



Asian Development Bank & Georgia

FACT SHEET

Table 1. Georgia: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
183.00	75.00	1.25	–	259.25
– = nil.				

Note: Grants and technical assistance include cofinancing.

Table 2. Georgia: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b}

Sector	No.	Total Amount	
		(\$ million) ^c	% ^c
Energy	3	124.20	7.65
Finance	5	125.65	7.74
Multisector	4	150.17	9.24
Public Sector Management	4	175.12	10.78
Transport	11	650.53	40.05
Water and Other Urban Infrastructure and Services	9	398.76	24.55
Total	36	1,624.43	100.00

^a Grants and technical assistance include cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Total may not add up because of rounding.

Table 3. Georgia: Cumulative Nonsovereign Financing by Product

Number of Projects	Amount (\$ million)
Loans	200.00
Equity Investments	–
B Loans	–
Total	200.00
– = nil.	

Located at the crossroads of Europe and Asia, Georgia has become an important nodal point for regional trade flows. Over the past decade, the government has taken steps to deregulate the economy, streamline bureaucracy, and combat petty corruption. Yet, despite solid economic growth, widespread poverty and high levels of unemployment persist.

The Asian Development Bank (ADB) has been supporting the Government of Georgia since 2007. ADB is one of Georgia's largest multilateral financiers, assisting with the development of public infrastructure and services through funding from both the concessional Asian Development Fund (ADF) and ordinary capital resources (OCR). In 2014, ADB approved Georgia's graduation from access to ADF resources, taking effect from 1 January 2017.

As of 31 December 2014, the sovereign assistance of ADB to Georgia amounted to \$1.42 billion in approved loans—\$765 million in ADF loans, and \$651 million in OCR loans. Nonsovereign assistance amounted to \$200 million.

Cumulative disbursements to Georgia for lending and grants financed by OCR, the ADF, and other special funds amounted to \$711.9 million.

ADB-Supported Projects and Programs

ADB support for Georgia intensified in the aftermath of the global financial crisis of 2007–2008. ADB extended budget support assistance to the government through three program loans totaling \$250 million in 2008–2010.

A two-phased Municipal Services Development Project, funded with \$70 million in ADF loans, supported the rehabilitation of municipal infrastructure countrywide. This included roads, water supply, and sanitation systems, with more than 100 subprojects bringing potable water and improved roadways to communities across Georgia.

The Road Corridor Investment Program, a 7-year multitranches financing facility (MFF) of \$500 million, was approved in 2009 to promote trade and regional connectivity. It includes the 34-kilometer Kobuleti Bypass, which diverts heavy vehicle traffic around the popular tourist destination of Kobuleti, enhancing the town's business and recreational environment.

The Sustainable Urban Transport Investment Program, an 8-year MFF of \$300 million, was approved in 2010 to revitalize the public transport network and develop efficient transport systems in key urban areas. Three program tranches finance mass transit, essential road links, and coastal protection.

The Urban Services Improvement Investment Program, an 8-year MFF of \$500 million, was approved in 2011 to deliver safe water and sanitation to seven towns and secondary cities across Georgia. Tranche 4 of the program, amounting to \$108 million, was approved in 2014 to support improved infrastructure in Poti and Zugdidi. Importantly, the program has financed wastewater treatment plants for two Black Sea coastal communities.

Table 4. Georgia: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2010	100.00	2
2011	100.00	1
2012	100.00	1
2013	100.00	1
Total	100.00	5

Note: "Year" refers to the circulation year of the project completion report (PCR). Compared with the numbers in previous years' fact sheets, the success rates reported here are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample size, the success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2014.

Table 5. Georgia: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014

Number of Ongoing Loans (as of 31 Dec 2014)	2013 (\$ million)		2014 (\$ million)	
	2013 (\$ million)	2014 (\$ million)	2013 (\$ million)	2014 (\$ million)
Contract Awards/Commitments ^{a,b}	43.9	141.3	-	-
Disbursements ^a	47.3	164.7	-	-
Number of Ongoing Grants (as of 31 Dec 2014) ^c	-		-	
Contract Awards/Commitments ^{a,b}	-	-	-	-
Disbursements ^a	-	-	-	-
Actual Problem Projects (%)	-		-	

- = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only Asian Development Fund and other ADB special funds.

The Regional Power Transmission Enhancement Project, a \$48 million loan approved in 2012, is building and upgrading power substations to reinforce Georgia's energy grid.

Most recently, ADB has backed the government's program of reforms to help strengthen its finances and support inclusive growth.

The Improving Domestic Resource Mobilization for Inclusive Growth Program targets to provide \$200 million over 2014–2016. Subprogram 1, amounting to \$75 million, was approved in 2014. The program aims to strengthen public debt and budget management, reform the pension system, support capital markets development, and promote private investment to help create jobs and provide better social protection for families.

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved \$200 million in nonsovereign financing for four private sector projects in Georgia. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2014 was \$137.35 million, representing 1.73% of ADB's total nonsovereign portfolio.

ADB's Trade Finance Program (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. The TFP has done over 10,300 transactions supporting over \$20.5 billion in trade and over 6,000 small and medium-sized enterprises since 2004. In 2014, the TFP supported \$3.8 billion in trade through over 1,900 transactions. In Georgia, the TFP works with two banks and has supported almost \$66.5 million in trade between 29 transactions. In addition to filling market gaps, the TFP's objective is to mobilize private sector capital/involvement in developing Asia. In Georgia, 34.3% of the \$66.5 million in trade supported through the TFP was cofinanced by the private sector.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's TFP.

By the end of 2014, cumulative direct value-added (DVA) official cofinancing for Georgia amounted to \$185.0 million for two investment projects and \$2.3 million for two technical assistance projects. Cumulative DVA commercial cofinancing for Georgia amounted to \$112.68 million for two investment projects.

In 2014, Georgia received \$15.0 million loan cofinancing from the Canadian Climate Fund for the Private Sector in Asia under the Clean Energy Financing Partnership Facility for the Adjaristsqali Hydropower.

Table 6. Georgia: Projects Cofinanced, 1 January 2010–31 December 2014

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	3	297.68
Official loans	2	185.00
Commercial cofinancing	2	112.68
Technical Assistance Grants	2	2.25

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at www.adb.org/countries/georgia/cofinancing

Partnerships

ADB collaborates closely with the Government of Georgia, its agencies, and other development partners.

Development partner meetings and bilateral consultations are conducted with, among others, the European Bank for Reconstruction and Development, the European Investment Bank, the European Union, the International Monetary Fund, the Japan International Cooperation Agency, KfW, the Swedish International Development Cooperation Agency, the United States Agency for International Development, and the World Bank.

ADB cooperates with the private sector and civil society organizations within Georgia to enhance the effectiveness, impact, and sustainability of the assistance it provides.

The Government of Georgia further supports development partner coordination through its Donor Coordination Unit, which was established in 2014 under the Prime Minister's Office.

Procurement

Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount	% of	Amount	% of	Amount	% of
	(\$ million)	Total	(\$ million)	Total	(\$ million)	Total
Goods, Works, and Related Services	8.79	0.13	189.05	2.20	556.03	0.41
Consulting Services	0.38	0.08	2.20	0.40	6.73	0.07
Total Procurement	9.18	0.13	191.25	2.09	562.76	0.39

Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 165 contracts were awarded to contractors and suppliers from Georgia worth \$556.03 million.

Table 8. Top 5 Contractors/Suppliers from Georgia Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014

Contractor/Supplier	Sector	Contract Amount (\$ million)
Sinohydro Corporation Limited	TRA	43.13
Peri Ltd. (Georgia)	WUS	40.81
Siemens Ag Osterreich	ENE	26.61
Best and Best Electric	ENE	16.94
Enguri 2006 Ltd.	TRA, WUS	10.11
Others		238.76
Total		376.37

ENE = Energy, TRA = Transport, WUS = Water and Other Urban Infrastructure and Services.

Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, 61 contracts were awarded to consultants from Georgia worth \$6.73 million.

Table 9. Top 5 Consultants from Georgia Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014

Consultant	Sector	Contract Amount (\$ million)
Fichtner GmbH & Co. Kg (Energy)	ENE	1.00
Road Rehabilitation and Modernization	WUS	0.23
Eco-Spectri Ltd.	MUL	0.18
Baker Tilly Georgia Ltd.	WUS	0.15
Gzamshenproject Ltd. & Studio-Vectori Ltd.	WUS	0.13
Individual consultant/s		2.04
Others		3.00
Total		6.73

ENE = Energy, MUL = Multisector, WUS = Water and Other Urban Infrastructure and Services.

Operational Challenges

Ensuring that economic growth translates into broad-based prosperity remains the major priority—and a significant challenge—for the Government of Georgia. Disparities in income and opportunities exist between regions, with often glaring differences between rural and urban areas. Improving productivity in the agriculture sector, along with better market connectivity, will help address these disparities. Efforts to upskill and reskill the labor force to suit available jobs will also help labor supply meet demand from sectors with higher productivity and incomes.

Addressing extreme poverty also remains a challenge. Sustaining robust economic growth, and developing efficient and well-targeted social safety nets, are essential goals.

Given Georgia's logistically important location, leveraging public infrastructure investment to galvanize foreign and

domestic private investment is important, as is further improvement to cross-border connectivity. Increased prioritization of investments and sound management of infrastructure services, including a greater focus on cost recovery and asset management, are also critical to Georgia's development. Continued policy and institutional reforms are required to maximize the impact of public and private sector investments.

Future Directions

The key development priorities of ADB in Georgia are to foster inclusive economic growth and to accelerate poverty reduction, while enhancing regional connectivity and ensuring that growth is environmentally sustainable. Guided by its country partnership strategy, 2014–2018, priority sectors for Georgia include transport, water supply and sanitation, energy, public sector management, and finance.

ADB will assist in making the growth process more inclusive through better domestic connectivity, improved access to finance, and efficient delivery of urban services, particularly in small towns and secondary cities—the potential hubs for agribusiness and tourism. ADB will support a number of initiatives to align the benefits of investment with more inclusive growth. These initiatives include the rehabilitation of secondary roads; enhanced security and stability of power systems, especially in disaffected regions; improved domestic resource mobilization to help Georgia sustain higher levels of social expenditure; support for capital markets and pension reform; and technical assistance to develop regulatory bodies, strengthen cost recovery mechanisms, and enhance managerial capacity of urban utilities. ADB will also help strengthen the government's project implementation capacity. Financial intermediation and renewable energy generation are priority areas for private sector development.

About Georgia and ADB

ADB Membership

Joined 2007

Shareholding and Voting Power

Number of shares held:	36,243 (0.343% of total shares)
Votes:	75,673 (0.573% of total membership, 0.880% of total regional membership)
Overall capital subscription:	\$524.94 million
Paid-in capital subscription:	\$26.29 million

Anthony Baker is the Director and **Richard Sisson** is the Alternate Director representing Georgia on the ADB Board of Directors.

Kathie M. Julian is the ADB Country Director for Georgia. The Georgia Resident Mission was opened in 2008, and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Georgia.

The Georgia government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

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