



## Energy Supply Reliability and Financial Recovery (P169117)

EUROPE AND CENTRAL ASIA | Georgia | Energy & Extractives Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2019 | Seq No: 3 | ARCHIVED on 28-Oct-2020 | ISR43520 |

Implementing Agencies: Ministry of Finance, Ministry of Economy and Sustainable Development, Georgian State Electrosystem

### Key Dates

#### Key Project Dates

Bank Approval Date: 23-May-2019

Effectiveness Date: 28-Nov-2019

Planned Mid Term Review Date: 31-Jan-2022

Actual Mid-Term Review Date:

Original Closing Date: 31-Dec-2024

Revised Closing Date: 31-Dec-2024

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objectives of the Project are to increase electricity supply reliability in the western part of Georgia, achieve the financial viability of GSE, and help it access long-term commercial financing.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components Table

Name

Strengthening of the power transmission network:(Cost \$66.00 M)

Support to financial recovery of GSE and preparatory work to access the capital markets:(Cost \$6.50 M)

IBRD Guarantee to help GSE raise long-term commercial financing:(Cost \$50.00 M)

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Implementation Progress (IP)	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Satisfactory
Overall Risk Rating	<input type="checkbox"/> Substantial	<input type="checkbox"/> Moderate

### Implementation Status and Key Decisions

The implementation of the Project is overall Satisfactory. The rating towards achievement of PDO is Satisfactory given that there are no material risks that may undermine timely achievement of the PDO. The implementation progress is Satisfactory because the key activities related to construction of the new transmission line and the substation as well as the financial recovery of GSE are progressing with no material delays.



**Risks**

**Systematic Operations Risk-rating Tool**

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

**Results**

**PDO Indicators by Objectives / Outcomes**

Electricity supply reliability in the western part of Georgia				
▶ Number of end-user outages caused by failures of 500 kV OHLs in the western part of Georgia (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	4.00	3.00	4.00	0.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2024
Comments:	This indicator will measure improvements in reliability of electricity supply in the western part of Georgia. This indicator would track outages caused only by failures on 500 kV Imereti, Zekari, Jvari-Tskaltubo, and Tskaltubo-Akhaltiskhe OHLs. The Actual outages data changes from year to year based on actual outages on the mentioned existing lines. The target remains unchanged.			
▶ Average annual duration of end-user outages caused by failures of 500 kV OHLs in the western part of Georgia (Minutes, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	161.00	120.00	139.00	0.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2024
Comments:	This indicator will measure improvement of electricity supply reliability in the western part of Georgia.			



The duration of outages in the western part of Georgia will be changing from year to year in unpredictable manner until the new line is constructed. There is no change in the Target Value of this indicator.

Financial viability

► End of GSE rehabilitation regime (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	30-Sep-2020
Comments:	This indicator will measure the progress with financial recovery of GSE.			

► Reduction of cash deficit of GSE (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3,064,460.00	2,800,000.00	2,800,000.00	0.00
Date	31-Dec-2017	15-Jan-2020	30-Jun-2020	30-Jun-2021
Comments:	This indicator will measure the adequacy of operating cash revenues of GSE (as a Group) to fully finance the required recurrent operating and maintenance costs, debt service, and taxes.			

► Improved decision-making on new investments in power transmission network as a result of institutional strengthening (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	New investments in power transmission network are not always consistent with the principles of least economic cost planning.	New investments in power transmission network are not always consistent with the principles of least economic cost planning.	New investments in power transmission network are consistent with the principles of least economic cost planning.	New investments in power transmission network are always consistent with the principles of least economic cost planning.
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2024
Comments:	This indicator will measure the progress with strengthening of institutional capacity of GSE.			

Access to long-term commercial financing

► Long-term commercial financing mobilized (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	100,000,000.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	30-Jun-2021



Comments: This indicator will measure progress with securing long-term commercial financing.

### Intermediate Results Indicators by Components

#### Strengthening of the power transmission network

##### ► Jvari-Tskaltubo 500 kV OHL constructed (Kilometers, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	77.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	29-Dec-2023

Comments: This indicator will measure the progress with construction of the target transmission line.

##### ► 500/220 kV Tskaltubo substation constructed (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2022

Comments: This indicator will track progress with completion of 500/220 kV Tskaltubo substation

#### Financial recovery of GSE and preparatory work to access capital markets

##### ► Adequately staffed Environmental and Social Unit is established and maintained at GSE (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	Yes	Yes	Yes
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2019

Comments: This indicator will measure the progress with strengthening of in-house capacity of GSE in adequately managing the environmental and social aspects of investment projects.

##### ► Mechanism is introduced to reduce or eliminate exposure of GSE to FX risks (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2021

Comments: This indicator will measure the progress with introduction and implementation of mechanism to eliminate or reduce GSE exposure to FX risks.



► GSE is issued a credit rating by an international reputable rating agency (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Mar-2021
Comments:	This indicator will measure the progress with preparedness of GSE to access commercial financing.			
► Percentage of grievances recorded by the Project and resolved within a two-week period (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	100.00	100.00	100.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2023
Comments:	This indicator will monitor efficiency of GRM under the Project.			
► Percentage of citizens who believe that the project has established effective engagement processes (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	75.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2023
Comments:	This indicator will help to monitor progress of citizen engagement activities.			
► Increase in demand for gender-based violence support services in project regions (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	31-Dec-2023
Comments:	This indicator will monitor the progress on gender related activities.			

Support in accessing long-term commercial financing				
► Closure of the transaction to raise commercial financing (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2018	15-Jan-2020	30-Jun-2020	30-Sep-2022
Comments:	This indicator will measure the progress with raising long-term commercial financing for GSE.			



Performance-Based Conditions

Data on Financial Performance

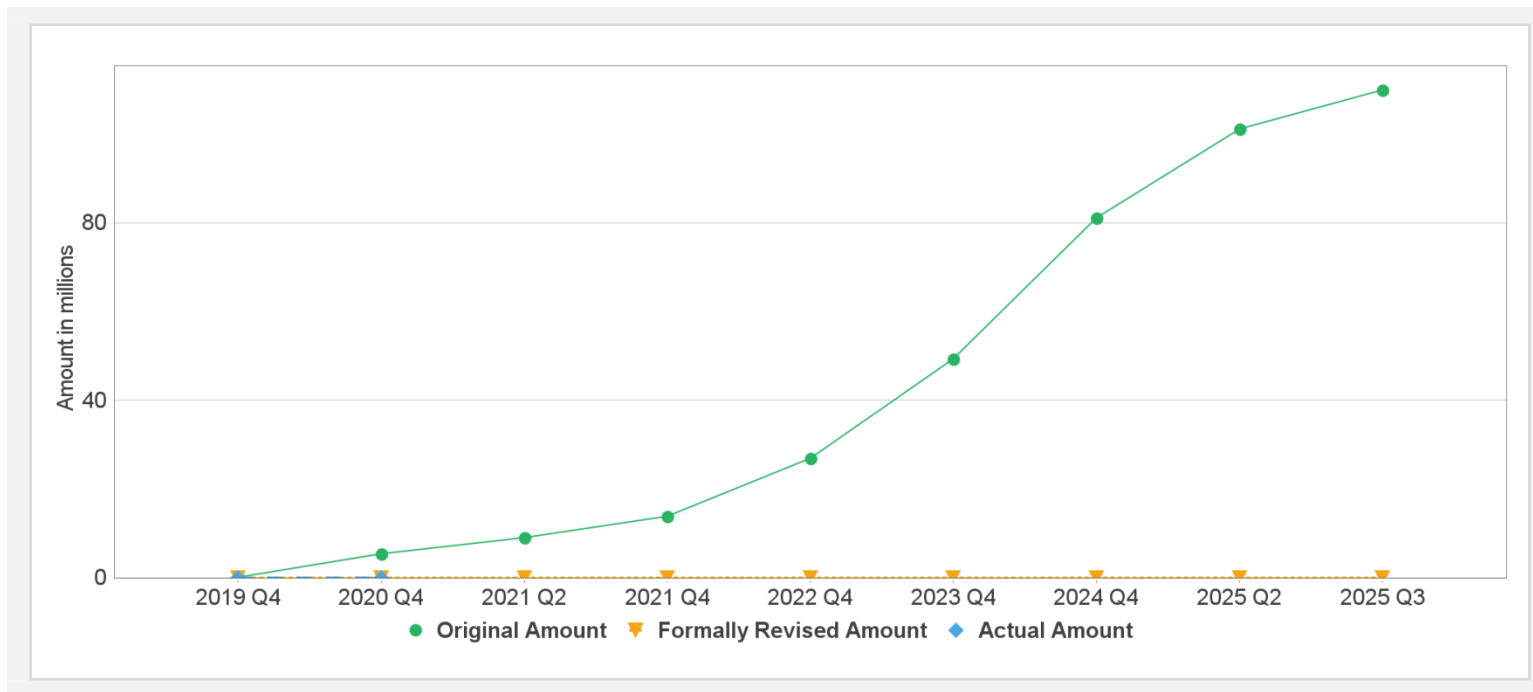
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P169117	IBRD-89520	Effective	USD	70.70	70.70	0.00	0.76	69.95	1.1%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P169117	IBRD-89520	Effective	23-May-2019	18-Jun-2019	28-Nov-2019	31-Dec-2024	31-Dec-2024

Cumulative Disbursements



PBC Disbursement

PBC ID	PBC Type	Description	Coc	PBC Amount	Achievement Status	Disbursed amount in Coc	Disbursement % for PBC
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### **Restructuring History**

There has been no restructuring to date.

### **Related Project(s)**

P170552-Energy Supply Reliability and Financial Recovery Guarantee

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