Early Warning System

IFC-47232

GRPO Green Bond

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Quick Facts

Countries	Georgia
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-10-08
Borrower	GEORGIAN RENEWABLE POWER OPERATIONS JSC
Sectors	Energy, Hydropower
Investment Type(s)	Loan
Investment Amount (USD)	$ 24.00 million
Loan Amount (USD)	$ 24.00 million
Project Cost (USD)	$ 80.00 million

Project Description

According to the Bank's website, this project consists of an IFC subscription of up to US$ 24 million in a secured green bond issued by Georgian Renewable Power Operations JSC ("GRPO", the "Issuer"), which owns and operates 71 MW of renewable energy (RE) generation facilities in Georgia.

GRPO operates 1 wind farm (20.7 MW) and 4 run-of-the-river hydro-power plants ("HPPs") with a total installed capacity of 50.4 MW, all constructed during the period of 2014-2019. Mestiachala 2 HPP with a capacity of 30.0 MW was built and commissioned by GCAP in consortium with RP Global in 2019, while the other facilities were acquired by the Company at the operational stage from different owners/developers in 2019, including Qartli wind farm (20.7 MW) and three HPPs with the total capacity of 20.4 MW - Debeda (3.2 MW), Kasleti (8.1 MW), and Akhmeta (9.1 MW).

Portfolio overview:

- Qartli wind farm is comprised of six Vestas 3.45 MW turbines with a total technical capacity of 20.7 MW. The wind farm is located in the central part of Georgia approximately 5.5 km northwest from the city of Gori and 2 km from the nearest residential area.
- Hydro power plants: Kasleti 2 HPP (8.1 MW) was commissioned in 2018. The HPP is built on the Kasleti River between the villages Zeda Tsvirmindi and Kveda Tsvirmindi (the nearest residences are 180-200 meters (m) away). Kasleti HPP includes a weir (15 m long and 2.3 m wide); two settling basins for de-sanding and flow balancing; and an underground penstock with the length of 2,130 m that leads the water to the powerhouse. Used water is discharged back into Kasleti River.
- Akhmeta (9.1 MW) and Debeda (3.2 MW) HPPs were commissioned in 2014 and 2016, respectively, and both are located on irrigation channels and operate only around 8 months per year during non-irrigation seasons (September -May). Akhmeta HPP is built south-east of the city of Akhmeta, about 4.5-6.0 km from the city center, on the right bank of the Alazani River. Debeda HPP is located on agricultural land in the southern part of Marneuli Municipality, near the Georgian-Armenian border, between the villages of Damia-Giaurarkh and Mamai.
- Mestiachala HPP project was initially designed and constructed with a cascade of 2 HPPs. In 2019, Mestiachala 1 HPP was significantly damaged by a rock avalanche due to heavy rainfall and floods and its rehabilitation was found unfeasible. Mestiachala 2 HPP was put back into operation in December 2019 after rehabilitation. Mestiachala 2 HPP (30 MW) consists of two intakes at the confluence of two rivers and a concrete reservoir of 10,000 m3 (for de-sanding and flow balancing), a 7,200 m long buried penstock, a powerhouse with three Pelton turbines and a short tailrace leading the water back to the river. Mestiachala 2 HPP is adjacent to an airport and the town of Mestia. Several residential houses are located in the vicinity of the HPP on the opposite riverbank.

Investment Description

- International Finance Corporation (IFC)

The green bond issuance totaled US$80mm. IFC investment consists of the subscription to this green bond of an amount of up to US$ 24 million for a tenor of 5 years.

Private Actor Relationship

GPRO is a fully owned subsidiary of Georgia Capital (“GCAP”, the “Company”). In December 2021 GCAP has agreed to sell an initial 80% of its equity interest in the water utility business to FCC Aqualia, while GCAP has retained sole (100%) shareholding in the renewable energy business. The demerger of the renewable energy business from GGU is scheduled to occur in September 2022 and after the transaction, GCAP will indirectly own 100% of GRPO’s renewable energy assets.

GCAP is a leading investment management company in Georgia, owned by institutional investors and listed on the London Stock Exchange with a market capitalization of US$316 million equivalent. It has a portfolio diversified across key sectors in Georgia, including financial services, insurance, healthcare, education, hospitality, affordable housing, water supply and distribution, and renewable energy.

Private Actors Description

Georgia Renewable Power Operations JSC is a renewable energy affiliate of Georgia Capital PLC, being established following GCAP’s strategic decision to separate and demerge its renewable energy business from Georgia Global Utilities JSC (“GGU”) and consolidate operational renewable energy assets.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Georgia Capital	Parent Company	-
-	-	-	-	Georgia Renewable Power Operations JSC	Client	-

Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org

Bank Documents

- Environmental & Social Review Summary (ESRS)