Review of investment/capital project

The course of public investment management reform

Within the framework of the Public Financial Management (PFM) Reform Strategy, the implementation of the full cycle of investment projects is a significant challenge. The Ministry of Finance of Georgia has been actively cooperating in this direction of reform with international organisations and financial institutions for years.

Based on the Public Expenditure Review prepared by the World Bank, a roadmap and methodology for managing investment projects was prepared with the technical assistance of the World Bank, Resolution N191 of the Government of Georgia dated April 22, 2016 on Approving the Roadmap for Managing Investment Project, and Order N165 of the Minister of Finance of Georgia dated July 22, 2016 (amendment to Order N385 of the Minister of Finance of July 8, 2011 On Adoption of Rules and Methodology of Program Budgeting. The mentioned roadmap and methodology regulate the processes of preparation, pre-selection, evaluation, budgeting, implementation, monitoring and post-implementation evaluation of investment projects worth more than 5 million GEL.

As a result of fully implementing the management of investment projects, the selection mechanisms of investment projects shall be improved and projects based on objective analysis shall be ensured to be taken into account in the budget. In turn, this will improve medium-term planning and effective use of state finances.

The introduction of Public Investment Management (PIM) Reform is a complex process, associated with a number of difficulties in terms of obtaining relevant knowledge and the need for training. For this purpose, since 2017, with the support of donors (WB, USAID, EU, GIZ and others), a number of trainings and workshops have already been held for representatives of Georgian ministries and municipalities, and work in this direction is in progress.

In order to consistently implement the PIM reform, at the request of the Ministry of Finance of Georgia, in 2018, the Public Investment Management Assessment Report (PIMA) was prepared within the framework of the technical assistance mission of the International Monetary Fund (IMF). In 2022, the IMF mission carried out an update of the PIMA and the preparation of the Climate Public Investment Management Assessment (C-PIMA).

According to the 2022 assessment of Public Expenditures and Financial Accountability (PEFA), which covers the period up to 2021, the indicator of PIM was assessed with an "A" score (according to the 2018 assessment of PEFA, the assessment of this indicator was "D").

Pursuant to the order N385 of the Minister of Finance of Georgia dated October 8, 2018, a working group was created in the Ministry of Finance of Georgia for the evaluation of investment projects and the implementation of relevant measures. With the support of donors, the Ministry of Finance of Georgia is assisted by both international and local experts in the implementation of the mentioned system and in the refinement of methodological guidelines.

An interdepartmental committee for the management of investment projects has been created, as well as a working group has been organised in the Ministry of Finance of Georgia (order N411 of the Minister of Finance of Georgia dated December 26, 2019). By the said order, the statute of the working group and the form of the register of investment/capital projects were approved. Also, the concept of electronic module for investment/capital projects has been prepared. The mentioned module is being integrated into the electronic budget management program (ebudget.ge) with the support of the World Bank. Moreover, modifying the methodology of investment/capital projects is underway.

The introduction of the PIM is an important component within the framework of the reform of EU financial assistance (EU - Economic Governance and Fiscal Accountability).

The following annex contains information about 32 capital projects.

**Capital Projects Annex**

The capital projects annex attached to the draft law of Georgia On the State Budget of Georgia for 2023 includes the following information about the current and upcoming investment/capital projects within the framework of the programs and sub-programs "classified as capital projects" provided in the state budget for the medium-term period of 2023-2026:

- project software code and project name;

- the priority within which the project is implemented;

- project implementer;

- description and purpose of the project;

- expected intermediate result of the project;

- detailed information about the project;

- expected final result of the project;

- funding volumes of capital projects, namely, the actual cost of the project including the last year, the plan for the current year, the funding volumes to be planned for the medium-term (4-year) period by years and the total cost of the project.

Preparation of capital projects annex is part of the budget application and is carried out through the electronic budget management program (eBudget.ge).

The annex of capital projects attached to the draft law of Georgia "On the 2023 State Budget of Georgia" is prepared based on the information provided by the spending institutions and includes 72 projects classified as capital projects (program/sub-program) with a total volume of more than 3.8 billion GEL in 2023, and the total cost of the projects in 2023-2026 is more than 14 billion GEL. Up to 82 percent of the total cost of the mentioned projects are ongoing and the ones that are already launched, which are mainly implemented by the Ministry of Regional Development and Infrastructure of Georgia for the purpose of improving road infrastructure (construction of high-speed highways, construction/rehabilitation of internal state roads), rehabilitation of regional and municipal infrastructure, and restoration-rehabilitation of water supply infrastructure, also in the direction of rehabilitation of public schools and construction-rehabilitation of pre-school education institutions.

Nine projects out of the ones presented in the annex of capital projects are new capital projects, the volume of financing of which is within 11 percent of the volume of financing of the projects presented in this annex by 2023.

1. Brief review of new investment/capital projects

Within the framework of the public investment management implementation cycle, for the first time, economic analysis of new investment projects became part of the 2020 state budget project package and were submitted to the Parliament of Georgia together with a summary report.

The information presented summarizes the 13 investment/capital projects reviewed by the working group. Among them, 9 projects are presented by the Ministry of Education and Science of Georgia, 1 project is submitted by the Ministry of Regional Development and Infrastructure of Georgia, and 3 projects are put forward within the framework of cooperation with donors. The economic analysis of the projects is based on the assumptions presented by the initiating agency.

This document includes a brief summary of all project-related information, including key assumptions, rationale, and analysis results (NPV, IRR, ENPV, EIRR). The document is accompanied by annexes that include a cost-benefit analysis of each project, including assumptions and calculations based on them, project creation, maintenance and operation costs during the full project cycle (the analysis period is determined by the methodology), revenue forecasts and their alternatives.

For some of the projects, the working group considers it possible to move them to the next stage and reflect them in the medium-term cost forecasts. An additional analysis is recommended for the part of them to move to the next stage, and in relation to the financing of part of the projects, the working group does not consider it appropriate to reflect their costs in the forecasts at this stage.

The working group continues to work on the analysis and refinement of assumptions for these projects, as well as other new projects, and to collaborate with relevant experts with donor support.

Summary information of the following investment projects evaluated by the working group is discussed below:

# **1. Construction of the Stepantsminda-Gveleti road section of Mtskheta-Stephantsminda-Larsi highway of international importance**

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| **Information about the project** | |
| Project name | Construction of the Stepantsminda-Gveleti road section of Mtskheta-Stephantsminda-Larsi highway of international importance |
| *Spending institution/agency presenting the project* | Roads Department of the Ministry of Regional Development and Infrastructure of Georgia |
| *Brief description of the project* | Due to its terrain, the existing highway is characterized by narrowness and sharp turns, which makes the movement of vehicles, especially trucks, difficult. In some places, it is impossible for two trucks to pass at the same time, which leads to congestion and traffic delays, which in its turn significantly hinders the movement of motor vehicles and poses a threat to the safe movement of motor vehicles moving on the road, as well as having a significant impact on the time and costs of movement. |
| *Justification of the need for the implementation of the investment project* | As part of the technical-economic study, based on alternative directions and multi-purpose comparisons, it was determined that the projected intensity of road traffic will increase at an average growth rate over the next 20 years (AADT 18,371 by 2045) and the construction of a new road is critically important due to the above-mentioned circumstances for the Stepantsminda-Gveleti road section, which will eventually have notably improved parameters, resulting in the extension of the capacity of the corridor, decreased travel time and costs and increased travel pace. Traffic safety will also be significantly improved. |
| *Evaluation period* | 22 years |

**Financial characteristics of the project**

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|  | Absence of action | Road construction |
| *Funding requested* | - | 372,000,000 ₾ |
| *Average annual costs1* | 73,999,966 ₾ | 55,599.3 ₾ |
| ***Average annual income2*** | **-** | **28,341,270.8 ₾** |
| NPV3 | -701,643,887.68 ₾ | -420,515,511.01 ₾ |
| IRR4 |  | #NUM! |
| B/C5 | 0.0 | 0.37 |
| E/NPV |  | -417,501,495.58 ₾ |
| E/IRR |  | #NUM! |
| E/B/C |  | 0.37 |

2. **Rehabilitation of Laghami district in Mestia**

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| **Information about the project** | |
| *Project name* | Rehabilitation of Laghami district in town Mestia |
| *Spending institution/agency presenting the project* | Ministry of Regional Development and Infrastructure of Georgia |
| *Brief description of the project* | As a result of the project, real estate value will increase in Laghami district, there will be more workplaces, guesthouses and food establishments, investments will be attracted, leading to "business density". This will primarily be reflected on the budget of the region and municipality, employment and income rate of the population. |
| *Justification of the need to implement the investment project* | Laghami is one of the historical districts of Mestia. It is spread out on the right slope of the River Mestia-Chala valley. The place is distinguished by a special abundance of cultural heritage objects, while the historical-urban fabric is preserved as much as possible. To date, its development potential is not fully utilized (because the engineering infrastructure is faulty and the living environment is degraded). As everywhere in Svaneti, cultural heritage monuments are an important resource for economic development. |

1 Costs include: current cost, vehicle operating cost, travel time cost, emission (CO2) cost

2 Income includes: reduction of vehicle operating costs, reduction of travel time costs, reduction of CO2

3 For a project to be profitable, the NPV must be positive

4 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

5 For a project to be profitable, B/C must be greater than 1.

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|  | Developing this resource reasonably helps to attract investments, create tourist services and infrastructure. It will also support small business and trade activities on the spot. If we take into account the trends in the development of tourism in Georgia, it is clear that there is no alternative to creating an additional attraction center in the Svaneti region and arranging new accommodations. |

# 3. **Sustainable urban mobility for the city of Tbilisi**

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| **Information about the project** | |
| *Project name* | Sustainable urban mobility for the city of Tbilisi |
| *Spending institution/agency presenting the project* | Tbilisi City Hall |
| *Brief description of the project* | The creation of a unified intelligent transport system (ITS) platform in Tbilisi combines the strengths, resources and capabilities of all stakeholders, which will be presented in a unified system interface.  A unified intelligent transportation system platform can be considered an umbrella platform that allows different users to interact, either individually or collectively with other parties. |
| *Justification of the need to implement the investment project* | Within Tbilisi Municipality, according to the data provided by citizens and their complaints, we are facing problems with a high-quality integrated transport system, as well as significant problems with road traffic and air pollution quality.  Tbilisi has experienced a significant increase in car ownership in recent years, which in 2011 meant 242 cars per 1,000 inhabitants, and in 2015 it amounted to 281 cars per 1,000 inhabitants. |
| *Evaluation period* | 15 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Creating ITS platform |
| *Funding requested* | - | 73,080,666 ₾ |

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| *Average annual costs6* | 3,387,265.8 ₾ | 5,511,894.6 ₾ |
| ***Average annual income7*** | **-** | **8,771,419.1 ₾** |
| NPV8 | -26,530,311.14 ₾ | -48,603,131.60 ₾ |
| IRR9 | #NUM! | -4% |
| B/C10 | 0.00 | 0.56 |
| E/NPV |  | 217,731,490.32 ₾ |
| E/IRR |  | 27% |
| E/B/C |  | 2.95 |

4. **Arrangement of communal infrastructure in Imereti region**

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| **Information about the project** | |
| *Project name* | Arrangement of communal infrastructure in Imereti region |
| *Spending institution/agency presenting the project* | LLC United Water Supply Company of Georgia |
| *Brief description of the project* | The project aims to:   * improve water infrastructure; * introduce and develop waste water collection/treatment system; and * promote communal infrastructure   in Samtredia, Vani and Baghdati |
| *Justification of the need for the implementation of the investment project* | As of today, the existing communal infrastructure in Samtredia, Vani and Baghdati does not meet the international standards of environmental protection, provision of water supply to the population and water resources. Despite the fact that a part of the population has access to centralized water supply, a certain amount of the population of the cities is still supplied with water on a schedule, which has a significant impact on the socio-economic condition of the population in the mentioned cities, in particular on the health condition, the poverty level and the decrease in the number of the population. |

6 The costs include: operating costs, necessary repairs, salaries of administrative staff; Salary of technical staff, unaccounted expenses

7 Incomes include: income from parking fines, incomr from bus fines

8 For a project to be profitable, the NPV must be positive

9 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

10 For a project to be profitable, B/C must be greater than 1.

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| *Evaluation period* | 18 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Arranging communal infrastructure |
| *Funds requested* | - | 257,600,000 ₾ |
| *Average annual costs* | 1,668,011₾ | 2,975,030 ₾ |
| ***Average annual income*** | **891,485 ₾** | **2,890,357 ₾** |
| NPV11 | -4,932,166 ₾ | -209,615,346 ₾ |
| IRR12 | #NUM! | -18% |
| E/NPV |  | 28,109,000 ₾ |
| E/IRR |  | 9.4% |

# 5. **Mechanical biological treatment of municipal solid waste (MBT) in Adjara**

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| **Information about the project** | |
| *Project name* | Mechanical biological treatment of municipal solid waste (MBT) in Adjara |
| *Spending institution/agency presenting the project* | Ministry of Finance and Economy of Adjara A/R |
| *Brief description of the project* | MBT - Mechanical Biological Treatment is a proven solid waste treatment technology that includes various mechanical and biological stages where biodegradable material is stabilized, recyclable materials are recovered and/or composted, as well as refuse-derived fuel (RDF) production. The main result of this treatment is a significant reduction in the volume of waste going to landfills, as well as its emission potential, which will lead to an increase in its life span. Project components:  1. mechanical processing   * sorting of recyclable materials; * screening of biological fractions; * elimination of interfering components.   2. biological processing |

11 For a project to be profitable, the NPV must be positive

12 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

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|  | * stabilization (composting-like procedure) for the following purposes:   o reducing the number;  o emission reduction;   * biodrying to obtain RDF fuel |
| *Justification of the need for the implementation of the investment project* | The new Tsetskhlauri landfill was designed for 20 years of operation, however, due to the increased amount of waste generated in Adjara and waste from the Guria region entering the Tsetskhlauri landfill, the lifespan of the landfill is expected to be halved. |
|  | The main objective of mechanical biological treatment (MBT) is to significantly reduce the amount of waste entering the landfill and its emissions (leakage and gas). As a result, MBT significantly extends the life cycle of the landfill, and in addition, the implementation of MBT increases the recovery rate of recyclable materials, which contributes to the achievement of Georgia's recycling goals. |
| *Evaluation period* | 20 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Solid waste treatment |
| *Funding required* | - | 52,706,200.0 ₾ |
| *Average annual costs* | 2,977,748.6 ₾ | 19,444,912.7 ₾ |
| ***Average annual income*** | **1,626,186.9 ₾** | **10,088,067.5 ₾** |
| NPV13 | -11,318,572.1 ₾ | -75,190,888.0 ₾ |
| IRR14 | #NUM! | #NUM! |
| B/C15 | 0.59 | 0.65 |
| E/NPV |  | 131,002,263.0 ₾ |
| E/IRR |  | 75% |

# 6. **Georgia Resilient, Agriculture, Irrigation, and Land Project (GRAIL)**

**Information about the project**

13 For a project to be profitable, the NPV must be positive

14 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

15 For a project to be profitable, B/C must be greater than 1.

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| *Project name* | Georgia Resilient, Agriculture, Irrigation, and Land Project (GRAIL) |
| *Spending institution/agency presenting the project* | Ministry of Environment and Agriculture  Ministry of Justice/National Agency of Public Registry |
| *Brief description of the project* | * The project has three components: * • 1st component "Sustainable irrigated agriculture" * • 2nd component "Improvement of agricultural land management"; * • 3rd component "Project management" |
| *Justification of the need for the implementation of the investment project* | Problems and opportunities of agriculture, water and land sectors in Georgia are interconnected. The goal of this project is to simultaneously solve the three main issue that prevent the growth of Georgian agriculture:  (1) dependence on non-irrigated agriculture, which exacerbates climate-related risks, destroyed irrigation infrastructure, which makes it impossible to provide adequate irrigation services to farmers;  (2) low productivity of irrigated agriculture due to lack of investment in domestic irrigation equipment, agro-technologies of high value crops, as well as low potential of agribusinesses and trading sector;  (3) inefficient use of agricultural land, as a result of which the state budget loses revenues, there is little investment in commercial agriculture, pastures are destroyed, and agricultural production is characterized with low-productivity. |
| Evaluation period | 30 years |

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| **Financial characteristics of the project** | | |
|  | Irrigation +  value chains | Irrigation + value chains + land |
| *Funds requested* | 341,088,000.0 ₾ | 408,000,000.0 ₾ |
| *Average annual costs* | 23,787,324.2 ₾ | 26,017,724.2 ₾ |
| ***Average annual income*** | **88,617,256.1 ₾** | **94,161,993.5 ₾** |

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| NPV16 | 249,968,000.0 ₾ | 275,808,000.0 ₾ |
| IRR17 | 13.3% | 13.5% |
| B/C18 | 1.7 | 1.6 |

# **7.** **Modernization of Zemo Samgori irrigation system (EIB, AFD)**

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| **Information about the project** | |
| *Project name* | Modernization of Zemo Samgori irrigation system (EIB, AFD) |
| *Spending institution/agency presenting the project* | Ministry of Environment Protection and Agriculture of Georgia |
| *Brief description of the project* | Capital investment in the modernization of the Zemo Samgori irrigation system: to eliminate technical deficiencies in the networks of main channels, secondary and tertiary channels and control structures, and to achieve an adequate, timely and reliable supply of irrigation water for more than 19,000 ha of land suitable for irrigated agricultural production. A specific modernization approach requires minor repairs to complete the reconstruction of individual components, including:  - minor works on the main building of Paldo;  - repairing the sections of the upper main channel, the lower main channel and the circled channel of the Lilo-Martkopi main channel and paving the remaining clay section. Modernization is considered only up to the village of Martkopi;  - reshaping and lining of secondary and tertiary open channel distribution systems, and installation of pipelines in the tertiary distribution system, where possible;  - provision of outlets to the secondary distribution system, including in villages, as required;  - development of tertiary unit water distribution through open channel systems or pressure pipe systems, where appropriate;  - investment of third/quarter canals leading to villages;  - repair works of drainage systems;  - control and monitoring systems |

16 For a project to be profitable, the NPV must be positive

17 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

18 For a project to be profitable, B/C must be greater than 1.

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| *Justification of the need to implement the investment project* | The Zemo Samgori irrigation system has an estimated designed area of almost 30,000 ha, of which the potential irrigated area is 19,129 ha. In recent years, only about 6,000 ha, or one-third of the potential irrigable land area, has been set aside for irrigation water supply, maize, grass/alfalfa and horticultural crops. The severely dilapidated condition of primary, secondary and tertiary canal networks and control structures, caused by lack of maintenance and investment, has resulted in unreliable irrigation water supply, high water losses, coupled with little investment in modern farm irrigation equipment.  As a result, farmers cannot rely on irrigation for crop production and are dependent on rain-fed agriculture and extensive livestock grazing. Some farmers had to leave their lands. Consequently, farmers could no longer rely on irrigation to produce crops. During the last 5 years, many farmers had to leave their fertile land despite the proximity of large urban centers (Tbilisi and Rustavi) where markets are located. These farmers could no longer rely on a very poor irrigation system to cultivate sustainable crops and generate income. |
| Evaluation period | 35 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Solid waste treatment |
| *Funds requested* | - | 368,261,937.0 ₾ |
| *Average annual costs* | 926,399.0 ₾ | 18,531,897.3 ₾ |
| ***Average annual income*** | 15,989,405.4 ₾ | 71,191,108.5 ₾ |
| NPV19 | 211,268,660.7 ₾ | 206,012,713.5 ₾ |
| IRR20 | #NUM! | 13,7% |
| B/C21 | -19,40 | 1.69 |
| E/NPV |  | 235,686,787.6 ₾ |

19 For a project to be profitable, the NPV must be positive

20 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

21 For a project to be profitable, B/C must be greater than 1.

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| E/IRR |  | 15,2% |

# **8. Measures to improve the tourist infrastructure**

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| **Information about the project** | |
| *Project name* | Measures to improve the tourist infrastructure |
| *Spending institution/agency presenting the project* | Ministry of Regional Development and Infrastructure of Georgia, Legal Entity under Public Law -Municipal Development Fund |
| *Brief description of the project* | Urban renewal of central districts in municipalities, creation and development of tourist attractive spaces and rehabilitation of various types of buildings are planned. 200.0 million GEL is provided in the draft state budget for 2023 to finance capital projects planned within the framework of the program. At this stage, work is underway on the selection and evaluation of capital projects to be implemented within the framework of the program, and after making a decision in accordance with the legislation, the implementation of the projects will begin. |
| *Justification of the need for the implementation of the investment project* | It is important to improve the existing infrastructure in the municipalities. Buildings, tourist infrastructure need to be rehabilitated in order to increase the attractiveness of investment, to increase the tourist potential on the spot, as well as to improve the social environment of the population. |
| *Cost of the project* | 600,0 GEL Million |

**9. Measures supporting the 2025 European Winter Youth Olympic Festival**

**Information about the project**

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| *Project name* | Arrangement of relevant infrastructure for the 2025 European Winter Youth Olympic Festival |
| *Spending institution/agency presenting the project* | Ministry of Regional Development and Infrastructure of Georgia, Legal Entity under Public Law -Municipal Development Fund |
| *Brief description of the project* | The Government of Georgia has undertaken to host the 2025 European Winter Youth Olympic Festival in Bakuriani. In order to implement the aforementioned, it is planned to arrange the appropriate infrastructure. Within the framework of the project, various projects will be carried out, including the arrangement of an ice rink and a ski jump.  25.0 million GEL is provided in the draft state budget for 2023 to finance capital projects planned within the framework of the program. At this stage, work is underway on the selection and evaluation of alternatives for capital projects to be implemented within the framework of the program, and after making a decision in accordance with the legislation, the implementation of the projects will begin. |
| *Justification of the need for the implementation of the investment project* | In order to fulfil the international obligation, i.e. to hold the 2025 European Winter Youth Olympic Festival, there is no appropriate infrastructure arranged, so it is crucial to carry out the necessary construction works for the various infrastructures. The implementation of the project will contribute to raising the awareness about Georgia, promoting investment attractiveness, increasing the tourism potential on the spot, as well as improving the social environment of the population. |
| *Cost of the project* | 125,0 GEL Million |

**10. Construction-rehabilitation of preschool institutions**

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| **Information about the project** | |
| *Project name* | Construction-rehabilitation of preschool institutions |
| *Spending institution/agency presenting the project* | Ministry of Regional Development and Infrastructure of Georgia, Legal Entity under Public Law - Municipal Development Fund |
| *Brief description of the project* | Construction of more than 800 new preschools and rehabilitation of existing preschools will be implemented in the municipalities.  100.0 million GEL is provided in the draft state budget of 2023 for the financing of the projects planned within the framework of the program. |
| *Justification of the need for the implementation of the investment project* | Early childhood education is extremely important because it lays the foundation for a child's further growth and development. Investing in early childhood development has a positive impact not only on the health, well-being, learning and safety of young children, but also on the country's economic growth in the medium and long term. Some of the existing kindergartens in Georgia need to be rehabilitated and equipped, as well as the construction of additional kindergartens in a number of municipalities is expedient. |
| *Cost of the project* | 1,200.0 GEL Million |

**Construction/rehabilitation of public schools**

Construction and rehabilitation projects of general education institutions were prepared by the Ministry of Education and Science of Georgia.

According to the financial and economic calculations prepared according to the methodology of investment projects, the projects are not profitable. In addition, it should be taken into account that the construction and rehabilitation of schools is socially important, creates public good, and their implementation will contribute to economic development in the long term. The goal of the state policy of education and science is to create a continuous and sustainable system of education, which ensures the development of people of any age, providing them with full-fledged knowledge, as well as equipping them with the skills of creative processing and practical application of this knowledge.

Taking into account the above, corresponding funds for the construction and rehabilitation of general education institutions are included in the state budget every year within the existing fiscal resources.

# **1. Construction of Public School N11** **named after Ilia Vekua of Abkhazia**

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| **Information about the project** | |
| *Project name* | Construction of Public School N11 named after Ilia Vekua of Abkhazia |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | As a result of the implementation of the project, up to 450 beneficiaries will study in one shift, the problem of those wishing to enroll in school will be solved every year, and most importantly, by allocating students from one family to one shift, parents of socially vulnerable families (80% of such contingent) will be given the opportunity to work, which they could not do because of the shift. Students will have a safe and comfortable learning environment in a typical educational building. Voucher funding will save the school money that is used for rent. The community will also benefit from the sports infrastructure of the school, which will contribute to the promotion of a healthy lifestyle and the integration of the IDPs with the local population. |

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| *Justification of the need for the implementation of the investment project* | LEPL Public school N11 named after Ilia Vekua of Abkhazia has been operating since 1998 in a leased building in Zugdidi. Recently, the rent expenses have tripled (it became 15,000 GEL per year), which the school budget will not be able to cover for a long time. It is noteworthy that the building is of non-educational purpose and the educational process cannot be conducted effectively: there are no laboratories, sports hall/field, assembly hall, is not fully adapted for disabled students, the area of the school building (800 m2) does not allow to meet the increased demand of those who wish to study at the school. The number of students in two shifts is up to 450, and the applications of 50-60 beneficiaries remain unsatisfied every year, because the space of the building does not allow for an increase in the number of students.  The school is heated by electric heaters in winter, but the amortized wooden doors and windows cannot keep the classrooms warm, there is not enough classroom space per student provided for by the standard, which does not allow the use of individual desks. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Building a school |
| *Funding requested22* | - | 8,501,000 ₾ |
| *Capital cost* | - | 8,000,000 ₾ |
| *Average annual costs23* | 911,261.1₾ | 802,833.8 ₾ |
| ***Average annual income24*** | **649,461.5 ₾** | **670,704.1 ₾** |

22 In the case of building a new school, the total cost of the project is 8,501,000 GEL, where the capital cost is 8,000,000 GEL, the cost of equipping the school is 225,500 GEL, the cost of supervision is 240,000 GEL.

23 The costs include: operating costs, necessary repairs, salaries of administrative staff; Salary of technical staff, rent of building,

24 Income includes: rental income, voucher financing

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| NPV25 | -1,949,992.41 ₾ | -7,777,463.84 ₾ |
| IRR26 | #NUM! | #NUM! |
| B/C27 | 0.75 | 0.38 |

# 2**. Construction of public school N2 of Abasha**

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| **Information about the project** | |
| *Project name* | Construction of public school N2 of Abasha |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | It is possible to construct a school building for 450 students on the territory of LEPL N2 public school of Abasha. The students will have an innovative, energy-efficient building that meets modern standards, which will fully meet the modern requirements of learning and teaching. Students will have the opportunity to receive a complete general education in a comfortable and safe educational environment. This opportunity will be available to both city and village students. |
| *Justification of the need for the implementation of the investment project* | 300 students are studying in LEPL N2 public school of Abasha. LEPL N2 public school of Abasha, constructed in 1934 (with bricks), is a small, 2-story building with non-standard, small-sized rooms and narrow corridors. The condition of the school is really critical because it does not have the following areas of need: an assembly hall, a standard-sized canteen; a sports hall is in critical disrepair;  Most classrooms are small in size (35-40 sq m); There are no subject-based classrooms. As for the science room, it is unprofitable for conducting an effective educational process; The number of toilets is also small. |

25 For a project to be profitable, the NPV must be positive

26 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

27 For a project to be profitable, B/C must be greater than 1.

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|  | Due to such a situation, the school limits the admission of a new contingent every year, although the number of those wishing to study at the school is large. Currently, the school has 300 students, the lack of space has a negative impact on the attitudes of parents and students. Parents also object to the fact that students have to practice in small classrooms during sports lessons; Sports activities at school, as well as introduction of a healthy lifestyle are prevented. A new building is needed for conducting a full-fledged educational process and for a safe physical environment of the school. For this, it is necessary to have a sufficient number of classrooms, subject-based classrooms, an assembly hall, a catering facility, a sports hall, etc. It is also necessary to take into account the fact that the school built in the previous century cannot meet the requirements of modern seismic norms.  Within the framework of the World Bank's "Innovation, Inclusion and Quality Project - Georgia I2Q" program, in the 2021-2022 academic year, the Municipal Development Fund of Georgia developed the project documentation necessary for the rehabilitation works of our school. According to the research report, the restoration of the LEPL N2 public school building of the city of Abasha was considered unprofitable. Only dismantling the school building and replacing it with a new building. |
| Evaluation period | 15 years |

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| --- | --- | --- | --- | --- |
|  | | **Financial characteristics of the project** | | |
|  | Absence of action | | Rehabilitation of the existing building | Building a new school |
| Funding requested28 | - | | - | 7,468,000 ₾ |
| Capital cost | - | | - | 7,000,000 ₾ |
| Average annual cost29 | 716,171.6 ₾ | | 1,008,976.8 ₾ | 591,548.5 ₾ |

28 In the case of building a new school, the total cost of the project is 7,468,000 GEL, where the capital cost is 7,000,000 GEL, the cost of equipping the school is 225,500 GEL, the cost of supervision is 210,000 GEL.

29 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; Salary of academic staff

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| --- | --- | --- | --- |
| **Average annual income30** | **520,027.9 ₾** | **520,027.9 ₾** | **492,846.5 ₾** |
| NPV31 | -1,442,647.89 ₾ | -6,165,138.81 ₾ | -6,877,324.56 ₾ |
| IRR32 | #NUM! | #NUM! | #NUM! |
| B/C33 | 0.77 | 0.43 | 0.34 |

# **3. Construction of public school N4 of Kutaisi**

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| **Information about the project** | |
| *Project name* | Construction of public school N4 of Kutaisi |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | As a result of the implementation of the project, the problem of the lack of public schools in the city of Kutaisi will be solved.  A public school building meeting modern standards will be built, which will accommodate 400 students. Students will have a much safer, more comfortable and positive learning environment.  The new school building, in the process of cooperation between the school and the community, will become the best resource for the local population with its recreational spaces and infrastructure. It is possible to further develop the sports and health infrastructure for the local population. |
| *Justification of the need for the implementation of the investment project* | LEPL public school N4 of Kutaisi is located in the old district of the city of Kutaisi, in a private settlement. The school has been operating since 1936 and is an important hub not only in the city, but also in the region, both in the francophone and basketball fields.  According to the conclusion presented by the National Bureau of Expertise, all three buildings of the school have experienced age-related physical wear and especially building N1 is depreciated. |

30 Incomes include income from public school voucher funding, rental income

31 For a project to be profitable, the NPV must be positive

32 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

33 For a project to be profitable, B/C must be greater than 1.

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|  | Based on the current situation, the operation of the school is dangerous, taking into account the damage and physical wear and tear of the educational building, the restoration is unprofitable and not advisable.  The need to continue the remaining school days completely remotely was on the agenda. The number of students of Kutaisi N4 public school is 232. Public schools, in their turn, are overcrowded, an alternative space was chosen in a public school located in a nearby settlement. From the new school year, the academic term will take place in the second shift. Moving to a foreign school for a long time is very uncomfortable for school teachers, students and parents. There is a danger in the direction of creating additional problems in the transportation process, the problem is intensifying in the light of the challenges caused by the pandemic, because the number of students in the building in the public school selected as an alternative space is increasing, as well as the frequency of the mandatory sanitary-hygienic measures to be taken. |
| Evaluation period | 15 years |

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| --- | --- | --- | --- |
| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of educational building |
| Funds requested34 | - | - | 7,451,000 ₾ |
| Capital costs | - | - | 7,000,000 ₾ |
| Average annual costs35 | 828,614.2 ₾ | 1,097,671.1 ₾ | 732,957.9 ₾ |
| **Average annual income36** | **623,422.6 ₾** | **623,170.6 ₾** | **652,731.2 ₾** |
| NPV37 | -1,469,656.98 ₾ | -5,620,343.00 ₾ | -6,715,979.70 ₾ |

34 In the case of the construction of the educational building, the total cost of the project is 7,451,000 GEL, where the capital cost is 7,000,000 GEL, the cost of equipping the school is 210,000 GEL, the cost of supervision is 210,000 GEL.

35 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; Salary of academic staff

36 Incomes include income from public school voucher funding, rental income

37 For a project to be profitable, the NPV must be positive

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| IRR38 | 262% | #NUM! | #NUM! |
| B/C39 | 0.79 | 0.50 | 0.42 |

# **4. Construction of LEPL Bakuriani Public School of Borjomi Municipality**

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| **Information about the project** | |
| *Project name* | Construction of LEPL Bakuriani Public School of Borjomi Municipality |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | Up to 500 students, up to 1000 parents and up to 45 employees (teachers, management, administration) will benefit from the project, as well as local community living near the school territory.  Both in terms of the infrastructure and the contingent of students, all the conditions promoting teaching and learning will be resolved. The safety of students will be ensured. An environment favorable to inclusive education will be created.  The infrastructure of the school provided by the project will help us during the authorization of the school. The mentioned project will solve the problem not only of Bakuriani township, but also of nearby villagers. |
| *Justification of the need for the implementation of the investment project* | In 2019, according to the conclusion of the expert of the LEPL Levan Samkharauli National Forensics Bureau, the technical condition of the Bakuriani public school building of Borjomi Municipality is unsatisfactory and its rehabilitation is not advisable due to unprofitability. |
|  | Also, the existing rundown school building is designed for 300 students. At this stage, 348 students are enrolled in the school and 37 people are employed. The population of the town is growing, which means the increasing number of students. The school space cannot accommodate the number of students, which creates a problem for students' mobility. |

38 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

39 For a project to be profitable, B/C must be greater than 1.

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|  | Students living in different nearby villages study in Bakuriani public school. (Students living in Patara (small) Mitarbi, Big (Didi) Mitarbi, Tsikhesjvari and Andeziti).  Based on all of the above, taking into account the unprofitability of the school building, it is necessary to implement the planned project in order to create a safe environment for students (a school building designed for 500 children, considering the statistics of previous years). |
| Evaluation period | 15 years |

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| --- | --- | --- | --- |
| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of a new educational building |
| Funding requested40 | - | - | 7,485,400 ₾ |
| Capital cost | - | - | 7,000,000 ₾ |
| Average annual costs41 | 810,923.3 ₾ | 1,077,217.2 ₾ | 853,177.9 ₾ |
| **Average annual income42** | **605,918.5 ₾** | **605,918.5 ₾** | **746,814.4 ₾** |
| NPV43 | -1,483,728.54 ₾ | -5,681,602.11 ₾ | -6,903,625.90 ₾ |
| IRR44 | #NUM! | #NUM! | #NUM! |
| B/C45 | 0.79 | 0.49 | 0.45 |

40 In the case of building a new school, the total cost of the project is 7,485,400 GEL, where the capital cost constitutes 7,000,000 GEL, the cost of equipping the school is 240,000 GEL, and the cost of supervision amounts to 210,000 GEL.

41 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

42 Incomes include income from public school voucher funding, rental income

43 For a project to be profitable, the NPV must be positive

44 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

45 For a project to be profitable, B/C must be greater than 1.

# **5.** **Construction of LEPL Public School N4 of Khashuri**

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| **Information about the project** | |
| *Project name* | Construction of LEPL Public School N4 of Khashuri |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | The LEPL public school N4 of the city of Khashuri has a plot of land of sufficient size, where it is possible to immediately start the construction of a new, modern building.  As a result of the project, a new, modern school building will be built, which will create a safe and comfortable learning environment for up to 650 students, 48 employees and up to 1000 parents.  The local population will also benefit, further development of sports and recreation infrastructure will be possible. In the process of building a new school, the school contingent will not need to find an alternative space, which is a big problem for many schools and also requires additional transportation costs. The cost of transportation in one semester is estimated to be 65,000 (sixty-five thousand) GEL. Before the pandemic, dance, painting/embroidery, and extended learning circles were functioning in the school, where 5 individuals were employed, also some space was leased for a catering facility, where 1 individual was employed. All students and employees (up to 470 people) enjoyed the canteen, as for the rest of the circles, about 150 students were engaged. The total annual income of the school was about 5000 GEL. |
| *Justification of the need for the implementation of the investment project* | According to the conclusion issued by Levan Samkharauli National Forensics Bureau, the technical condition of the building is unsatisfactory and cannot ensure safe operation. It is impossible to enter the bathrooms, the walls are cracked, the tiles are falling, the floor is falling. which endangers children's lives. The entire school building is in danger and needs to be dismantled. |

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|  | Transportation is related to double costs, the cost of transportation in one semester is approximately 65,000 (sixty-five thousand) GEL, and it will be impossible to conduct the whole educational process in the second semester at another school.  LEPL Public school N4 of Khashuri has a plot of land sufficient enough to immediately start the construction of a new, modern building, so that it is not necessary to move the contingent of the school to an alternative area. |
| Evaluation period | 15 years |

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| --- | --- | --- | --- |
| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of educational building |
| Funding requested 46 | - | - | 12,674,000 ₾ |
| Capital cost | - | - | 12,000,000 ₾ |
| Average annual costs47 | 1,160,140.7 ₾ | 1,402,539.1 ₾ | 880,017.4 ₾ |
| **Average annual income48** | **731,275.5 ₾** | **731,275.5 ₾** | **712,085.8 ₾** |
| NPV49 | -3,438,212.44 ₾ | -8,413,995.91 ₾ | -11,551,627.69 ₾ |
| IRR50 | #NUM! | #NUM! | #NUM! |
| B/C51 | 0.66 | 0.44 | 0.31 |

46 In the case of the construction of the educational building, the total cost of the project is 12,674,000 GEL, where the capital cost is 12,000,000 GEL, the cost of equipping the school is 275,000 GEL, and the cost of supervision is 360,000 GEL.

47 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; Salary of academic staff, transportation cost of students

48 Incomes include income from public school voucher funding, rental income

49 For a project to be profitable, the NPV must be positive

50 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

51 For a project to be profitable, B/C must be greater than 1.

# **6. Construction of Public School N1 in the village of Metekhi, Kaspi Municipality**

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| **Information about the project** | |
| *Project name* | Construction of Public School N1 in the village of Metekhi, Kaspi Municipality |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | As of today, there are 306 students in the LEPL N1 public school of the Metekhi village of the Kaspi municipality, including the children of displaced persons from Samachablo, who live in the Metekhi village, and the number of students increases every year.  In order for the school to be able to function according to the modern standard, one of the main hindering factors is the school infrastructure.  The first building of the school was built in 1895, after that it was extended three times, in 1910, 1961 and 2002. It is an adapted building with non-standard classrooms, the space of the classrooms is so small that it is impossible to carry out all the activities required in the lessons in line with the modern requirements.  The school failed to comply with the pandemic regulations (one-meter distance between students in the classroom) without switching to two-shift teaching and reducing class time. The school building and its space do not allow for the presence of laboratory-cabinets, which would make it possible to conduct experiments and research with the involvement of students and compliance with safety rules, all of which unfortunately affects the process and quality of students' learning.  There is not any gym in the school, we only have an outdoor sports field, but during the winter period (which lasts for almost five months) it is actually unused, which prevents the development of a healthy life and sports culture among students.  The infrastructure of the school does not allow to organize a catering facility adjusted to the standards in the school, or a medical room, which causes dissatisfaction among students and parents. |

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|  | In addition, to build a new school where up to 400 students will be accommodated, a land plot of 8000 m2 is needed, while the existing school area is 2000 square meters. To solve the problem, it is necessary to find a new plot of land. |
| *Justification of the need for the implementation of the investment project* | As a result of the implementation of the project, a new building corresponding to modern standards will be built with the necessary number and space of classrooms, the school will be adapted for students with special educational needs. The learning process will take place in one shift and students will have a much safer, comfortable and positive learning environment, which directly affects the quality of teaching and learning, the promotion of informal education and the positive mood of the school community as a whole.  With the construction of the mentioned school, a safe and comfortable learning environment will be created for up to 400 students and up to 35 employees (teachers, management, administration). |
| Evaluation period | 15 years |

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| --- | --- | --- | --- |
| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of educational building |
| Funding requested52 | - | - | 7,480,000 ₾ |
| Capital cost |  |  | 7,000,000 ₾ |
| Average annual costs53 | 735,880.1 ₾ | 945,101.7 ₾ | 583,366.8 ₾ |
| **Average annual income54** | **518,339.0 ₾** | **519,220.9 ₾** | **484,881.4 ₾** |
| NPV55 | -1,640,013.20 ₾ | -5,190,614.46 ₾ | -6,886,671.40 ₾ |

52 In the case of the construction of the art college, the total cost of the project is 7,480,000 GEL, where the capital cost is 7,000,000 GEL, and the cost of equipment is 210,000 GEL, the cost of supervisors amounts to 210,000 GEL.

53 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; Salary of academic staff, transportation services for students

54 Incomes include income from the state budget, income from rent

55 For a project to be profitable, the NPV must be positive

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| --- | --- | --- | --- |
| IRR56 | #NUM! | #NUM! | #NUM! |
| B/C57 | 0.74 | 0.48 | 0.34 |

# **7. Construction of LEPL Public School N3 of Senaki**

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| **Information about the project** | |
| *Project name* | Construction of LEPL Public School N3 of Senaki |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | The new building will meet modern standards - with a heating system, indoor sports and assembly halls, a library, science and computer classroom-laboratories. The school will be adapted for students with special educational needs, which in turn will contribute to the formation of a safe environment and the conduct of a student-oriented learning process.  Students will have the opportunity to receive a complete general education in a comfortable and safe educational environment. This opportunity will be available to both city and village students. |
| *Justification of the need for the implementation of the investment project* | The condition of the building is unsatisfactory, it does not comply with the seismic norms, according to the classification of deformations, the conditions cannot ensure safe operation, which endangers the lives of children. Bathrooms are located in the school yard. There are 14 special education students studying in the school, adapted infrastructure and ramp do not meet modern standards.  It is necessary to close the school completely. The entire school building is dangerous and needs to be dismantled.  Based on the study of the technical condition of the building, as well as on the results of geodetic and engineering-geological research, the necessity of dismantling the school building was agreed upon.  There is an auxiliary building/gym in the school yard, which is in a state of disrepair and poses a threat to the school community. |

56 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

57 For a project to be profitable, B/C must be greater than 1.

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| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of educational building |
| Funding requested58 | - |  | 12,696,000 ₾ |
| Capital cost |  |  | 12,000,000 ₾ |
| Average annual cost59 | 1,052,574.1₾ | 1,522,023.7 ₾ | 1,124,518.7 ₾ |
| **Average annual income60** | **764,545.5 ₾** | **764,545.5 ₾** | **931,296.2 ₾** |
| NPV61 | -2,122,093.89 ₾ | -9,350,265.51 ₾ | -11,695,821.54 ₾ |
| IRR62 | #NUM! | #NUM! | #NUM! |
| B/C63 | 0.77 | 0.43 | 0.36 |

# **8. Construction of a Public School in Atskuri village of Akhmeta municipality**

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| --- | --- |
| **Information about the project** | |
| *Project name* | Construction of a Public School in Atskuri village of Akhmeta municipality |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | The new school building, through the cooperation between the school and the community, will become the best resource for the local population with its recreational spaces and infrastructure.  Students will have the opportunity to receive a complete general education close to home, in a morning shift, in a comfortable and safe educational environment. |

58 In the case of construction, the total cost of the project is 12,696,000 GEL, where the capital cost is 12,000,000 GEL, and the equipment cost is 290,000 GEL, and the supervision cost is 360,000 GEL.

59The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

60 Incomes include the income from the state budget, income from rent

61 For a project to be profitable, the NPV must be positive

62 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

63 For a project to be profitable, B/C must be greater than 1.

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| --- | --- |
|  | A public school building meeting modern standards will be built, which will accommodate 250 students. Students will have a much safer, more comfortable and positive learning environment. |
| *Justification of the need for the implementation of the investment project* | According to the conclusion of the Levan Samkharauli National Forensics Bureau, the technical condition of the LEPL public school building of Atskuri village of Akhmeta Municipality is unsatisfactory and incompatible with seismic norms. Using the building as it is, is dangerous.  There are a total of 17 classrooms in the building, but there is no way to separate the staff and doctor's rooms, to arrange bathrooms indoor, the building is not enough to conduct a full-fledged educational process in a three-level school. For this, a new building is needed, which will accommodate a sufficient number of classrooms, subject-based classrooms, library, staff-room, medical room, mandator's room, canteen/buffet, management/administration room, assembly hall, cleaner's room, resource room, bathrooms.  From March 2022 until the end of the 2021-2022 educational process, the school was transferred to a remote school, and from the new academic year, the educational process will be conducted in an alternative place. The LEPL public school of Ozhio village of Akhmeta municipality was searched and selected for the public school of the village of Atskuri, which is the closest school to the public school of the village of Atskuri, and its capacity will accommodate 194 students of the school of the village of Atskuri, and the educational process for the school of the village of Atskuri will be carried out in the second shift.  In the mentioned alternative area, the transportation of students to the public school of the village of Ozhio should be carried out within the framework of the student transportation program. |
| Evaluation period | 15 years |

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| --- | --- | --- | --- |
| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of a new building |
| Funding requested 64 | - | - | 5,337,000 ₾ |
| Capital cost | - | - | 5,000,000 ₾ |
| Average annual costs65 | 601,136.0 ₾ | 796,864.8 ₾ | 597,061.3 ₾ |
| **Annual average income66** | **436,358.0 ₾** | **436,358.0 ₾** | **485,946.2 ₾** |
| NPV67 | -1,205,640.93 ₾ | -4,242,333.86 ₾ | -5,163,349.92 ₾ |
| IRR68 | #NUM! | #NUM! | #NUM! |
| B/C69 | 0.77 | 0.48 | 0.40 |

# **9. Construction of a new school in Akhaltsikhe**

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| --- | --- |
| **Information about the project** | |
| *Project name* | Construction of a new school in Akhaltsikhe |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | Since the 80s of the last century, dozens of residential buildings and private properties have been built in the mentioned territory. For the urban development of the city, it is necessary to build a new public school of modern standards on Rustaveli Street. As of today, part of the students walk to the public schools in the city, while some of them catch school buses and other means of transport. After the construction of the new school, the situation in the public schools of the city of Akhaltsikhe will improve, which will significantly contribute to the implementation of one of the main priorities of our state, which is raising an educated and virtuous future generation. |

64 In the case of construction, the total cost of the project is 5,337,000 GEL, where the capital cost is 5,000,000 GEL, and the cost of equipment is 165,000 GEL, the cost of supervision is 150,000 GEL.

65 The costs include: operating costs, necessary repairs, salaries of administrative staff; Salary of technical staff

66 Incomes include income from the state budget, income from rent

67 For a project to be profitable, the NPV must be positive

68 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

69 For a project to be profitable, B/C must be greater than 1.

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|  | Students will have the opportunity to receive a complete general education close to home, in a morning shift, in a comfortable and safe educational environment. The ministry will no longer have to allocate funds for free transportation, The problem of disrepair of public schools and insufficient spaces for construction is particularly severe, and the number of school-age children is increasing every year. Accordingly, as a result of the implementation of the mentioned project, the region will have a new educational institution complying with the modern standards. |
| *Justification of the need for the implementation of the investment project* | There are 7 public schools operating in the city of Akhaltsikhe. Over the years, it has been established that schools are mostly located in one specific spatial area of the city. During the last decades, the city has developed, new neighborhoods and settlements have appeared, but unfortunately there has been no planned development of educational and cultural facilities in this direction. In addition, the existing schools are overcrowded and the actual condition of their infrastructure needs improvement. In this part of the city, Akhaltsikhe Municipality's City Hall has already completed the construction of a new modern kindergarten, the construction of various public infrastructures is actively underway, and considering the above-mentioned circumstances, the construction of a new public school is of foremost importance. |
| Evaluation period | 15 years |

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| --- | --- | --- |
| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of a school |
| Funding requested 70 |  | 15,948,000 ₾ |
| Capital cost |  | 15,000,000 ₾ |
|  |  | 1,600,509.1 ₾ |

70 In the case of building a new school, the total cost of the project is 15,948,000 GEL, where the capital cost is 15,000,000 GEL, the cost of equipping the school is 460,000 GEL, the cost of supervision is 450,000 GEL.

|  |  |  |
| --- | --- | --- |
| Average annual costs71 |  |  |
| **Average annual income**72 |  | 1,389,218.9 ₾ |
| NPV73 |  | -14,669,273.34 ₾ |
| IRR74 |  | #NUM! |
| B/C75 |  | 0.41 |

# **10. Construction of Public School N1 named after Ramin Dikhaminjia in the city of Chkhorotsku**

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| **Information about the project** | |
| *Project name* | Construction of Public School N1 named after Ramin Dikhaminjia in the city of Chkhorotsku |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | As a result of the project, a new, modern school building will be built, which will create a safe and comfortable learning environment for up to 450 students. Before the construction of the new building, the old, damaged building is going to be dismantled; In the process of building a new school, the school contingent will need to find an alternative space. The building of the LEPL N2 public school of the city of Chkhorotsku named after V. Firtskhelava, which is located nearby (500 m) in the center of the city, was selected for this purpose. Here, the second shift of the teaching process will be temporarily assigned to N1 public school. |
| *Justification of the need for the implementation of the investment project* | After examining the building, the Levan Samkharauli National Forensics Bureau made a conclusion - the stability of the building is unsatisfactory, its further exploitation is dangerous, and works for its reinforcement are unprofitable. 252 students and 40 employees of the school had to study in the rundown building for years. The situation worsened especially after the February 2022 earthquake. |

71 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

72 Income includes: rental income, voucher financing

73 For a project to be profitable, the NPV must be positive

74 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

75 For a project to be profitable, B/C must be greater than 1.

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|  | Due to this condition of the school building, the potential contingent of students flows to other schools with a more stable physical environment and an unfavorable competitive situation is created. In the case of building a new school building, the positive change of the environment will directly affect about 1300 people (400 students, about 800 parents, more than 40 employees). In general, the number of school-age children is increasing every year. Accordingly, as a result of the implementation of the mentioned project, a new educational institution corresponding to modern standards will be added to the city. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of educational building |
| Funding requested 76 | - |  | 12,688,000 ₾ |
| Capital cost |  |  | 12,000,000 ₾ |
| Average annual costs77 | 728,436.8 ₾ | 1,122,886.5 ₾ | 896,264.2 ₾ |
| **Average annual income78** | **524,152.0 ₾** | **524,152.0 ₾** | **746,727.9 ₾** |
| NPV79 | -1,523,378.91 ₾ | -7,653,772.76 ₾ | -11,580,352.78 ₾ |
| IRR80 | #NUM! | #NUM! | #NUM! |
| B/C81 | 0.76 | 0.38 | 0.32 |

76 In the case of construction, the total cost of the project is 12,000,000 GEL, where the capital cost is 12,000,000 GEL, and the cost of equipment is 290,000 GEL, and the cost of supervision is 360,000 GEL.

77 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

78 Incomes include income from the state budget, income from rent

79 For a project to be profitable, the NPV must be positive

80 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

81 For a project to be profitable, B/C must be greater than 1.

# **11. Construction of educational building of LEPL Public School N128 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of educational building of LEPL Public School N128 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | If the project is implemented, the school will have an additional new study space for 350 students. The new school building will house 13 classes (55 sq.m and above) classroom, +71 sq.m computer class. There will also be a staff and administrator room, a resource room, a doctor's room, an inventory room, a resource officer, a janitor's room, an assembly hall, a dining hall, a library, indoor and outdoor sports halls. The school will be able to accommodate the 1st-4th grades in one infrastructural space in a compact manner and the fair demand of the parents will be met. The students of the primary level will have a safe, comfortable and inclusive learning environment. It is very important that for the development of the academic skills of the 26 students with special educational needs, an adapted space will be allocated, a ramp will be arranged, and an elevator will be installed for the disabled. |
| Justification of the need for the implementation of the investment project | 1254 students study in LEPL public school N128 of Tbilisi; The school, built in the 60s, is a small, 3-story building with non-standard, small rooms and narrow corridors; The educational process is carried out under conditions of acute shortage of space.  The condition of the already small building is worsened by the fact that the N16 art school named after Sulkhan Tsintsadze has been located for years in one wing (in the area with poor infrastructure) on the 591.92 sq.m. area under the legal use of the school.  The only real way to solve the infrastructural problems of the school is to effectively use the 5828 square meters of land available to the school.  The condition of the school is critical because it does not have the necessary spaces: sports and assembly halls; resource room for students of special educational needs (29 students of special educational needs study in the school); standard size dining room; |

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|  | Most classrooms are small in size (35-40 square meters); Subject cabinets (biology, physics); The number of toilets is small (according to the standard, at least 6 toilets are needed for 1254 students; there are 3 toilets in the school, only one is allocated for boys).  Due to such a situation, the school limits the admission of new contingent every year, although the number of those wishing to study at the school is large. |
| Evaluation period | 15 years |

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| --- | --- | --- |
| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of a school |
| Funding requested 82 | - | 6,962,000 ₾ |
| Capital cost | - | 6,500,000 ₾ |
| Average annual costs83 | 1,931,350.2 ₾ | 1,573,469.2 ₾ |
| **Average annual income84** | **1,482,227.6 ₾** | **1,319,107.3 ₾** |
| NPV85 | -3,143,416.66 ₾ | -7,353,004.08 ₾ |
| IRR86 | 105% | #NUM! |
| B/C87 | 0.81 | 0.57 |

82 In the case of building a new school, the total cost of the project is 6,962,000 GEL, where the capital cost is 6,500,000 GEL, the cost of equipping the school is 240,000 GEL, the cost of supervision is 195,000 GEL.

83 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

84 Income includes: rental income, voucher financing

85 For a project to be profitable, the NPV must be positive

86 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

87 For a project to be profitable, B/C must be greater than 1.

# **12. Construction of LEPL Public School N83 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of LEPL Public School N83 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | As a result of the implementation of the project, the problem of the lack of public schools in Isani-Samgori district will be solved.  A public school building meeting modern standards will be built, accommodating 1,500 students. Students will have a much safer, more comfortable and positive learning environment. |
| Justification of the need for the implementation of the investment project | According to the conclusion presented by the National Bureau of Expertise, the technical condition of the building is unsatisfactory and cannot ensure safe operation. The restoration of the building is unprofitable, the inadvisability of the restoration of the building is due to the fact that the reliability of the walls of the old reinforced basement floor of the building, in case of adding loads from the upper floors, is doubtful and unpredictable. Also due to the fact that the repairability of the walls built with stone piles of the building is very low.  In the Isani-Samgori district, the problem of shortage of existing public schools is urgent.  LEPL Public School N83 of Tbilisi has about 1209 students, who are currently studying in the building of Public School Tbilisi N82, in the second shift. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of the existing building | Construction of a new building |
| Funding requested 88 | - | - | 12,990,000 ₾ |
| Capital cost | - | - | 12,000,000 ₾ |
| Average annual costs89 | 2,164,029.0 ₾ | 2,653,665.0 ₾ | 2,000,147.3 ₾ |

88 In the case of construction, the total cost of the project is 12,990,000 GEL, where the capital cost is 12,000,000 GEL, and the cost of equipment is 550,000 GEL, the cost of supervision is 360,000 GEL.

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| **Average annual income90** | **1,615,129.2 ₾** | **1,615,129.2 ₾** | **1,661,200.5 ₾** |
| NPV91 | -4,144,016.05 ₾ | -11,474,780.15 ₾ | -13,004,821.54 ₾ |
| IRR92 | 6644% | #NUM! | #NUM! |
| B/C93 | 0.78 | 0.56 | 0.49 |

# **13. Construction of additional building of public school N133 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of additional building of public school N133 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | LEPL public school N133 of Tbilisi is also located in the Gldani-Nadzaladavi area, where the problem of lack of school buildings is particularly acute. In addition, there has been an examination center-school for years. On the free land owned by the school, with the maximum area and number of floors, by building a modern educational building in accordance with the current construction standards, where the spaces corresponding to the needs of the students of the school will be provided.  With the implementation of the project, the needs of the students of the LEPL public school N133 of Tbilisi will be fully satisfied and it will be possible to create additional space for the increase of the contingent of students as well, considering the fact that due to the lack of relevant space the school is almost unable to support the mobility of the students, causes constant dissatisfaction of the interested citizens. The construction of a new auxiliary school building will not hinder the continuous teaching-learning process, we will not need to find an alternative space, which tends to be an issue in the case of many schools. |

89 The costs include: operating costs, necessary repairs, salaries of administrative staff; Salary of technical staff

90 Incomes include income from the state budget, income from rent

91 For a project to be profitable, the NPV must be positive

92 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

93 For a project to be profitable, B/C must be greater than 1.

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| Justification of the need to implement the investment project | As of today, 1850 students are enrolled in LEPL public school N133 of Tbilisi. Due to the unprecedented increase in the number of students in the last five years, the functional useful space of the school can no longer meet the needs of the students. For the educational process to go smoothly, it is crucial to build a new, modern educational building intended for the primary sector of public school N133 (including grades I-IV), where it will be possible to accommodate up to 600 students of the primary sector.  The expense incurred by the state for the school will be an important investment for full-fledged education and upbringing of future generations, as well as the requirements of residents of the territory will be significantly satisfied. |
| Evaluation period | 15 years |

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| --- | --- | --- |
| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of a school |
| Funding requested 94 | - | 8,058,200 ₾ |
| Capital cost | - | 7,500,000 ₾ |
| Average annual costs95 | 2,505,356.5 ₾ | 321,733.2 ₾ |
| **Average annual income96** | **1,878,971.4 ₾** | **270,497.2 ₾** |
| NPV97 | -4,586,451.99 ₾ | -7,109,444.26 ₾ |
| IRR98 | 312% | #NUM! |
| B/C99 | 0.79 | 0.22 |

94 In the case of building a new school, the total cost of the project is 8,058,200 GEL, where the capital cost is 7,500,000 GEL, the cost of equipping the school is 275,000 GEL, the cost of supervision is 225,000 GEL.

95 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

96 Income includes: rental income, voucher financing

97 For a project to be profitable, the NPV must be positive

98 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

99 For a project to be profitable, B/C must be greater than 1.

# **14. Construction of public school N179 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of public school N179 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | The public school consists of a two-story sports wing and a four-story educational wing.  According to the conclusion presented by the LEPL Levan Samkharauli National Forensic Bureau, the building of Public School N179 of Tbilisi is in a state of disrepair and the conduct of the educational process in it is dangerous. Therefore, the rundown part of the two-story school and the gym are closed. The students of the school are currently studying in a part of the four-story building.  1394 students are engaged in educational process in several shifts, which is carried out poorly. |
| Justification of the need for the implementation of the investment project | As a result of the implementation of the project, a new, modern school building will be built, which will create a safe and comfortable learning environment for about 1500 students.  In the process of building a new school, it will not be necessary to find an alternative space for the school contingent, which is a big problem in the case of a large number of schools and also requires additional costs for transportation. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of existing building | Construction of an educational building |
| Funding requested100 | - |  | 16,080,000 ₾ |
| Capital cost |  |  | 15,000,000 ₾ |
| Average annual costs101 | 2,146,701.8 ₾ | 2,633,392.0 ₾ | 1,949,768.9 ₾ |

100 In the case of construction, the total cost of the project is 16,080,000 GEL, where the capital cost is 15,000,000 GEL, and the cost of equipment is 550,000 GEL, the cost of supervision is 450,000 GEL.

101 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

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| **Average annual income102** | **1,626,055.6 ₾** | **1,626,055.6 ₾** | **1,672,692.2 ₾** |
| NPV103 | -3,718,551.52 ₾ | -11,218,788.89 ₾ | -15,272,104.78 ₾ |
| IRR104 | 218% | #NUM! | #NUM! |
| B/C105 | 0.80 | 0.57 | 0.43 |

# **15. Construction of Public School N11 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of Public School N11 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | On June 15, 2020, on the basis of Samkharauli's expert opinion, N11 Public School of Tbilisi was diagnosed with III degree (severe) damage. Since the restoration-reinforcement of the building is associated with significant technical difficulties due to the sitting nature of the building's base-ground, its restoration was considered unprofitable according to the Bureau's assessment.  In the mentioned situation, in order to ensure the safety of the schoolchildren, the school shall be transferred to an alternative space, to another school, in the second shift. The school is located in Nadzaladevi district, where the problem of shortage of public schools is particularly acute. The number of students of Tbilisi N11 public school is 1310. Nearby public schools, on the other hand, are overcrowded. Therefore, it was managed to select alternative spaces among the public schools located in Temka settlement. Two public schools close to each other have been selected, where in the second shift the educational process will be held for the students of public school N11. The agency provides free transportation of schoolchildren from the rehabilitation school to alternative spaces. For school teachers, students and parents, a very uncomfortable situation is created in terms of being transferred to foreign schools for a long time (perhaps for more than one academic year). |

102 Incomes include income from the state budget, income from rent

103 For a project to be profitable, the NPV must be positive

104 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

105 For a project to be profitable, B/C must be greater than 1.

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|  | There is a danger of additional problems coming up in the transportation process. It gets more intense in the background of viral infections during the winter season, because the number of students staying in the building increases in the public schools selected as an alternative space, the mandatory frequency of carrying out sanitary-hygienic measures increases. |
| Justification of the need for the implementation of the investment project | As a result of the implementation of the project, the problem of the lack of public schools in Nadzaladevi district will be solved.  A public school building for 750 students will be built according to modern standards, in which the educational process for 1500 students will be conducted in two shifts, however, the students will have a much safer, comfortable and positive learning environment. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of existing building | Construction of an educational building |
| Funding requested106 | - |  | 12,960,000 ₾ |
| Capital cost |  |  | 12,000,000 ₾ |
| Average annual costs107 | 2,346,152.7 ₾ | 2,826,944.3 ₾ | 2,058,872.2 ₾ |
| **Average annual income108** | **1,744,988.8 ₾** | **1,744,988.8 ₾** | **1,749,099.3 ₾** |
| NPV109 | -11,799,521.93 ₾ | -11,799,521.93 ₾ | -12,754,182.65 ₾ |
| IRR110 | #NUM! | #NUM! | #NUM! |
| B/C111 | 0.57 | 0.57 | 0.51 |
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106 In the case of construction, the total cost of the project is 16,080,000 GEL, where the capital cost is 12,000,000 GEL, and the cost of equipment is 550,000 GEL, the cost of supervision is 360,000 GEL.

107 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

108 Incomes include income from the state budget, income from rent

109 For a project to be profitable, the NPV must be positive

110 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

111 For a project to be profitable, B/C must be greater than 1.

# **16. Construction of public school N209 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of public school N209 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | As a result of the implementation of the project, a new, modern school building will be built, which will provide a safe and  comfortable learning environment. |
| Justification of the need for the implementation of the investment project | The building of LEPL public school N209 of Tbilisi consists of two parts: old and new building. The old part (more than 100 years old) is dilapidated and dangerous (the ceiling and walls are collapsing). LEPL Levan Samkharauli National Forensics Bureau issued a report on the breakdown rate of the school building.  Since the school building is infrastructurally disordered and dangerous, in the 2020-2021 academic year, the school transferred its students to the building of LEPL public school N59 of the Tbilisi, in the second shift. Students are also transported to N59 public school selected as an alternative space. About 1,000 students study in N59 public school newly renovated by the Ministry. LEPL Tbilisi N209 public school currently has 195 students. The operation of two public schools in one school building carries certain risks. In particular, the obligation to comply with the general recommendations related to winter seasonal infections is noteworthy.  The school, which is located in the village of Gldani, represents the school of the district, and the local population has a special attitude towards the existence of the school as an institution in the settlement. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of existing building | Construction of a new building |
| Funding requested112 | - |  | 6,935,400 ₾ |
| Capital cost |  |  | 6,500,000 ₾ |
| Average annual costs113 | 630,072.3 ₾ | 905,419.1 ₾ | 622,305.1 ₾ |
| **Average annual income114** | **427,546.0 ₾** | **463,359.7 ₾** | **506,963.1 ₾** |
| NPV115 | -1,561,907.07 ₾ | -5,418,617.87 ₾ | -6,723,605.91 ₾ |
| IRR116 | #NUM! | #NUM! | #NUM! |
| B/C117 | 0.71 | 0.44 | 0.36 |

**17. Construction of public school N152 of Tbilisi**

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| **Information about the project** | |
| Project name | Construction of public school N152 of Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | According to the conclusion issued by Levan Samkharauli National Forensics Bureau, the technical condition of the building of LEPL Public School N152 in Tbilisi is unsatisfactory, it is inconsistent with seismic norms, according to the established classification, the deformations correspond to the second-third degree and cannot ensure safe operation.  It is necessary to close the school completely. The school building is dangerous.  Currently, the educational process for the students of the LEPL Public School N152 of Tbilisi is ongoing in the building of the Public School N146 of Tbilisi. |

112 In the case of construction, the total cost of the project is 6,935,400 GEL, where the capital cost is 6,500,000 ₾ GEL, and the cost of equipment is 195,000 GEL, the cost of supervision is 216,000 GEL.

113 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

114 Incomes include income from the state budget, income from rent

115 For a project to be profitable, the NPV must be positive

116 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

117 For a project to be profitable, B/C must be greater than 1.

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|  | Due to the safety of students, it is not advisable to operate two schools in one school. There are also 21 students with special educational needs studying in the school, including 2 wheelchair users, public school N146 does not have adapted infrastructure and ramp. It is difficult for students to move with a wheelchair.  In the Isan-Samgori district, the problem of shortage of existing public schools is urgent. The contingent is growing, currently there are 1040 students in the LEPL Public School No152 of Tbilisi. |
| Justification of the need for the implementation of the investment project | As a result of the implementation of the project, the problem of the lack of public schools in Isan-Samgori district will be solved.  A public school building meeting modern standards will be built, which will accommodate 1,500 students. Students will have a much safer, more comfortable and positive learning environment. |
| Evaluation period | 15 years |

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| --- | --- | --- | --- |
| **Financial characteristics of the project** | | | |
|  | Absence of action | Rehabilitation of existing building | Construction of educational building |
| Funding requested118 | - |  | 15,990,000 ₾ |
| Capital cost |  |  | 15,000,000 ₾ |
| Average annual costs119 | 1,644,738.2 ₾ | 2,232,478.5 ₾ | 1,950,657.3 ₾ |
| **Average annual income120** | **1,282,413.9 ₾** | **1,235,807.4 ₾** | **1,658,234.1 ₾** |
| NPV121 | -2,539,745.28 ₾ | -11,989,201.31 ₾ | -14,723,961.56 ₾ |
| IRR122 | 189% | #NUM! | #NUM! |
| B/C123 | 0.82 | 0.48 | 0.43 |

118 In the case of construction, the total cost of the project is 15,990,000 GEL, where the capital cost is 15,000,000 GEL, and the cost of equipment is 550,000 GEL, the cost of supervision is 360,000 GEL.

119 The costs include: operating costs, necessary repairs, salaries of administrative and technical staff; academic staff salary,

120 Incomes include income from the state budget, income from rent

121 For a project to be profitable, the NPV must be positive

122 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

123 For a project to be profitable, B/C must be greater than 1.

Construction of new vocational education institutions

The Ministry of Education and Science of Georgia prepared 5 projects for the construction of vocational education institutions. According to the financial and economic calculations prepared in line with the methodology of investment projects, the projects are not profitable. In addition, it is noteworthy that one of the priority directions of the Ministry of Education and Science of Georgia is the implementation of vocational education reform, within the framework of which relevant funds for the construction and rehabilitation of vocational education institutions are provided annually in the state budget within the existing fiscal resources. Decisions regarding the implementation of specific projects are made by the working group, including project alternatives.

# **18. Construction of a new vocational institution in Tetritskaro**

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| **Information about the project** | |
| **Project name** | Development of new vocational education institutions in the city of Tetritskaro |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| *Brief description of the project* | In case of implementation of the mentioned project, vocational education and training-retraining programmes will be implemented in the municipality, the need of which is evident in the region, and the possibility of self-employment is also great.  Also, upon request, integrated programmes will be implemented so that those wishing to receive vocational education have the opportunity to receive a diploma, which will be equal to a full general education while simultaneously receiving vocational education. |
| *Justification of the need for the implementation of the investment project* | Out of 7 municipalities in Kvemo Kartli, there are institutions implementing vocational education programmes in 2 municipalities (Rustavi and Marneuli), which introduce a total of 29 qualifications. The institution mainly focuses on the implementation of programmes in the field of engineering (civil engineering, transportation, computing/informatics, energy and electrical engineering). In the rest of the municipalities of the region (Gardabani, Bolnisi, Dmanisi, Tetritskaro, Tsalka), the population is actually deprived of the opportunity to receive vocational education on the spot. |

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|  | Qualifications demand - supply analysis showed that there is a higher relevance by field/broader areas than by specialties; It is significant that supply is low in priority areas for the region: industry, agriculture/agricultural specialists and tourism. It is important to adapt vocational education programmes to the existing priorities of the region/municipalities, foreign investments and enterprise needs; It is important to strengthen the supply in priority areas for the region, such as: industry, agriculture/agricultural specialists, tourism; Preparing and offering educational programmes in these fields in the form of both qualifying and short-term programmes.  It is advisable to open a vocational college/branch in Tetritskaro municipality. Those wishing to receive vocational education are forced to go to another municipality or the capital to study due to the fact that the municipality does not have an appropriate educational institution, however, due to the fact that some of them are short of funds, the youth and adult population of the region are often unable to receive vocational education, which has a negative impact on the country's economy. There is a possibility to allocate a building in the said municipality. Tetritskaro municipality has a growing tourism potential, as well as a great demand in consumer services, agriculture and other fields. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of a college |
| Funding requested 124 | - | 5,670,000 ₾ |
| Capital cost | - | 5,000,000.0 ₾ |
|  |  | 935,789.5 ₾ |

124 In the case of building a new school, the total cost of the project is 5,670,000 GEL, where the capital cost is 5,000,000 GEL, the cost of equipping the school is 500,000 GEL, the cost of supervision is 150,000 GEL.

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| Average annual costs125 |  |  |
| **Average annual income 126** |  | **816,685.5 ₾** |
| NPV127 |  | -5,985,267.99 ₾ |
| IRR128 |  | #NUM! |
| B/C129 |  | 0.54 |

# **19. Construction of a new vocational institution in Gori**

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| **Information about the project** | |
| *Project name* | Construction of a new vocational institution in Gori |
| *Spending institution/agency presenting the project* | Ministry of Education and Science of Georgia |
| Brief description of the project | Non-entrepreneurial Non-commercial Legal Entity - college Gantiadi is located in the building belonging to the Gori State Educational University, namely on the second floor of the fifth building. As of today, the college occupies an area of 1040 sq/m, which includes both educational and practical components. As of today, 8 modular, three dual and one integrated programmes and also 5 short-term training-retraining courses are implemented in the college. Due to lack of space, it is no longer possible to add college programmes, because the college no longer has the necessary workshop space for training or practice.  Gori and Gori Municipality have a growing tourism potential, as well as a great demand in the fields of consumer services and engineering. Due to the fact that the college does not have a wide choice, those wishing to receive vocational education are forced to go to another region or the capital to study, which most of them cannot afford. |
| Justification of the need for the implementation of the investment project | In case of the implementation of the mentioned project, the college will add new vocational programmes, the need of which is evident in the region, and the possibility of self-employment is also great. |

125 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

126 The income includes: income received from students and those wishing to retrain, income received from the budget

127 For a project to be profitable, the NPV must be positive

128 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

129 For a project to be profitable, B/C must be greater than 1.

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|  | Integrated programმეs will also be added so that those wishing to receive vocational education have a choice in this direction. The number of college students will double in certain majors that are in high demand. Additional groups will be opened.  Also, short-term preparation-retraining courses will be continuously implemented in the college. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of the college |
| Funding requested 130 | - | 8,771,000 ₾ |
| Capital cost | - | 8,000,000 ₾ |
| Average annual costs131 |  | 1,349,269.6 ₾ |
| **Average annual income132** |  | **1,493,736.4 ₾** |
| NPV133 |  | -7,304,333.19 ₾ |
| IRR134 |  | #NUM! |
| B/C135 |  | 0.62 |

# **20. Construction of a new vocational institution in Kvareli**

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| **Information about the project** | |
| Project name | Construction of a new vocational institution in Kvareli |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | In case of implementation of the mentioned project, vocational educational programmes, training-retraining programmes will be implemented in the municipality, |

130 In the case of building a new school, the total cost of the project is 8,771,000 GEL, where the capital cost is 8,000,000 GEL, the cost of equipping the school is 500,000 GEL, the cost of supervision is 240,000 GEL.

131 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

132 The income includes: income received from students and those wishing to retrain, income received from the budget

133 For a project to be profitable, the NPV must be positive

134 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

135 For a project to be profitable, B/C must be greater than 1.

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|  | the need of which is evident in the region, and there is also a great opportunity for self-employment. Also, upon request, integrated programmes will be implemented so that those wishing to receive vocational education have the opportunity to receive a diploma at the same time as receiving vocational education, which will be equal to full general education. |
| Justification of the need for the implementation of the investment project | Kvareli municipality has a growing tourism potential, as well as a great demand in consumer services, agriculture and other fields.  Those wishing to receive vocational education are forced to go to another municipality or the capital to study due to the fact that there is no relevant educational institution in the municipality, however, due to the lack of access to funds, often the youth and adult population of the region are unable to receive vocational education, which has a negative impact on the development of the economy in the municipality and the availability of a qualified workforce. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of a college |
| Funding requested 136 | - | 5,678,000 ₾ |
| Capital cost | - | 5,000,000 ₾ |
| Average annual costs137 |  | 1,416,235 ₾ |
| **Average annual income** 138 |  | **1,493,736.4 ₾** |
| NPV139 |  | -4,172,910.57 ₾ |
| IRR140 |  | #NUM! |
| B/C141 |  | 0.76 |

136 In the case of building a new school, the total cost of the project is 5,678,000 GEL, where the capital cost is 5,000,000 GEL, the cost of equipping the school is 500,000 GEL, the cost of supervision is 150,000 GEL.

137 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

138 The income includes: income received from students and those wishing to retrain, income received from the budget

139 For a project to be profitable, the NPV must be positive

140 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

141 For a project to be profitable, B/C must be greater than 1.

# **21. Construction of vocational school at Sarajishvili N108, Tbilisi**

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| Information about the project | |
| Project name | Construction of vocational school at Sarajishvili N108, Tbilisi |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | Within the framework of the project, the implementation of vocational education programmes, training/retraining programmes and training courses in various directions are suggested, in particular:  The number of quotas/places for existing, in-demand vocational programmes will be increased, and new vocational education programmes will be added and introduced, including dual and integrated ones. New vocational training and vocational retraining programmes and training courses will be added, this will eliminate the deficit that is evident in the labor market within the framework of the quantitative or qualitative shortage of personnel. The number of students and trainees will also increase, with the college providing training to over 3,000 students and trainees at both locations during the year.  The implementation of the project, in particular, the rehabilitation of the building located on Sarajishvili Avenue N108, will completely solve the existing problems, will stimulate the development of the college as an educational and industrial institution, its internationalization, the intensity of involvement in international educational and creative projects, the development of short-term international programmes, the launch of educational enterprises. |
| Justification of the need for the implementation of the investment project | "Mermisi" college is one of the rapidly developing vocational education institutions, where 1500-1600 students study every year. The college implements 24 vocational education programmes, as well as 28 training courses and 11 short-term vocational training-retraining programmes. It is distinguished by a high rate of employment of graduates of 80/90%. In accordance with the demands of economic development and the labor market, the number of people wishing to study at vocational education programmes, short-term vocational training programmes and training courses, as well as the demands of employers for graduates and students of various specialties, is constantly increasing. |

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|  | In order to develop the institution, it is necessary to arrange and rehabilitate the plot of land used by the college located at 108 Sarajishvili Ave., Tbilisi, and the buildings located on it, after which the college will ensure the addition of new vocational education programmes, an increased flow of students to the existing programmes, and the implementation of exchange programmes.  The college actively cooperates with employers in Tbilisi as well as in the region. Due to the lack of space in the building where studies are currently taking place, it is not possible to introduce new programmes required by the labor market, which are already foreseen in the new space. |
| Evaluation period | 15 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of a college |
| Funding requested 142 | - | 10,542,800 ₾ |
| Capital cost | - | 10,000,000 ₾ |
| Average annual costs143 |  | 1,345,627.2 ₾ |
| **Average annual income144** |  | **1,322,522.1 ₾** |
| NPV145 |  | -8,687,985.72 ₾ |
| IRR146 |  | #NUM! |
| B/C147 |  | 0.56 |

142 In the case of building a new school, the total cost of the project is 10,542,800 GEL, where the capital cost is 10,000,000 GEL, the cost of equipping the school is 200,000 GEL, the cost of supervision is 300,000 GEL.

143 The costs include: operating costs, necessary repairs, salaries of administrative staff; salary of technical staff,

144 The income includes: income received from students and those wishing to retrain, income received from the budget

145 For a project to be profitable, the NPV must be positive

146 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

147 For a project to be profitable, B/C must be greater than 1.

# **22. Construction of a College of Media and Television Arts of LEPL Ivane Javakhishvili Tbilisi State University**

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| **Information about the project** | |
| Project name | Construction of a College of Media and Television Arts of LEPL Ivane Javakhishvili Tbilisi State University |
| Spending institution/agency presenting the project | Ministry of Education and Science of Georgia |
| Brief description of the project | The implementation of the project will completely solve the existing problems; It will stimulate the development of the college as an educational and creative institution, its internationalization, the intensity of involvement in international educational and creative projects, the development of short-term international programmes, the launch of student TV-radio broadcasting, formation of powerful student media center. |
| Justification of the need for the implementation of the investment project | Despite the confirmation from the Center for Education Quality Enhancement, the college is unable to implement 6 short-term training/retraining programmes. Due to lack of space, the implementation of standard and integrated programmes for the qualifications demanded in the media market (lighting technician, sound operator, producer of news programmes, designer of television space, animator) has been paused. The college can no longer participate in the primary skills development project for school-aged children. In total, every year the college loses 150-180 students, for whom the demand from the field is constantly increasing. The fact that the college is the only educational institution of this direction in the country shall be taken into account. It is also noteworthy that the affiliation of the college with Ivane Javakhishvili Tbilisi State University increases public demand for it.  In order to ensure the learning process in two shifts, the learning environment A, B and C is periodically changed in the part of the common space intended for learning, which is 302.4 square meters. The corridor occupies an area of more than 120 sq.m. Up to 110 square meters of space is occupied by technical, auxiliary, sanitary and hygienic storage rooms and administration. |

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|  | Due to the condition of this building built in the 40s of the last century, it is impossible to remodel even one part of it (increase the area, raise the ceiling for TV, photo, audio and encrusted studios or build a floor) and fully meet fire safety standards. For the last reason alone, the 31-year-old college is likely to be de-accredited in 2024 under the new accreditation standard. |
| Evaluation period | 17 years |

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| **Financial characteristics of the project** | | |
|  | Absence of action | Construction of Television Arts college |
| Funding requested | - | 22,948,000.0 ₾ |
| Average annual costs | 1,776,382.4 ₾ | 1,830,506.4 ₾ |
| **Average annual income** | **821,462.4 ₾** | **1,423,975.0 ₾** |
| NPV148 | -7,153,120.73 ₾ | -22,024,782.03 ₾ |
| IRR149 | #NUM! | #NUM! |
| B/C150 | 0.51 | 0.33 |

148 For a project to be profitable, the NPV must be positive

149 For the project to be profitable, the IRR must be greater than the discount rate, which is 5%

150 For a project to be profitable, B/C must be greater than 1.

Annex N 1 - Register of investment/capital projects

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| **N** | **Project name** | **Initiating agency of the project** | **Total cost of the project (thousand GEL)** | **Including capital costs** | **Including running cost** | **Source of funding** | **Project evaluation status** |
| 1 | Construction project of Stepantsminda-Gveleti road section of Mtskheta-Stepantsminda highway of international importance | Ministry of Regional Development and Infrastructure of Georgia | 372,000.0 | 372,000.0 |  | State budget | The project is of special public and state importance. Accordingly, it is provided for in the 2023 State Budget Law |
| 2 | Rehabilitation of Laghami district of Mestia | Ministry of Regional Development and Infrastructure of Georgia | 39,600.0 | 39,600.0 |  | ADB - 84.0%  State budget- 16.0% | The project is one of the components of the livable cities project, which is being worked on. After the relevant calculations and the presentation of alternatives, the project can be included in the medium-term forecasts. |
| 3 | Sustainable urban mobility for the city of Tbilisi | Tbilisi City Hall | 73,080.0 | 58,464.0 | 14,616.0 | KfW | According to the financial indicators of the project, the NPV is negative, but considering the social aspects of the project, its economic E/NPV is positive. The project is included in the 2023 State Budget Law. |
| 4 | Arrangement of communal infrastructure in Imereti region | Ministry of Regional Development and Infrastructure of Georgia – LLC United Water Supply Company of Georgia | 257,600.0 | 206,080.0 | 51,520.0 | KfW | According to the financial indicators of the project, the NPV is negative, but considering the social aspects of the project, its economic E/NPV is positive. The project will be included in the 2023 state budget law. |
| 5 | Mechanical biological treatment of municipal solid waste (MBT) in Adjara | Minister of Finance and Economy of A/R Adjara | 52,706.2 | 42,165.0 | 10,541.2 | EBRD | According to the financial indicators of the project, the NPV is negative, but considering the social aspects of the project, its economic E/NP is positive. Therefore, the project can be considered in medium-term forecasts. |
| 6 | Georgia Resilient, Agriculture, Irrigation, and Land Project (GRAIL) | Ministry of Environmental Protection and Agriculture, Ministry of Justice/ National Agency of Public Registry | 408,000.0 | 326,400.0 | 81,600.0 | WB | The project is being worked on. At this stage, according to the financial and economic indicators of the project, NPV and E/NPV are positive. After complete calculations and presentation of alternatives, the project may be included in medium-term forecasts. |
| 7 | Modernization of Zemo Samgori irrigation system (EIB, AFD) | Ministry of Environmental Protection and Agriculture of Georgia | 368,261.9 | 294,609.5 | 73,652.4 | EIB AFD | The project is being worked on. At this stage, according to the financial and economic indicators of the project, NPV and E/NPV are positive. After complete calculations and presentation of alternatives, the project may be included in medium-term forecasts. |

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| N | **Project name** | **Initiating agency of the project** | **Total cost of the project (thousand GEL)** | **Including capital costs** | **Including running cost** | **Source of funding** | **Project evaluation status** |
| 8 | Measures to improve the tourist infrastructure | Ministry of Regional Development and Infrastructure of Georgia Legal Entity under Public Law - Municipal Development Fund | 600,000.0 | 600,000.0 |  | State budget | It is considered in the 2023 and mid-term forecasts. Work is underway on alternatives for capital projects to be implemented within the framework of the program, and after making a decision in accordance with the legislation, the implementation of specific projects will begin. |
| 9 | Supporting measures of the 2025 European Winter Youth Olympic Festival | Ministry of Regional Development and Infrastructure of Georgia Legal Entity under Public Law - Municipal Development Fund | 125,000.0 | 125,000.0 |  | State budget | The Government of Georgia has undertaken to host the 2025 European Winter Youth Olympic Festival in Bakuriani. 25.0 million GEL is provided in the draft state budget for 2023 to finance capital projects planned within the framework of the program. At this stage, work is underway on the selection and evaluation of capital project alternatives to be implemented within the program, and after making a decision in accordance with the legislation, the implementation of a specific project will begin. |
| 10 | Construction-rehabilitation of preschool institutions | Construction-rehabilitation of preschool institutions | 1,200,000.0 | 1,200,000.0 |  | State budget | 100.0 million GEL is provided in the draft state budget of 2023 to finance the projects planned within the framework of the program. |
| 11 | Construction of Public School N 11 of Abkhazia named after Ilia Vekua | Ministry of Education and Science of Georgia | 8,501.0 | 8,000.0 | 501.0 | State budget | Taking into account social aspects, it creates public good, and their implementation will promote economic development in the long term. In the medium term, it is possible to consider the project in the allocations of the Ministry of Education and Science of Georgia within the resources allocated for the development of the infrastructure of general educational institutions. |
| 12 | Construction of Public School N2 of the city of Abasha | Ministry of Education and Science of Georgia | 7,468.0 | 7,000.0 | 468.0 | State budget |
| 13 | Construction of Public School N 4 of the city of Kutaisi | Ministry of Education and Science of Georgia | 7,451.0 | 7,000.0 | 451.0 | State budget |
| 14 | Construction of Bakuriani Public School of Borjomi Municipality | Ministry of Education and Science of Georgia | 7,485.4 | 7,000.0 | 485.4 | State budget |
| 15 | Construction of Public School N4 of the city of Khashuri | Ministry of Education and Science of Georgia | 12,674.0 | 12,000.0 | 674.0 | State budget |
| 16 | Construction of Public School N1 in the village of Metekhi of Kaspi municipality | Ministry of Education and Science of Georgia | 7,480.0 | 7,000.0 | 480.0 | State budget |
| 17 | Construction of Public School N3 of the city of Senaki | Ministry of Education and Science of Georgia | 12,696.0 | 12,000.0 | 696.0 | State budget |

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| N | **Project name** | **Initiating agency of the project** | **Total cost of the project (thousand GEL)** | **Including capital costs** | **Including running cost** | **Source of funding** | **Project evaluation status** |
| 18 | Construction of a Public School in the village of Atskuri of Akhmeta Municipality | Ministry of Education and Science of Georgia | 5,337.0 | 5,000.0 | 337.0 | State budget |  |
| 19 | Construction of a LEPL new school in the city of Akhaltsikhe | Ministry of Education and Science of Georgia | 15,948.0 | 15,000.0 | 948.0 | State budget |
| 20 | Construction of Public School N1 named after Ramin Dikhaminjia in the city of Chkhorotsku | Ministry of Education and Science of Georgia | 12,688.0 | 12,000.0 | 688.0 | State budget |
| 21 | Tbilisi Public School N128, additional building construction | Ministry of Education and Science of Georgia | 6,962.0 | 6,500.0 | 462.0 | State budget |
| 22 | Construction of LEPL Public School N83 of Tbilisi city | Ministry of Education and Science of Georgia | 12,990.0 | 12,000.0 | 990.0 | State budget |
| 23 | Public school N133 of the city of Tbilisi, additional building  construction | Ministry of Education and Science of Georgia | 8,058.2 | 7,500.0 | 558.2 | State budget |
| 24 | Construction of Public School N179 of Tbilisi | Ministry of Education and Science of Georgia | 16,080.0 | 15,000.0 | 1,080.0 | State budget |
| 25 | Construction of LEPL Public School N11 of Tbilisi | Ministry of Education and Science of Georgia | 12,960.0 | 12,000.0 | 960.0 | State budget |
| 26 | Construction of LEPL Public School N209 of Tbilisi | Ministry of Education and Science of Georgia | 6,935.4 | 6,500.0 | 435.4 | State budget |
| 27 | Construction of LEPL Public School N152 of Tbilisi | Ministry of Education and Science of Georgia | 15,990.0 | 15,000.0 | 990.0 | State budget |
| 28 | Construction of a new vocational institution in Tetritskaro | Ministry of Education and Science of Georgia | 5,670.0 | 5,000.0 | 670.0 | State budget | Taking into account social aspects, it creates public good, and their implementation will promote economic development in the long term. In the medium term, it is possible to consider the project within the allocations of the Ministry of Education and Science of Georgia within the resources allocated for the rehabilitation of vocational educational institutions. In addition, taking into account the results of the discussion of specific project alternatives, the implementation of the projects will begin. |
| 29 | Construction of a new vocational institution in Gori | Ministry of Education and Science of Georgia | 8,771.0 | 8,000.0 | 771.0 | State budget |
| 30 | Construction of a new vocational institution in Kvareli | Ministry of Education and Science of Georgia | 5,678.0 | 5,000.0 | 678.0 | State budget |
| 31 | Construction of vocational school at Sarajishvili N108, Tbilisi | Ministry of Education and Science of Georgia | 10,542.8 | 10,000.0 | 542.8 | State budget |
| 32 | Construction of a College of Media and Television Arts of LEPL Ivane Javakhishvili Tbilisi State University | Ministry of Education and Science of Georgia | 22,948.0 | 22,548.0 | 400.0 | State budget |
|  | Total | | 3,727,561.9 | 3,481,366.5 | 246,195.4 |  | |