



Georgia National Innovation Ecosystem (GENIE) Project (P152441)

EUROPE AND CENTRAL ASIA | Georgia | Finance, Competitiveness and Innovation Global Practice | IBRD/IDA | Investment Project Financing | FY 2016 | Seq No: 7 | ARCHIVED on 20-Feb-2020 | ISR38943 |

Implementing Agencies: Ministry of Economy and Sustainable Development, Georgia's Innovation and Technology Agency, Ministry of Finance, Shota Rustaveli National Science Foundation

Key Dates

Key Project Dates

Bank Approval Date: 18-Mar-2016

Effectiveness Date: 21-Jul-2016

Planned Mid Term Review Date: 26-Oct-2018

Actual Mid-Term Review Date: 26-Oct-2018

Original Closing Date: 30-Apr-2021

Revised Closing Date: 30-Apr-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

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

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

No

Components Table

Name

Innovation Infrastructure:(Cost \$3.00 M)

Innovation Services:(Cost \$5.00 M)

Innovation Financing:(Cost \$11.90 M)

Project Implementation Support:(Cost \$3.50 M)

Overall Ratings

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

Implementation Status and Key Decisions

Component 1 – Innovation Infrastructure

(Post-Restructuring Allocation: \$3 million, Disbursed amount: \$770,000)

Sub-component 1.1: Community Innovation Centers

This subcomponent aims to construct five Community Innovation Centers (CICs) around Georgia. The allotted budget was revised down from \$1.9 million to \$600,000 during restructuring, and \$187,000 has so far been disbursed.



Two of the centers (in Rukhi and Akhmeta) have already opened. Construction of two more centers (in Kaspi and Gurjaani) will finish in Q4 2020 when a further \$346,000 will be disbursed to pay for outfitting and lab equipment. (Note that these are centers being built by the Ministry of Regional Development and Infrastructure through the Municipal Development Fund).

The location of the fifth CIC is still to be determined.

Sub-component 1.2: Regional Innovation Hubs

This subcomponent is aiming to construct two Regional Innovation Hubs (RIHs). The allotted budget was revised down from \$3.8million to \$600,000 during restructuring. \$276,000 has so far been disbursed.

One RIH in Telavi has already been established and equipped. It was also agreed during restructuring that the Tbilisi Technology Park should be designated as a RIH. As a result, this subcomponent has achieved its intended output targets.

A third RIH (in Batumi) is due for completion by mid-January 2020. Once construction is finished the subcomponent will disburse an extra \$270,000 in outfitting and lab equipment.

Sub-component 1.3: Broadband-for-Development

The Broadband-for-Development (BfD) component was designed to stimulate internet use by households and firms. The subcomponent was revised down from \$9 million to \$1.8 million during the restructuring due to low demand for vouchers. The subcomponent now aims to fund approximately 6,500 vouchers for new internet connections and train 3,000 MSMES or households in basic digital literacy and e-Commerce. Thus far, only \$178,215 has been disbursed. These disbursements reflect funding for 458 vouchers for internet connections and trainings for approximately 1,536 households and MSMEs. (Note that this number includes structured and unstructured trainings, while the results framework indicators reflect only structured trainings.) A further \$90,000 in disbursements are pending for an additional 421 vouchers and 300 trainings that have already been delivered but not yet paid for. These payments will be made in January.

Demand for vouchers is low for two principal reasons. One, at the time that the project was designed, upfront connection costs were cited as a key reason for low internet subscriptions, particularly in rural areas. Since then, internet service providers have started offering internet connections for free and are instead recovering costs through monthly payments. Two, the project has been offering vouchers for 3G mobile internet hardware where beneficiaries are demanding 4G or LTE coverage. WBG and GITA agreed during the mission to start offering 4G coverage as part of the program.

Having made some recalculations, WBG and GITA now understand that only \$900,000 (rather than the allocated \$1.8 million) would be required to reach the post-restructuring targets. However, given the market realities, the subcomponent is not likely to fund more than 1,500 Internet connections and 1,000 trainings. This would require approximately \$300,000.

GITA has committed to perform a thorough evaluation of the program to determine options to improve outcomes. GITA's management team has agreed to commit extra state-funded resource to this endeavor to support the GENIE-funded M&E specialist. In the meantime, WBG and GITA have discussed options for reallocation, noting that strong appetite for matching grants could mean that funding could be redirected to Component 3. However, any additional funding could only be absorbed if the project were to be extended (to allow enough time for additional calls).

Component 2 – Innovation Services

(Post-Restructuring Allocation: \$5 million, Disbursed amount: \$750,000)

N.B. Sub-component 2.1 was cancelled during Project restructuring.

Sub-component 2.2: Digital Economy Skills Development*

The sub-component was revised down from \$5.2 million to \$3 million during restructuring. So far, \$165,000 has been disbursed.

The digital economy skills development sub-component aims to train up to 3,000 individuals in a wide range of non-ICT and ICT disciplines including freelancing and product management, project management, front-end programming, back-end programming and database training.

Trainings will take place in the regions as well as in Tbilisi. This training activity will be delivered through a consulting firm contract (\$2.5 million).

A Request for Proposals for consulting services was issued in September 2019. As there is limited time till the GENIE project closes, the program length was reduced from 24 months to 16 months. Nine companies expressed interest in bidding for the contract. However, of the seven shortlisted companies, only two submitted eligible proposals. Neither of the proposals is of strong quality. GITA and WBG agreed during the mission that the tender will be cancelled and re-opened with a simplified ToR.

Sub-component 2.3: Business Innovation Support

The Business Innovation Support sub-component was revised down from \$4.4 million to \$2 million during restructuring. The subcomponent principally comprises start-up acceleration services. The sub-component has not started disbursing.

Acceleration services will be delivered through a consulting firm contract (\$2 million). The Request for Proposals for consulting services was issued in September 2019. The firm will be hired using the QBS method. As this is a complex procurement mechanism, the PIU has hired a specialized international expert well versed in World Bank procurement processes to assist the evaluation committee. Contract award is expected in January 2020. The contract is expected to disburse \$400,000 (20% of the contract value) upon signing.

Component 3 – Innovation Financing

(Post-Restructuring Allocation: \$11.9 million, Disbursed amount: \$3.8 million)

Sub-Component 3.1.1: Start-Up Matching Grants

The Start-Up Matching Grant (SMG) program is a \$3.4 million sub-component which aims to stimulate development of new innovative, early-stage enterprises. The program grants up to 100,000 GEL (US\$36,000) to start-ups for projects of up to 12 months. Implementation of this sub-component has been progressing well thus the subcomponent was not revised during the project's restructuring.

The SMG program has disbursed \$1.5 million. Four calls have been issued and 57 companies have been awarded funding to date. The most recent call was launched in early November 2019 for which the deadline was December 27th, 2019. GITA intends to launch the final call soon to ensure that the contracting period ends before Project End (April 30, 2021).

Sub-Component 3.1.2: Innovation Matching Grants

The Innovation Matching Grants (IMG) program is a \$3.6m sub-component which aims to fund a portfolio of projects showing significant innovation and market potential. The sub-component's value was not adjusted during restructuring.



This sub-component awards up to 650,000 GEL (US\$232,000) per project with 50% co-financing from beneficiaries. The maximum contract duration is 24 months.

The IMG program was launched in July 2019 with an open call for applications. Four companies have so far been selected for inclusion in the program resulting in disbursements of \$329,000 so far.

As the program has started late into the GENIE project's implementation, call respondents currently preparing two-year business plans would be eligible to receive payments after the project's end date. GITA and WBG are considering several options to address this issue (see "GENIE Implementation Progress and Summary of Discussions" on Page 2).

Sub-Component 3.1.3: Applied Research Grants

As part of the restructuring, a new \$3 million Applied Research Grants sub-component was added to Component 3. The subcomponent is implemented by the Shota Rustaveli National Science Foundation (SRNSF). Funds will be awarded to young scientists pursuing commercially relevant research results in Georgia's universities and research & development institutes. This sub-component has not yet started disbursing. Although WBG conducted extensive diligence on SRNSF during restructuring and found the institution to have a successful track record in grants management, the subcomponent has been severely delayed, partly due to personnel changes. However, significant progress has been made since a supervision mission in October. The call for Applied Research Grants Program is now open. The deadline for the call was December 20, 2019. Exactly 80 proposals were submitted. SRNSF is preparing to appoint a Financial Management specialist, a Peer Review Evaluation Provider Organization and Selection Committee members by January 30, 2020. SRNSF hopes to commit funds by March 31, 2020.

Component 4: Project Implementation Support

(Post-Restructuring Allocation: \$3.5 million, Disbursed amount: \$900,000)

Risks

Systematic Operations Risk-rating Tool

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

Results

PDO Indicators by Objectives / Outcomes

Increase innovative activities of firms

IN00755620



► New/improved products/services introduced to existing or new markets by Project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	15.00	54.00	70.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021

Increase innovative activities of individuals				
IN00755621				
► Startups launched by project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	37.00	60.00	100.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021

Increase firms' and individuals' participation in the digital economy				
IN00755622				
► Access to Internet Services (number of beneficiaries subscribed) (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	79.00	850.00	6,500.00
Date	31-Dec-2014	17-Jan-2019	24-Jan-2020	30-Apr-2021

IN00755623				
► Beneficiary MSMEs selling via e-commerce platforms (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	215.00	7.00	300.00
Date	31-Dec-2015	04-Dec-2018	24-Jan-2020	30-Apr-2021
Comments:	Indicator was revised during restructuring to include only MSMEs that sell at least GEL 2,500 worth of goods or services online, through any e-commerce platform.			

Intermediate Results Indicators by Components

Innovation Infrastructure				
IN00755624				
► RIHs established, equipped, and operational (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	2.00	2.00	2.00



Date	01-Jul-2015	14-May-2019	24-Jan-2020	30-Apr-2021
Comments:	The Tbilisi Techpark is now counted as an RIH			
IN00755628				
▶CICs established, equipped, and operational (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	3.00	3.00	5.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
Comments:	please note that the previous count (3) was an error			
IN00755631				
▶Visitors to CICs and RIHs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	4,000.00	9,599.00	20,000.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
□Female visitors to CICs and RIHs (percentage of total) (Number, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	20.00	55.00	22.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
Innovation Services				
IN00755625				
▶Innovation competitions and exhibitions supported by the Project (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
IN00755632				
▶Individuals completing structured training modules and programs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	1,280.00	785.00	3,000.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
□Females completing structured training modules and programs (percent of total) (Number, Custom Breakdown)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	21.00	235.00	21.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
IN00755636				
► Beneficiaries of coaching, mentoring, or technical consulting (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	240.00	285.00	250.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021

Innovation Financing				
IN00755626				
► Private financing catalyzed through matching grant programs (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	150,000.00	1,902,850.00	1,500,000.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
IN00755629				
► Enterprises and start-ups financed through matching grants (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	37.00	60.00	100.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021

Project Implementation Support				
IN00755627				
► Direct project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	6,500.00	11,579.00	30,000.00
Date	31-Dec-2015	14-May-2019	24-Jan-2020	30-Apr-2021
□ Female beneficiaries (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	22.00	17.50	22.00
IN00755633				
► Citizen engagement: user feedback collected from project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target



Value	0.00	2,087.00	4,692.00	1,000.00
Date	01-Jul-2015	14-May-2019	24-Jan-2020	30-Apr-2021

Overall Comments

The current values for two indicators (1. number of individuals completing structured training, and 2. percentage of direct female beneficiaries) are lower than previous values. This is because new monitoring and evaluation procedures put in place during the last restructuring resulted in more detailed clarification and verification of data collected. The current values have all been verified by the new M&E specialist hired by GITA. This process of verification uncovered inconsistencies in the previously supplied numbers for these two indicators, and they have now been corrected to show verified values.

Data on Financial Performance

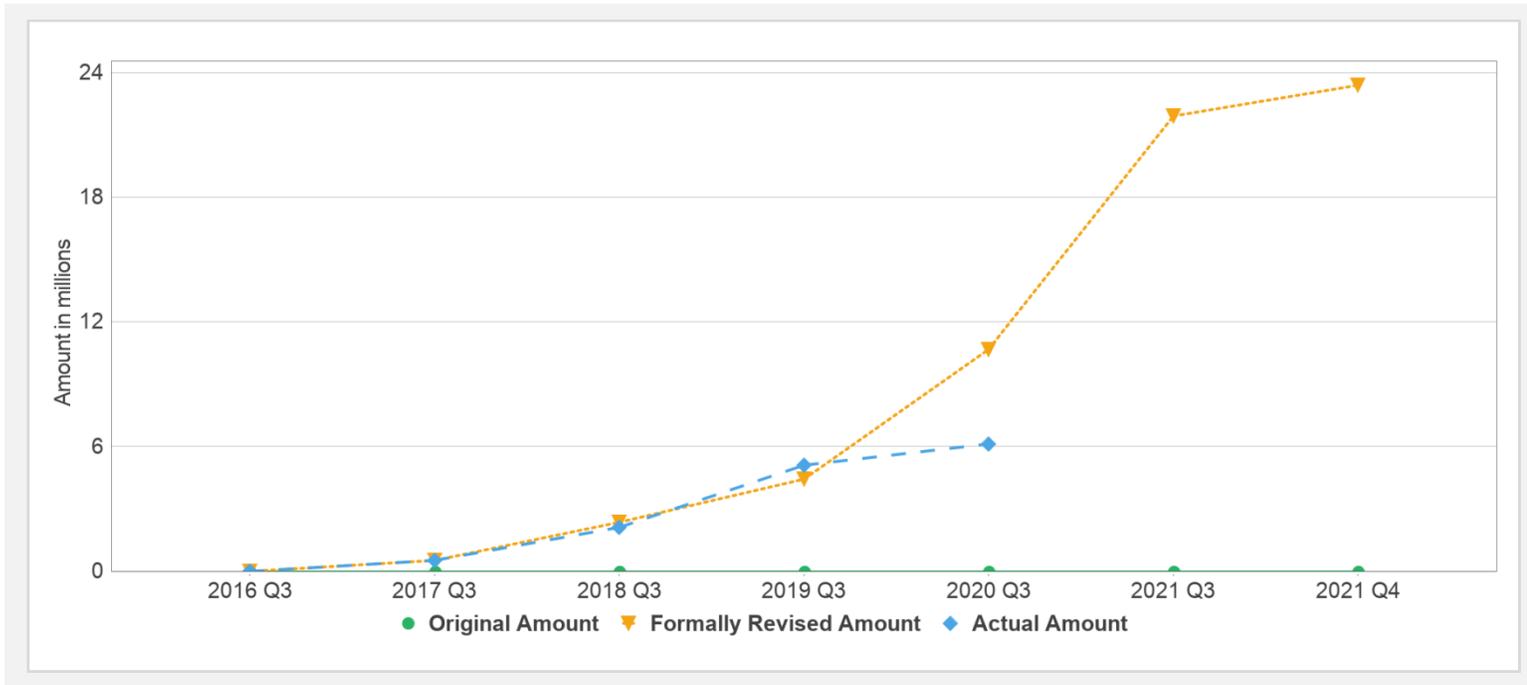
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P152441	IBRD-85950	Effective	USD	40.00	23.50	16.50	6.20	17.30	26%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P152441	IBRD-85950	Effective	18-Mar-2016	28-Mar-2016	21-Jul-2016	30-Apr-2021	30-Apr-2021

Cumulative Disbursements



Restructuring History

Level 2 Approved on 04-Apr-2019

Related Project(s)

There are no related projects.