



Private Sector Competitiveness DPO1 (P149998)

EUROPE AND CENTRAL ASIA | Georgia | Trade & Competitiveness Global Practice |
IBRD/IDA | Development Policy Lending | FY 2015 | Seq No: 1 | ARCHIVED on 04-Jan-2016 | ISR20746 |

Implementing Agencies:

Key Dates

Key Project Dates

Bank Approval Date: 28-Apr-2015

Effectiveness Date: 12-Jun-2015

Planned Mid Term Review Date: --

Actual Mid-Term Review Date: --

Original Closing Date: 31-Dec-2015

Revised Closing Date: 31-Dec-2015

Program Development Objectives

Program Development Objective (from Program Document)

The Program Development Objective is to increase private sector competitiveness through second generation business environment reforms, financial sector deepening and diversification, and increasing firms' capacity to innovate and to export.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Satisfactory
Overall Risk Rating	--	● Substantial

Implementation Status and Key Decisions

The First in the series of three Programmatic Private Sector Competitiveness Development Policy Operation (DPO1) in the amount of US\$60.0 million was approved by the Board of Directors of the World Bank on April 28, 2015. All the actions supported under the DPO1 had been completed prior to the approval by the Board. The Loan Agreement was signed on May 22, 2015, and the Operation was declared effective on June 12, 2015. A review of the implementation status of the operation was carried out in June 2015. This concluded that the results of the policies implemented under the DPO1 is overall on track.

The macroeconomic framework remains adequate for the Operation, but it is exposed to risks. With a contraction in the Russian economy and a slowdown in the neighboring countries, Georgia's growth prospects have also been revised downwards.

The Government has continued the implementation of the policy reforms outlined in the Program Document. The Second Private Sector Competitiveness DPO (DPO2) is currently being prepared. The timetable agreed with the Government anticipates that the DPO2 will be presented to the Board of the World Bank in July 2016. The policy reforms to be supported by the DPO2 will further support the Government's efforts to spur inclusive economic growth and achieve Program Development Objectives.





Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Moderate	--	● Moderate
Macroeconomic	● Substantial	--	● Substantial
Sector Strategies and Policies	● Moderate	--	● Moderate
Technical Design of Project or Program	● Substantial	--	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	--	● Substantial
Fiduciary	● Low	--	● Low
Environment and Social	● Low	--	● Low
Stakeholders	● Moderate	--	● Moderate
Other	--	--	--
Overall	● Substantial	--	● Substantial

Results

Results Indicators

► Major draft economic laws that are made available for public review (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016



► Number of SMEs benefiting from EDA services (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	68.00	100.00
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

Comments

68 companies are supported by EDA under the Produce in Georgia program. Since the 1Q 2015, EDA has launched Micro and Small business support program to provide financial assistance, together with business training support. More than 2,000 went through the trainings, and it is expected that approximately 1,000 beneficiaries will receive financial support within 2016.

► Number of registered users in the e-Procurement system (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	15625.00	--	19911.00	30000.00
Date	31-Dec-2013	--	31-Dec-2014	31-Dec-2016

Comments

Number of the registered users are regarded as the number of registered suppliers. This number is available in the SPA's annual report.

► Number of SPA tenders monitored for unlawful practices (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	13000.00	--	13000.00	45000.00
Date	31-Dec-2013	--	31-Dec-2014	31-Dec-2016

Comments

During 2014 the Monitoring Department monitored over 10,000 tenders with "Contract Awarded" status, what is more than 51% of overall amount of tenders with this status. In addition, the department monitored up to 30,000 contracts awarded through simplified procurement procedure and revealed the cases of violation of value thresholds and artificial splitting.



► The Deposit Insurance Agency has initial capital and launches its operations (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No DIS Agency	--	No DIS Agency	The Deposit Insurance Agency has initial capital and launches its operations
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

► The asset management system for the new contributory pensions has been established and the personified accounts are ready to receive contributions. (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No system placed.	--	No system placed.	The asset management system for the new contributory pensions has been established and the personified accounts are ready to receive contributions.
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

► Insurance companies that are in compliance with EU solvency I margin requirements as set for 2017 by the insurance regulator. (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016



► Vehicles with MTPL insurance (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	25.00
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

► Incremental private investment in the telecommunications sector (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	26900000.00	50000000.00
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

Comments

A fourth network, Beeline, secured a license for US\$26.9 million, which also allows it to extend its network and deploy 4G technology.

► Broadband Internet subscriptions (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	33.00	--	48.50	45.00
Date	31-Dec-2013	--	30-Jun-2015	31-Dec-2016

Comments

According to GNCC, at the 2Q of 2015, number of fixed broadband service subscribers in Georgia was 606.45 thousand subscribers. Compare with the 2Q of 2014, number of subscribers increased by 5.5% (31.74 thousand subscribers). Density of fixed broadband subscribers shows 48.5%.

► Score on the Global Innovation Index (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	34.53 (GII 2014)	--	33.83 (GII 2015)	37.0 (GII 2017)
Date	31-Dec-2013	--	31-Dec-2014	31-Dec-2016

Comments

Although the score was decreased by 0.7 points, the 2015 GII report recognizes Georgia as an innovation achiever among other countries



in the same income-group and region. Georgia outperformed its peers in human capital and research and Knowledge and technology outputs. However, these results seem to be the consequence of extraordinarily high scores in a few indicators only, namely the pupil-teacher ratio in secondary education and labour productivity growth. Going forward, improving the quality of its education and research systems is indeed among the biggest challenges. The DPO series will support the strengthening of research system, including the techno park and fabrication laboratories.

► Number of firms/individuals that obtained innovation finance from GITA (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	17.00	50.00
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

► Technology part and two (2) fabrication laboratories are operational (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	NA	--	Two fabrication laboratories have been established at Georgian universities and operational.	Technology part and two (2) fabrication laboratories are operational
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

► Incremental number of certificates issued by GeoSTM (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	842	--	925 (9.8% increase)	9.5% increase
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016



► Incremental number of certificates issues by calibration/verification entities that received traceability from GeoSTM (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1800	--	1980 (10% increase)	20% increase
Date	31-Dec-2013	--	30-Nov-2015	31-Dec-2016

Overall Comments

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P149998	IBRD-85040	Effective	USD	60.00	60.00	0.00	60.00	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P149998	IBRD-85040	Effective	28-Apr-2015	22-May-2015	12-Jun-2015	31-Dec-2015	31-Dec-2015

Tranches

Restructuring History

There has been no restructuring to date.

Related Operations

P155553-Private Sector Competitiveness DPO2 ,P155625-Private Sector Competitiveness DPO3