multiple times.	Semi-annual	GITA monitoring system	GITA
Citizen engagement: user feedback collected from Project beneficiaries	Number of user feedback forms completed by CIC and RIH users, training recipients, participants in innovation competitions, and matching grants beneficiaries.	Semi-annual	GITA monitoring system	GITA