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AND

THE INTERNATIONAL DEVELOPMENT ASSOCIATION

AND

INTERNATIONAL FINANCE CORPORATION

PROGRESS REPORT

ON THE

COUNTRY PARTNERSHIP STRATEGY

FOR

GEORGIA

FY 10 - 13

March 9, 2011

South Caucasus Country Department
Europe and Central Asia Region

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<u>CURRENCY EQUIVALENTS</u> (Exchange Rate Effective March 9, 2011)	<u>GOVERNMENT FISCAL YEAR</u> January 1 to December 31
Currency Unit = Lari US\$1 = 1.71 Lari	<u>WEIGHTS AND MEASURES</u> Metric System

ABBREVIATIONS AND ACRONYMS

AAA	Analytical & Advisory Activities	JNA	Joint Needs Assessment
ADB	Asian Development Bank	KfW	Kreditanstalt für Wiederaufbau
AF	Additional Financing	LGU	Local Government Units
BDD	Basic Data and Directions	MCC	Millennium Challenge Corporation
BEEPS	Business Environment and Enterprise Performance Survey	MDG	Millennium Development Goals
CA	City Alliance	MDRI	Multilateral Debt Relief Initiative
CCG	Chamber of Control of Georgia	NBG	National Bank of Georgia
CIDA	Canadian International Development Agency	NPL	Non-Performing Loan
CPA	Country Procurement Assessment	OSCE	Organization for Security & Cooperation in Europe
CPS	Country Partnership Strategy	PEFA	Public Expenditure & Financial Accountability
CPSPR	Country Partnership Strategy Progress Report	PER	Public Expenditure Review
DPO	Development Policy Operation	PHRD	Japanese Policy and Human Resource Development
EBRD	European Bank for Reconstruction and Development	PIU	Project Implementation Unit
EC	European Commission	RICA	Rural Investment Climate Assessment
EIB	European Investment Bank	ROSC	Accounting and Auditing Report on the Observance of Standards and Codes
FDI	Foreign Direct Investment	SBA	Stand-by Arrangement
FSA	Financial Sector Assessment	SME	Small and Medium-size Enterprises
GDP	Gross Domestic Product	SIDA	Swedish International Development Cooperation Agency
GEL	Georgian Lari	SPF	State and Peace Building Fund
GNFS	Goods and Nonfactor Services	S&P	Standard & Poor's
GTZ	German Agency for Technical Cooperation	TA	Technical Assistance
IBRD	International Bank for Reconstruction and Development	TF	Trust Fund
IDA	International Development Association	TFSCB	Trust Fund for Statistical Capacity Building
IDP	Internally Displaced Persons	TSA	Targeted Social Assistance
IFAD	International Fund for Agricultural Development	UNDP	United Nations Development Program
IFC	International Finance Corporation	UNICEF	United Nations Children's Fund
IMF	International Monetary Fund	USAID	United States Agency for International Development
IPSAS	International Public Sector Accounting Standards		
JICA	Japan International Cooperation Agency		
JSDF	Japanese Social Development Fund		

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GEORGIA

COUNTRY PARTNERSHIP STRATEGY PROGRESS REPORT

I. Introduction

1. **This Progress Report assesses the implementation of the World Bank Group's Country Partnership Strategy (CPS) for Georgia for FY10-13.** Prepared against the backdrop of the twin crises of the August 2008 conflict and the global economic downturn, the CPS was built around two pillars: (i) meeting post-conflict and vulnerability needs, and (ii) strengthening competitiveness for post-crisis recovery and growth. The CPS envisaged total IDA/IBRD allocation of \$396 million of which \$130 million was from IDA and \$266 million was the indicative IBRD lending. IFC commitments were projected at \$210-360 million.

2. **Significant progress has been made towards achieving CPS milestones and outcomes.** Many of the indicators under both of the pillars have already been met or are well on track to be met. The Results Matrix presented in Annex 1 reflects progress to date as well as updated performance indicators and targets for the end of the CPS period.

3. **These significant results have been achieved on the basis of rapid and successful implementation of the Bank Group program.** Most of the IDA and IBRD funds envisaged under the CPS have already been committed and disbursed, partly on account of frontloading to support anti-crisis needs. About \$385 million in new commitments have already been made (\$290 million in FY10, and \$95 million in FY11). Total disbursements over FY10-11 (up to February, 2011) amounted to about \$376.5 million, of which about one third was in development policy flows. The disbursement ratio at end-FY10 was over 100 percent. IFC has so far made investments of about \$41 million in risk management products, and loans for SME and trade finance. IFC has also provided a wide range of advisory services both within and outside the financial sector as well as advised the Georgian Government on simplifying tax policies and procedures for SMEs and on structuring a public-private partnership in roads.

4. **The strategic focus of the CPS on the two pillars remains relevant for the country.** This is predicated on the still fragile economic recovery, the continued economic and social vulnerabilities, and the need to further strengthen the foundations for medium-term competitiveness and growth. This Progress Report also maintains the principle of selectivity that underpinned the CPS.

5. **The modifications proposed to the CPS are in terms of a greater concentration of program activities at the intersection of the two pillars and additional financing from IDA and IBRD for FY12-13.** The CPS lays out the plan for additional program interventions over the next two years which would serve to simultaneously address economic and social vulnerabilities while also supporting recovery and medium-term growth. These are to be financed through additional resources from the World Bank Group. This includes the continued access by Georgia to IDA-16 at the same levels as for IDA-15 (about \$240 million for 3 years, which implies \$160 million for the remaining two years of this CPS) and additional IBRD commitments of \$75 million. IFC envisages a lower than expected implementation of the original CPS targets for new investment commitments because of programmatic and commercial reasons. These include IFC's existing high level of commitments in the main private sector banks, reduced market capacity in the wake of the crisis, slow post-crisis recovery in sectors such as agribusiness and infrastructure, and a sharp contraction in Foreign Direct Investment (FDI) in the wake of the crisis, which have significantly reduced the number of project finance opportunities for IFC outside the financial sector.

II. Relevance of the CPS

6. **The CPS strategic areas of engagement remain relevant to Georgia in the light of the fragile economic recovery and downside risks, and to address the existing development challenges.** Continued attention to addressing vulnerability needs and building a robust foundation for post-crisis competitiveness and sustainable growth remain central to Georgia's development prospects.

The economic recovery is fragile

7. **Economic activity is picking up although the recovery remains fragile.** After a decline of 3.8 percent in 2009, growth is now estimated at 6.3 percent for 2010, largely driven by a recovery in aggregate demand from exports and public investments (see Table 1). This has prompted a supply response, primarily in manufacturing, transport services (reflecting intensification of trade and transit flows), and tourism-related services, and has been aided by an increase in commercial bank lending by almost 24 percent in 2010. The global economic recovery has stimulated demand for Georgian exports and led to terms of trade gains. There is, however, significant uncertainty regarding the pace of recovery and growth, given the global economic situation. FDI remains far below pre-crisis levels and is estimated at only about \$600 million for 2010 compared with \$1.7 billion in 2007. Non-performing loans¹ (NPLs) at 5.4 percent are now lower than the 2009 peak of 8.6 percent but still higher than pre-crisis levels of 3.4 percent. While inflation had fallen to 3 percent in 2009, it has begun to rise, primarily on account of higher international food and energy prices, and is projected at about 8 percent in 2011.

8. **The tighter global economic and financing situation has forced significant adjustment of the external account.** The current account deficit has improved from 22.7 percent of GDP in 2008 to an estimated 11.3 percent in 2010 and a projected 10 percent in 2011. This has been supported by a real exchange rate depreciation of over 15 percent in 2008-2010. The trade balance has improved by about 10 percent of GDP over 2008-2010. Donor inflows have substituted, in part, for the decline in foreign private capital inflows and eased the external adjustment cost.

9. **In the wake of the current recovery, the authorities are unwinding their fiscal stimulus and implementing a medium-term program of fiscal adjustment.** The overall fiscal deficit has been reduced from 9.2 percent of GDP in 2009 to 6.6 percent of GDP in 2010 and to a budgeted 3.9 percent of GDP in 2011. Most of the adjustment is in current expenditures, but capital expenditures are also now projected to fall from 8.9 percent of GDP in 2010 to 7.6 percent in 2011. Despite growth in external obligations to finance countercyclical policies, public debt levels are sustainable. Public external debt and debt service are projected to peak in 2013 at 35.3 percent of GDP and 20.1 percent of exports of goods and nonfactor services, respectively. However, they are both projected to stay within the relevant prudential thresholds.

¹ Using the IMF's definition

Table 1: Selected Economic Indicators, 2007-2013

	2007	2008	2009	2010	2011	2012	2013
		<i>actual</i>		<i>Estimated</i>		<i>Projected</i>	
Output and Prices							
GNI per capita (US\$, atlas method)	2,090	2,460	2,540	2,740	2,800	3,000	3,190
Unemployment Rate	13.3	16.5	17.0	16.5	16.0	15.5	15.0
CPI (e.o.p.)	11.0	5.5	3.0	11.2	8.0	6.5	6.0
GDP Growth Rate	12.3	2.3	-3.8	6.3	5.5	4.7	4.8
<i>Agriculture</i>	8.9	-4.4	-6.8	1.0	3.0	4.0	3.2
<i>Industry</i>	13.4	-3.9	-3.5	-5.0	1.0	3.0	2.0
<i>Services</i>	11.6	5.6	-4.9	10.3	5.8	5.6	4.7
Gross National Savings (% of GDP)	12.6	4.3	3.7	7.0	5.2	7.4	9.3
Investment (% of GDP)	32.2	27.0	15.0	17.1	17.7	18.9	19.8
		<i>Percent of GDP, except where noted</i>					
Public Finance							
Revenues and Grants	29.3	32.6	29.5	28.5	27.3	26.5	26.3
Tax Revenues	25.8	24.9	24.4	23.7	24.0	24.0	24.0
Expenditure and Net Lending	34.0	37.1	38.4	35.0	31.2	29.6	29.0
Current Expenditure	25.0	28.3	30.1	26.2	23.6	22.8	22.4
Capital Expenditure and Net Lending	9.0	8.8	8.4	8.9	7.6	6.9	6.6
Overall Fiscal Balance	-4.7	-6.3	-9.2	-6.6	-3.9	-3.1	-2.6
External Sector							
External Current Account Balance	-19.6	-22.7	-11.2	-10.0	-12.5	-11.5	-10.5
Exports of Goods and Services	31.1	28.7	29.7	35.2	36.9	38.1	39.2
Imports of Goods and Services	57.9	58.3	48.9	52.9	55.6	55.4	55.1
FDI Inflows (M US\$)	1,675	1,523	659	575	706	809	837
Intl Reserves (M US\$)	1,361	1,480	2,111	2,263	2,780	2,590	2,500
External Public Debt 1/	17.5	20.9	31.4	34.1	35.1	34.2	35.3
External Public Debt Service (% of Export of GNFS)	3.5	3.4	5.2	4.4	5.3	7.8	20.1

Notes:1/ public and publicly guaranteed

Source: Georgian authorities and World Bank staff estimates

10. **Georgia faces economic risks in common with other small open economies.** First, a slower-than-anticipated global recovery would negatively impact exports, remittances, and FDI, and undermine domestic growth. Second, the crisis has led to a build-up in public debt which limits the fiscal space to respond to unanticipated shocks, and poses a challenge for debt management. However, the spike in debt service is expected to be financed through new market borrowing, use of foreign exchange and budget reserves, and a follow-on IMF program. Third, the recent global food price inflation challenges macroeconomic management as the authorities seek a proper balance between curbing inflation and supporting a fragile economic recovery.

Social vulnerabilities remain significant

11. **One in four Georgian remains poor.** The economic downturn has put downward pressure on household incomes. The overall poverty rate increased from an estimated 22.7 percent in 2008 to 24.7 percent in 2009. The gap between urban and rural areas has widened. Rural poverty increased by nearly 3 percentage points between 2008 and 2009, compared to a corresponding increase in urban poverty of about 1 percentage point. Poverty simulations suggest that poverty rates would have been even higher in the absence of the scaling up of the social safety net. Inequality remains significant with a Gini of 0.40 in 2009 as compared to 0.39 in 2007. Unemployment rates are at around 17 percent. Rates are reportedly higher among the youth, as well as in the city of Tbilisi. Unemployment would have risen even more without the anti-crisis measures implemented by the Government and supported by the donors. Progress on MDGs had been strong entering the crisis; continued attention is needed to protect and build upon the

gains during the post-crisis recovery (see Annex). The continued high level of private expenditures on health services limits the poor's ability to access basic health care despite the doubling of budget expenditures on the medical insurance program for the poor. Large numbers of internally displaced persons (IDPs) continue to face economic and social deprivation. The first phase of the Government response following the August 2008 conflict focused on essential housing and basic social services for 30,000 new IDPs. But there is still an unmet need to address housing for many of the IDPs from the 1990s. There is also the bigger challenge in terms of improving employment opportunities and livelihoods for all IDPs. Rising food and energy prices are putting additional pressures on household incomes, particularly for the poor and vulnerable.

Medium term challenges for competitiveness and growth are substantial

12. **The development agenda laid out in the CPS remains relevant.** Georgia has continued to make strong progress on the structural reform agenda and maintained its high overall rank of 12 (out of 183) on the Doing Business 2011 indicators. The Government also achieved significant strides in improving infrastructure (especially roads and power), though Georgia does not yet fully benefit from its location as a transit country and its potential in generating and exporting power across the region. While the banking sector has withstood the financial crisis well, challenges remain. Banks face continued credit and funding risks, resulting from high dollarization levels of loans and deposits, dependence on external borrowing, and non-performing loans. Addressing these challenges requires continued efforts at further strengthening banking regulation, supervision, and risk management as well as fostering local currency savings through new asset accumulation vehicles.

13. **The Government has refocused efforts on new sources of growth,** which include tourism and agriculture, by launching new initiatives to attract private investors. Georgia has not yet fully tapped its potential to transform the rural economy through investment in agriculture supply chains for both export and domestic markets or in promoting sustainable tourism. There is also a renewed discussion on enhancing vocational and post-secondary education in order to provide the skills needed for a growing economy.

14. **The interface between the citizens and the state is widely believed to be largely free of corruption.** According to Transparency International's Global Corruption Barometer (2010), only 3 percent of respondents who had contact with public services reported paying a bribe over the past 12 months, which is lower than the EU average. Moreover, 78 percent of respondents thought that corruption had decreased over the previous 3 years, the best result across the 86 countries surveyed. And more than three-quarters of those interviewed also believed that Government action had been effective in the fight against corruption. Georgia has made significant strides in moving up the ranks of the Corruption Perception Index-- from 124 in 2003 to 68 in 2010.

The CPS program remains relevant to support the Government's priorities

15. **The Government, recognizing these development challenges, has reconfirmed its medium-term priorities in the Basic Data and Directions document for 2011-2014 which highlights:**

- Addressing unemployment through restoring high economic growth path, developing infrastructure, ensuring high quality education, and developing a more market-friendly business environment;
- Achieving macroeconomic stability through a fiscal policy oriented towards budget deficit reduction and single digit inflation;
- Increasing competitiveness through maintaining a free market environment, with openness to international trade, and establishing a deep and comprehensive free trade agreement with the EU;

- Maintaining social assistance and health insurance as two pillars underpinning social integration, and access to medical services and public health;
- Supporting IDPs through provision of housing as well as social and economic integration opportunities;
- Developing agriculture through both farm and non-farm interventions, including further improving secondary and regional roads, investing in new technology and promoting new products and markets;
- Revitalizing secondary cities and recreational areas to create additional centers of growth;
- Strengthening global competitiveness and skills of Georgian youth through further developing a high quality education system.

16. **To support the Government in its efforts to meet the above priorities, the CPS strategic pillars of addressing near term vulnerabilities and medium-term competitiveness and growth remain relevant for the rest of the CPS period.**

III. Progress toward achieving CPS objectives and outcomes

Results under the CPS have been strong....

17. **Key accomplishments of the CPS cut across both pillars and various sectoral interventions.** Over 600 km of roads were rehabilitated, creating about 20,000 person-months of employment and providing improved public access to markets and social services. Seven new schools were constructed, serving 4150 students (about half of whom are girls) and employing more than 300 teachers. Over 1800 health specialists were trained in family medicine, of which 95 percent are women. A 25-bed hospital was constructed in a mountainous area and a primary health care center was opened in Gori serving about 69,000 beneficiaries (of which 10,000 are IDPs). The targeted social assistance (TSA) scheme was scaled up to cover 408,367 beneficiaries, of which about 56 percent are women. Improvements in the business environment have continued. The e-filing system was expanded for all tax payments; as a result, 75 percent of all declarations in 2010 were done electronically (compared with only 10 percent in 2009). A voluntary Corporate Governance Code has been adopted by the Association of Banks of Georgia. The regulatory burden for SMEs has been further reduced by the establishment of a Public Service Center, simplified procedures for obtaining a variety of licenses, permits and certificates, and improved access to information.

18. **Institutional reforms have also progressed.** Public resource management is being strengthened through the adoption and phased implementation of a Public Finance Management Policy Reform Vision, gradual introduction of results-based budgeting (in three ministries in FY10, and a total of six ministries in FY11), strengthening of investment programming, and rollout of local government budget system throughout the country. The new financial audit methodology introduced by the Chamber of Control (CCG) in 2010 is a significant step forward consistent with international best practice (including INTOSAI auditing standards), and represents a good foundation for strengthened oversight and accountability over public expenditures. The TSA was further strengthened in 2010, both in terms of improving its targeting effectiveness and increasing adequacy (per capita allocation was increased from GEL 12 to 24 per month for additional household members). The authorities have improved the risk management system in customs, and declarations going through physical inspections (red channel) have been reduced substantially. Road safety improvements are being undertaken in parallel with road improvements so that roads are not only faster but also safer.

...and are supported by concerted frontloading and high disbursements

19. **Most of the financial flows envisaged under the CPS have already been committed or disbursed.** The CPS had sought to frontload financing to support the Government's anti-crisis needs. As a result, about \$290 million of new IDA and IBRD commitments were provided in FY10, and \$95 million in FY11. However, well-planned execution of Bank financing (including use of retroactive financing) has led to one of the highest disbursement ratio in the Bank of over 100 percent at end-FY10.

20. **IFC began the CPS period coming off a record level of commitments.** At the start of FY09, out of the \$224 million invested in Georgia, \$190 million was in the financial sector. In the current CPS period, an additional \$41 million were invested in the banking sector in risk management products, trade finance and credit lines for SMEs in order to support continued banking sector recovery. At the same time, IFC has intensified business development efforts in the real sector, agriculture and infrastructure, which will take additional time to yield investment projects.

Portfolio quality is good and is underpinned by the Government's strong ownership

21. **The Bank's current portfolio comprises 10 investment projects of which all but one are rated satisfactory.** The number of projects in the portfolio is projected to decline from the current 10 to 5 by the end of FY13 with a concomitant increase in average loan size. There is only one problem project -- the Second East West Highway--due to environmental safeguards non-compliance by contractors, which is being addressed by the client. IFC's portfolio (currently \$320 million committed) is performing well, with the exception of one investment in the real estate/retail sector, which is in the process of being restructured.

22. **There is also an ongoing effort to strengthen project implementation capacity** by mainstreaming respective functions into government entities. New Bank-financed projects will be implemented through existing government structures. All financial flows are being processed through the Government's Treasury Single Account. Electronic disbursements of Bank flows were instituted in 2010, making Georgia an early adopter of this new system. The Bank will continue to support the Government's efforts to address current public financial management challenges. Within the scope of the IPSAS implementation plan, the modified cash-based public sector accounting standards were already piloted in eleven organizations in 2010. Continued progress in adoption of IPSAS by the whole public sector as well as full compliance with the new financial audit methodology by the CCG (as mentioned above) is anticipated.

Knowledge services have underpinned investments and policy dialogue

23. **Analytical and advisory services further contributed to program implementation.** The policy note on capital budgeting as well as analysis of expenditure efficiency under the programmatic public expenditure work is helping inform the policy dialogue on public financial management and fiscal consolidation. The ongoing programmatic poverty work provides useful analysis of poverty impacts of changing patterns of growth as well as of key social programs. The ongoing Rural Investment Climate Assessment (RICA) will contribute to understanding the constraints faced by the rural sector at the household, farm and non-farm levels. The RICA is expected to stimulate policy dialogue with the Government and inform design of proposed Bank interventions in the Kakheti region.

24. **Trust Funds (TFs) are integrated with Bank strategy and support key institutional development and project implementation.** Recent TFs provide support to Government's priorities by financing various activities such as improving infrastructure services for IDPs with EU co-financing,

continued participation of Georgia in international assessments of student learning achievements, and strengthening of capital investment planning in Tbilisi City (see para. 31 and Table 3).

25. **The IFC provided a wide range of advisory services.** In the financial sector, these included corporate governance trainings and consultations as well as risk and portfolio management diagnostics to selected banks. Outside the financial sector, IFC launched a food safety advisory project with targeted seminars for food producers. IFC is also advising the Government on simplifying tax policies and procedures for SMEs and on structuring a public-private partnership in roads. IFC completed its Corporate Governance project, which worked with the private sector and the Government to strengthen the legal framework for corporate governance and pilot best practices among private firms. The Business Enabling Environment Project completed by IFC in FY10 contributed to reduced regulatory burden for SMEs. To support economic diversification, employment and exports, IFC undertook a manufacturing sector competitiveness study in order to advise the Government on the most promising sectors for growth.

...and is complemented by better public outreach and closer partnership with EU and other donors

26. **The World Bank Group has scaled up external communications, civil society outreach, and partnerships.** The Bank has worked closely with the Government to support communications through the conduct of various workshops and events on policy areas including business environment, health sector performance, regional development, agriculture, higher education, social protection, and road safety. The Bank has also instituted regular consultations with civil society groups including academic institutions. At the same time, donor coordination continues in the context of the Progress Reports on the Joint Needs Assessment as well as through a broad range of Bank activities such as on roads, health, public financial management, IDPs, agriculture, and poverty analysis. Several donors including the Dutch Government, EU and SIDA actively co-finance Bank-financed projects while many other projects have parallel donor financing. The Bank team is constantly engaged in leveraging donor flows. The Bank also continues providing fee-based services to the Millennium Challenge Corporation in supervising the regional infrastructure development project.

IV. Proposed modifications to the CPS

Client's demand for additional support is high; the augmentation of financial resources will help support Georgia's recovery

27. **The CPSPR envisages additional lending of about \$235 million over FY12-13.** This is expected to come from both IDA and IBRD sources. Georgia's total IDA resource envelope for FY12-13 is projected at \$160 million. These amounts are indicative only and assume the same level of overall IDA resources during the IDA16 period (FY12-14) as in the IDA15 period (FY09-11). Actual allocations in these years will depend upon: (i) total IDA resources available, (ii) Georgia's performance rating; (iii) the performance and assistance terms of other IDA borrowers, (iv) the terms of IDA's assistance to Georgia, and (v) the number of IDA-eligible countries. As IDA allocations are made in SDRs, allocations in equivalent US dollars are dependent upon the prevailing exchange rate and may change.

28. **Additional IBRD lending commitments during FY12-13 are projected at \$75 million.** The actual delivery of additional resources would depend on Georgia's performance, IBRD's lending capacity, demand from other borrowers, and global economic developments. The authorities have expressed demand for additional IBRD resources because of their development needs and track record of effective use of long-term finance.

As economic recovery takes hold, there will be a stronger concentration of Bank interventions at the intersection of the two pillars

29. **New Bank programs would support both pillars of the CPS (see Table 2 and Figure 1).** The Bank will continue with an annual DPO series that would support further improvements in social safety nets, fiscal efficiency, and competitiveness. Investments in secondary and local roads will be deepened to support domestic connectivity and access to markets and public services, especially in rural areas. These would also help to create short-term jobs and support the economic recovery. The regional development program (to be developed jointly with IFC) -- which will be piloted in the Kakheti region - will build upon a diagnostic of *institutional quality* (especially the delivery of public services), *infrastructural adequacy* (especially transport links with Tbilisi and trade logistics), and the potential for *targeted interventions* to foster growth in selected sectors. The design of the project -- the blend of institutions, infrastructure, and interventions -- will be informed both by this comprehensive diagnostic and by relevant international experience. All these programs as well as the analytical work (see below) would support both pillars of the CPS.

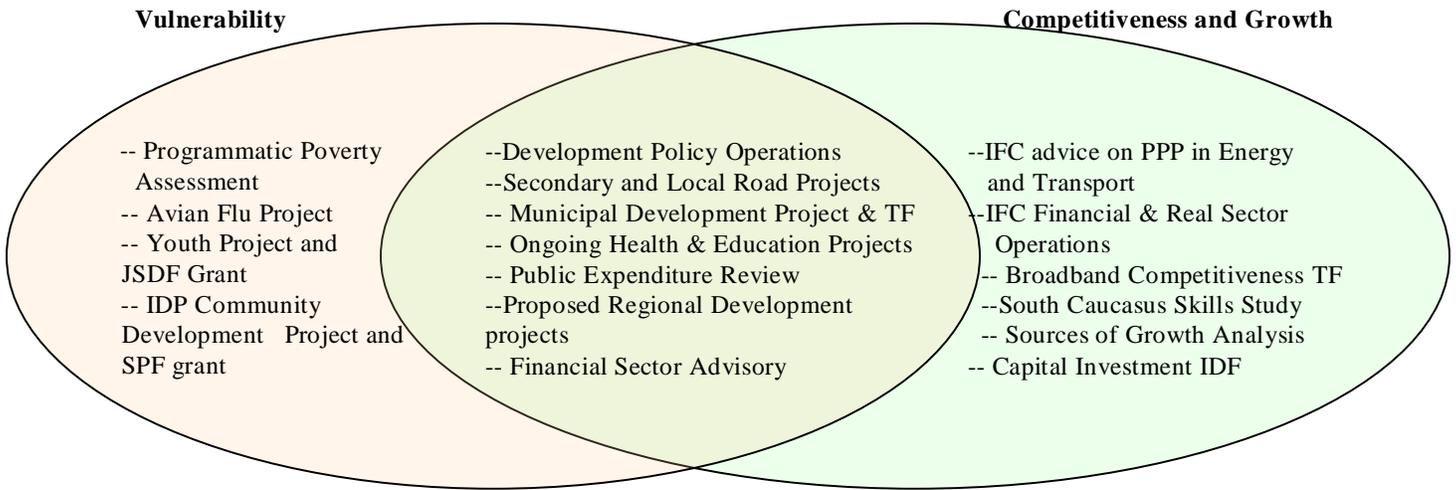
Table 2: Georgia – Planned vs. Actual Lending

CPS Lending Program (IDA and IBRD in US\$ million)		CPS Progress Report Lending Program (IDA and IBRD in US\$ million)			
FY 10 Plan		FY 10 Actual	Total	o/w IDA	o/w IBRD
DPO 1	\$85	DPO 1	\$85	\$85	
E-W Highway I AF	\$23	E-W Highway I AF	\$28		\$28
E-W Highway III	\$147	E-W Highway III	\$147		\$147
Kakheti Roads	\$40	Kakheti Roads	\$30		\$30
TOTAL FY10	\$295	TOTAL FY10	\$290	\$85	\$205
FY 11-13 Plan		FY 11 Actual and Plan			
DPO 2/3	\$45	DPO 2	\$50	\$40	\$10
Other Unallocated	\$56	Regional & Municipal Infra. AF	\$45	\$11.5	\$33.5
		Catastrophe Risk Insurance Facility	\$5*	\$5	
		TOTAL FY11	\$100	\$56.5	\$43.5
		FY12 Plan			
		DPO 3	\$40	\$40	
		Secondary and Local Roads 2	\$40	\$40	
		Regional Development I	\$50		\$50
		TOTAL FY12	\$130	\$80	\$50
		FY13 Plan			
		DPO (new series)	\$40	\$40	
		Secondary and Rural Roads 2 AF	\$30	\$30	
		Regional Development II	\$50	\$10	\$40
		TOTAL FY13	\$120	\$80	\$40
TOTAL FY11-13	\$101	TOTAL FY12-13	\$250	\$160	\$90
Total Lending FY10-FY13	\$396	Total Lending FY10-FY13**	\$640	\$301.5	\$338.5

* includes \$3.5 million equivalent from regional IDA facility

** Actual values subject to changes in IDA-16 allocation and IBRD availability

Figure 1: How Key Bank Group Activities Fit Into the Two Pillars



30. **The IFC will continue to seek investments in the real sectors and mainly support the second pillar.** The sectors with the highest potential development impact and opportunities for IFC include hydropower, agriculture and infrastructure. IFC is also focused on successful implementation of its advisory programs in corporate governance and risk and portfolio management diagnostics for banks, food safety, tax simplification for SMEs and public-private partnerships in the roads sector.

31. **An active program of 11 Trust Fund operations for about \$21.7 million (see Table 3) is** cofinancing ongoing projects as well as providing sector diagnosis and strategies that underpin the Bank’s dialog and possible interventions.

Table 3: List of Active Trust Fund Operations

Project	TF program /Donor	Amount Approved (US\$ mln.)	Amount Undisbursed (US\$ mln.)	Approval FY	Closing FY
Rural Development	PHRD	\$4.50	\$2.89	2005	2011
Avian Influenza Control & Human Pandemic Preparedness & Response	PHRD	\$1.40	\$0.59	2007	2011
Education System Realignment & Strengthening	PHRD	\$4.95	\$1.20	2007	2012
Youth Development and Inclusion	JSDF	\$1.22	\$0.66	2008	2012
IDP Community Development	SPF	\$2.21	\$1.84	2009	2014
Tbilisi City Development Strategy	CA	\$0.27	\$0.17	2009	2012
Education System Realignment & Strengthening	Multiple	\$0.26	\$0.06	2010	2011
Second Development Policy Operation (DPO 2)	Dutch TF	\$2.66	-	2011	2011
Regional & Municipal Infrastructure Development	EU TF	\$3.71	\$2.63	2011	2011
Tbilisi City Capital Investment Planning & Budgeting	IDF	\$0.35	\$0.35	2011	2013
Preparation for 2013 National Population Census	TFSCB	\$0.25	\$0.25	2011	2013
Total		\$21.7	\$10.64		

Analytical and advisory services will continue to underpin the CPS

32. **Analytical and advisory services remain important, and will inform the design of the Bank program.** The program of analytical and advisory services comprises 5 key areas - sources of growth, expenditure efficiency, poverty and inequality analysis, skills, as well as IFC advisory services on banking and business climate issues. These cut across both CPS pillars. In particular, the Bank will invest more in sources of growth analysis with respect to regional competitiveness, agriculture, trade, power, and environment. Work is also being done -- in the context of the broader South Caucasus region-- to support trade integration. The recently launched regional broadband competitiveness program will provide a diagnosis of the potential for improved cross-border and regional internet connectivity with a special focus on exploring e-growth opportunities for SMEs. As part of its crosscutting fiscal work, the Bank is also looking at ways to improve sustainability of roads maintenance. The poverty and inequality analyses will focus on informing policy choices to maximize poverty reducing impacts of growth and social policies. The skills study, part of a South Caucasus regional work, will look at the role of labor markets, education and training, in enhancing market skills. The results from these analyses will promote the Bank's policy dialogue, support public outreach and communications on key policy issues, provide inputs for policy notes for the Government after the 2013 elections, and inform overall Bank lending program design. In addition, the Bank is chronicling Georgia's anti-corruption reforms, focusing on the 'how to' of the Government's efforts in cleaning up public services, which may be useful for other countries and also chart the remaining challenges for the country.

V. Risks

Overall risks have moderated, though they remain significant

33. **Overall country economic risks have evolved during the CPS period.** In 2009, the CPS had highlighted risks from renewed regional conflict, enhanced domestic political tensions, a prolonged global economic crisis, and natural disasters. Over the past two years, there has been no resurgence of regional conflict and efforts are continuing to find a final resolution. Domestic political tensions are perceived to have abated (and are reflected in the conduct of local elections in 2010, including those for the Mayor of Tbilisi), though they may escalate in the run-up to the parliamentary elections in 2012. Rising food and utility prices also risk increasing social pressures. The ongoing recovery in global demand is helping Georgia recover. While the downside risks to a sustained and robust economic recovery are obviously significant, recent trends provide for some optimism. The ongoing IMF program is on track and the foreign exchange position is healthier than at the time of the CPS. Domestic investor confidence may also be returning as banks ease credit constraints. Georgia's debt burden indicators remain within relevant prudential thresholds but the fiscal space to respond to new, unanticipated shocks is more limited now. Georgia also remains vulnerable to natural disasters. The proposed Catastrophe Risk Insurance Facility would provide a new financial instrument for households, farms, and firms to obtain some financial protection from losses caused by climate change and geological hazards.

Annex 1: Georgia: FY10-13 CPS Results Matrix

CPS OBJECTIVE 1: MEETING POST-CONFLICT AND VULNERABILITY NEEDS			
<p>Key Government Goals</p> <ul style="list-style-type: none"> • Maintain macro and fiscal stability. Promote growth in 2010 and beyond (<i>to be monitored in growth rates, inflation rates, public external debt</i>) • Increase bank lending and build a strengthened banking and supervision system, capable of supporting private sector growth (<i>to be monitored in increase in bank lending, level of NPLs</i>) • Create and maintain jobs (<i>to be monitored in the overall unemployment rate</i>) • Enhance learning outcomes (<i>to be monitored by TIMSS and PIRLS</i>) • Increase social support and services, including social safety nets, health and IDP support (<i>to be measured in poverty levels</i>) <p>Key Issues and Obstacles:</p> <ul style="list-style-type: none"> • Contraction of external trade, remittances and capital inflows is reducing growth and fiscal space • The August conflict and impact of the fall in GDP growth may lead to a rise in the poor • Public administration, expenditure management, and procurement practices in need of improvement • Lower growth is reducing job creation in the private sector and leading to rising unemployment • Financial intermediation impacted and may be inadequate to maintain vibrant private sector. • As health care is privatized, access to affordable care needs to be ensured and services improved • The targeted poverty benefit, which is operating well, needs to be expanded to cover more of the poor • Progress in improving general education needs to be maintained through further expanding curricula reform, more teacher training, upgrading primary and secondary schools poor physical infrastructure as this limits learning outcomes • Local infrastructure (water, roads, etc) needs sustainable improvement. 			
CPS RESULT AREAS, OUTCOMES AND TARGETS	REVISED CPS RESULT AREAS, OUTCOMES AND TARGETS	PROGRESS TO DATE	WORLD BANK GROUP PROGRAM AND PARTNERS
<p>Results Area 1: Preserve Economic Stability and Create Jobs</p> <p>Outcome 1: Improved public resource management</p> <p>-- <i>Primary Indicator (original):</i> Fiscal deficit is managed in a non-inflationary way, while maintaining support for key social services (2009 baseline: fiscal deficit = 9 percent. Target = gradual</p>	<p>--<i>Primary Indicator (revised):</i> Fiscal deficit is managed in a non-inflationary way, while maintaining support for key social services (2009 baseline:</p>	<p>Milestone Met: Gradual reduction in the fiscal deficit has been achieved while maintaining support for key social services. World Bank staff estimates fiscal deficit at 6.6 for 2010. Share of social sector expenditures in 2010</p>	<p>Ongoing lending: Public Sector Fin. Management, Regional and Municipal Development, DPO Series on fiscal and budget policies</p>

<p>reduction consistent with fiscal sustainability). Share of social services in state budget was 36 percent in 2009. Target = no decrease in real terms).</p> <p>--<i>Primary Indicator (original):</i> Introduction of performance based budgeting (Baseline = none. Target = 5 ministries)</p> <p>-- <i>Primary Indicator:</i> Establishment and rollout of local government budget system (Baseline = none. Target = 69 LGUs use this)</p> <p>Outcome 2: Improved performance of key financial institutions</p> <p>-- <i>Primary Indicator (original):</i> Financial health and lending levels of systemic banks supported by IFC (various banking indicators including lending levels and NPLs)</p>	<p>fiscal deficit = 9 percent. Target = gradual reduction consistent with fiscal sustainability). Share of social sector expenditure in state budget was 36 percent in 2009. Target = no decrease in share of social sector expenditures in state budget).</p> <p>--<i>Primary Indicator (revised):</i> Introduction of results-based budgeting (Baseline = none. Target = all ministries)</p> <p>-- <i>Primary Indicator (revised):</i> Financial health of and lending levels by Georgian commercial banks improved as measured by following indicators (baselines are as of September 2009): Capital Adequacy Ratio – 20.2 Return on Assets – 1.4 Return on Equity – 7.2 Level of NPL – 18.2 Liquidity ratio – 44.7 Loan to deposit ratio - 143</p>	<p>state budget remained 36 percent. Approved state budget 2011 suggests 38.2 percent.</p> <p>Public Finances Management Reform Policy Vision was adopted.</p> <p>Milestone Met: Results-budgets of three spending units (Ministry of Justice, Ministry of Education and Science, Ministry of Health, Labor and Social Protection) were incorporated as an information annex in the 2010 Annual Budget Law; and extended to six spending units for 2011 Annual Budget Law (information annex), with improvements in quality.</p> <p>Outcome Target Met: The Budgetary and Financial Management System for the Municipalities and Ministry of Finance was developed and installed with staff trained in all municipalities.</p> <p>Milestone Met: IFC's portfolio in the banking sector (currently \$248 million committed in 3 banks) is performing well. These clients represent 70 percent of commercial banks' total assets. Clients are in compliance with almost all covenants.</p>	<p>AAA: Country Economic Memorandum on increasing growth. Public expenditure review. Follow up on PEFA, CPA, AA ROSC</p> <p>Key international partners: IMF, EU, ADB, Sweden, Netherlands</p> <p>Ongoing lending: Rural Development</p> <p>AAA: Financial Sector Advisory, Payment System TA, FIRST grant to strengthen the FSA</p> <p>IFC: Coordinated IFI effort to ensure bank capital and liquidity, trade and micro-finance lines of credit, providing advisory to individual banks on risk management and NPL workouts and other banking advisory products.</p>
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<p>Outcome 3: Increased employment through Bank financed projects</p> <p>-- <i>Primary Indicator:</i> Number of new job-months created in World Bank Group financed projects (Baseline = 0. Target = at least 30,000 man-months of labor)</p>		<p>About 20,000 man-months of labor were created under the Bank financed projects after the CPS approval and as of Q3 of CY2010.</p>	<p>Key International Partners: IMF, EBRD, ADB, OPIC, FMO, KfW, DEG, ADB</p> <p>Ongoing lending: Regional and Municipal Development, Secondary and Local Roads, E-W Highways I, II, III, Kakheti Roads</p> <p>New lending: Secondary and Local Roads 2, Regional Development</p> <p>AAA: Labor market analysis in Poverty Assessment; impact of crisis on real sector</p> <p>IFC: New investments in the real sectors, competitiveness study. Support to SMEs</p>
<p>Outcome 4: Improved quality of education</p> <p>-- <i>Primary Indicator:</i> Percentage of children learning according to the improved national curriculum (2006 baseline = about 2 percent. Target = at least 75 percent by 2012)</p>	<p>-- <i>Primary Indicator:</i> Percentage of children learning according to the improved national curriculum (2006 baseline = about 2 percent. Target = at least 95 percent by 2012)</p>	<p>Original Outcome Target Met: 80% of children are learning according to the new national curriculum.</p> <p>Milestone largely met: The new national curriculum has been instituted in all schools across the country except for grade six.</p> <p>The construction of all 7 schools was completed and 6 schools are already operational.</p> <p>Milestone met: Certification launched in 2010; 1.7% of teachers are certified.</p>	<p>Ongoing lending: Education APL II; grants on higher education</p> <p>AAA: Education Sector Review on skills and human development</p> <p>Key International Partners: Japan, Denmark, Sweden, Netherlands, EU, USAID, UNICEF</p>

<p>Results Area 2: Improve Social Services</p>			
<p>Outcome 1: Increased coverage and efficiency of TSA</p> <p>-- <i>Primary Indicator:</i> Percent of the extreme poor that receive poverty benefits through TSA (2009 baseline = 30 percent. Target = at least 50)</p>	<p>-- <i>Primary Indicator:</i> Percent of the extreme poor that receive poverty benefits through TSA (2009 baseline = 38.9 percent. Target = at least 50)</p>	<p>As of 2010, 40 percent of bottom decile (extreme poor) received TSA.</p> <p>Milestone Met: Budget allocation to the TSA increased by about 27% from 2008 to 2009 reaching 160 mln Lari. 2010 budget allocation was 162 mln. Lari (28.6% increase as compared to 2008).</p> <p>Milestone Met: The monitoring Survey was completed by end-2009.</p> <p>Milestone Met: Targeting mechanisms are being adjusted by: (a) adjusting the proxy-means testing formula; (b) improving business processes related to TSA administration; (c) implementing a public information campaign; and (d) restarting recertification of TSA beneficiaries.</p>	<p>Ongoing lending: DPO series on safety net</p> <p>AAA: Poverty Assessment</p> <p>Key International Partners: UN, Netherlands</p>
<p>Outcome 2: Wider health coverage facilitated through improved budgeting, infrastructure and information systems.</p> <p>-- <i>Primary Indicator:</i> Share of bottom two quintiles with access to subsidized health insurance (2007 baseline = 20 percent. Target = over 45 percent)</p> <p>-- <i>Primary Indicator:</i> Health care service utilization as measured by number of out-patient visits per capita (2009 baseline = 1.8. Target = 2.3)</p>	<p>-- <i>Primary Indicator (revised):</i> Share of bottom two quintiles with access to subsidized health insurance (2009 baseline = 27.6 percent. Target = over 45 percent)</p> <p>-- <i>Primary Indicator:</i> Health care service utilization by poor population as measured by number of out-patient visits per capita (2009 baseline=1.4 Target = 2.6)</p>	<p>In 2010 about 30 percent of bottom 2 quintiles had access to subsidized health insurance.</p> <p>Milestone Met: Construction of Ambrolauri 25 bed hospital and Gori PHC will be completed by the end of December 2010.</p> <p>Milestone On Track: 884 doctors and 990 nurses have been trained in Family Medicine.</p> <p>Health care service utilization by poor population increased to 2.47 percent in 2010.</p>	<p>Ongoing lending: Health Sector Development; DPO Series on health care</p> <p>AAA: Poverty Assessment</p> <p>IFC: Possible investment in private health facilities</p> <p>Key International Partners: UN Agencies, Netherlands</p>

<p>-- <i>Primary Indicator:</i> Better targeting of services through the development of an effective health care information data base</p> <p>Outcome 3: Improved Municipal Services in Supported areas (water, local roads etc)</p> <p>-- <i>Primary Indicators</i></p> <ul style="list-style-type: none"> - 20% reduction in KWh consumed per annum due to introduction of energy efficient water production methods - 3-6 hours increase in piped water service per day - 30% reduction in trip time/vehicle costs due to improved urban roads <p>Outcome 4: Improved IDP housing and welfare</p> <p>-- <i>Primary Indicator:</i> Number of beneficiaries from completed post-conflict rehabilitation/construction (2008 baseline = 0 target = 3,600 by end-2009)</p> <p>-- <i>Primary Indicator:</i> Impact on broader support to IDPs beyond housing, e.g. electricity, water, sewage, community development (2009 baseline = 0)</p>	<p>-- <i>Primary Indicators</i></p> <ul style="list-style-type: none"> -average reduction in KWh consumed per m³ due to introduction of energy efficient water production methods (2008 baseline = 0.7. Target = 0.4) - average increased # of hours per day of piped water service (2008 baseline = 7 h. Target = 12 h.) -average reduction in trip time due to improved secondary roads (2008 baseline = 100%. Target = 70%) <p>-- <i>Primary Indicator:</i> Broader support to IDPs: expand infrastructure and improve living conditions (2009 baseline = 0. Target = 3500 IDPs)</p>	<p>Phase I-II for the development of the integrated Social Information Management System (SIMS) at the Social Service Agency (SSA) has been completed. Phase III is now underway.</p> <p>KWh consumed per m³ = 0.6</p> <p>Milestone Met: 49 water, wastewater and roads subprojects have been implemented throughout Georgia in 22 Local Self Governments.</p> <p>Outcome Target Met: About 3,600 IDPs have benefited from the construction of 783 houses.</p> <p>Improvement of IDP housing conditions, water supply, drainage, pedestrian crossing and solid-waste collection and disposal are currently underway and will be finalized by end June 2011.</p>	<p>Ongoing lending: Regional and Municipal Development, Cities Alliances Grant for Tbilisi</p> <p>New lending: Regional Development</p> <p>AAA: Municipal services</p> <p>Key International Partners: ADB, EBRD, MCC, KfW, GTZ, UNDP</p> <p>Ongoing lending: Regional and Municipal Development, IDP Peace-Building Grant</p> <p>AAA: Poverty Assessment</p> <p>Key International Partners: UN, USAID, KfW, EC</p>
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CPS Objective 2: Strengthening Competitiveness for Post-Crisis Growth

Key Government Goals

- Strengthen Georgia’s role as a regional transport corridor and improve connectivity within Georgia (*to be measured by increased transit traffic*)
- Continue to deepen Georgia’s private sector friendly environment for higher business growth (*to be measured by the level of growth of foreign investment, SMEs*).
- Build a more efficient and productive rural sector. (*to be measured by increase in agriculture exports, farm income*)
- Establish greater energy security and efficiency (*to be measured by amount of energy produced and exported*)

Key Issues and Obstacles:

- Transport: E-W corridor needs improvement. Black sea ports need modernization. Road safety needs improvement
- Tremendous progress achieved in the business environment to be sustained through further strengthening of several areas (tax, customs)
- The financing system remains shallow. SMEs have limited credit access and households to mortgages
- Energy: Increased potential for hydropower needs to be developed
- Households, businesses and farmers need improved mechanisms to cope with natural disasters
- Agriculture – need to improve agriculture productivity, food certification and processing, irrigation framework, crop and livestock disease risk

2013 CPS RESULT AREAS, OUTCOMES, AND TARGETS	MILESTONES	PROGRESS TO DATE	WORLD BANK GROUP PROGRAM AND PARTNERS
<p>Results Area 3: Upgrade Transport Corridor and Increase Connectivity</p> <p>Outcome 1: Transport time and costs reduced along key transport routes</p> <p><i>Primary Indicator:</i> Transit time and vehicle operating costs along various supported segments improved by over 25%: (Transit time to Rikoti and to Telavi – baseline and targets to be determined in new projects) (Transit time from Agaiani to Igoeti 2006 baseline = 10. Target = 7 – in minutes) (Transit time from Igoeti to Sveneti 2007 baseline = 19. Target = 12 - in</p>	<p><i>Primary Indicator:</i> Transit time and vehicle operating costs along various supported segments improved by over 25%: (Transit time to Telavi – baseline=120. Target=55 – in minutes) (Transit time from Agaiani to Igoeti 2006 baseline = 10. Target = 7 – in minutes) (Transit time from Igoeti to</p>	<p>Outcome Targets Met: Transit time on Telavi section was reduced from 120 to 55 minutes as targeted.</p> <p>Transit time on Agaiani – Igoeti section reduced to 6.7 minutes, and on Igoeti to Sveneti section to 12 minutes but the opposite direction is still partly under construction.</p> <p>Milestone Met: Over 500 km of roads have already been rehabilitated and/or widened.</p>	<p>Ongoing lending: E-W Highway Improvement I, II, III; Secondary and Local Roads; Infrastructure Pre-Investment Facility; Kakheti Roads</p> <p>New lending: Secondary and Local Roads 2</p> <p>AAA : capacity building to Roads Dept.; donor coordination</p>

<p>minutes)</p> <p>Outcome 2: Improved road safety</p> <p><i>Primary Indicator:</i> # of fatalities per 10,000 cars (2008 baseline = 13.9 target = 12)</p>	<p>Sveneti 2007 baseline = 19. Target = 12 - in minutes)</p>	<p>Milestone Met: Rikoti Tunnel rehabilitation is underway.</p> <p>Milestone Met: National Road Safety Strategy and the Action Plan adopted by the Government.</p> <p>Milestone Met: Hazardous spots along E60 eliminated from 80 in 2009 to 45 in 2010.</p> <p>Milestone on Track: Roads Dept. Safety Division has five staff members. One training has been provided and several trainings are underway.</p>	<p>IFC: Exploring direct investments and PPP support in transport and logistics.</p> <p>Key International Partners: ADB, JICA, MCC</p>
<p>Results Area 4: Accelerate Business Growth</p>	<p>-</p>	<p>Outcome Indicator Met: 2011 Doing Business indicates:</p> <ul style="list-style-type: none"> - Paying Taxes rank = 61 - # of days required to export = 10 - # of days required to import = 13 <p>Milestone Met: As part of a program to streamline the tax payment system, MoF Introduced an e-filing system covering all taxes and available to all taxpayers.</p> <p>Milestone Met: The risk management system introduced at customs, including yellow and red corridors for all declarations and green and blue corridors for firms on the Gold List. The system was further improved in 2010 by allowing access to all corridors for all customs declarations and reducing the number of declarations passing through the red corridor, which requires documentation and physical examination prior to the release of goods.</p>	<p>Ongoing lending: DPO - focus on tax, customs, trade promotion</p> <p>AAA: advisory on trade</p> <p>IFC: Ongoing SME lines of credit, leasing finance support, advisory on investment climate, Corporate Governance advisory</p> <p>Key International Partners: EBRD, CIDA, BP, Netherlands</p>
<p>Outcome 1: Sustained improvement in Business environment</p> <p>-- <i>Primary Indicator:</i> Selected business environment indicators including:</p> <ul style="list-style-type: none"> -- “Paying Taxes” rank in Doing Business (2009 baseline = 110. Target = improvement in ranking) -- # of days required to import and export from Doing Business (2009 baseline = 12 days to export, 14 days to import. Target = reduction by 10%) 			

<p>- "Access to finance" rating in BEEPS (2008 baseline = 55% of firms indicated a problem. Target = under 40%)</p> <p>Outcome 2: Increased support to Small and Medium Enterprises</p> <p>-- <i>Primary Indicator:</i> Portfolio of SME credits extended by IFC-supported banks. Target is to return to pre-crisis (2007) level of \$750 million.</p> <p>Outcome 3: Improved agriculture production, testing, and sales</p> <p>--<i>Primary Indicator:</i> Sales of enterprises supported by rural development project (2008 baseline = 20 enterprises supported. Target = double # of supported enterprises)</p> <p>-- <i>Primary Indicator:</i> Increased use of food certification to boost agriculture exports.</p>	<p>-<i>Primary Indicator:</i> Global Competitiveness Index (2010 baseline = rank 93, score 3.86. Target = improved rank and score)</p> <p>-- <i>Primary Indicator:</i> Increased exports of agriculture produce (2009 baseline=\$286 million).</p>	<p>Updated BEEPS data not yet available.</p> <p>IFC's portfolio bank clients provided over 5500 MSME loans in 2009, for total outstanding MSME portfolio of \$416 million as of December 2009.</p> <p>Support has been provided to three supply chains (wine, citrus and hazelnuts), including technical assistance and demonstrations for improved agricultural practices.</p> <p>Milestone No Longer Applicable: Government did not approve approach that envisages support to supply chain grants.</p> <p>Milestone Met: Subsidiary loan agreements have been signed with micro finance institutions, which provided over 7,000 micro loans amounting to more than \$7.5 million.</p> <p>Milestone Met: Ministry of Agriculture laboratory rehabilitated and equipment installed.</p> <p>Milestone Met: More than 50% of food producers have implemented food safety or quality management systems.</p>	<p>Ongoing lending: DPO - focus on food certification, Kakheti Roads; Rural Development, Avian Influenza, Secondary and Local Roads.</p> <p>New lending: Regional Development</p> <p>AAA: Note on rural development in Georgia; further work on rural investment climate</p> <p>IFC: Explore investments in agri-business, advisory on product competitiveness, food safety standards</p> <p>Key International Partners: EBRD, IFAD, EU, Netherlands</p>
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Annex 2: Standard CPS Annexes

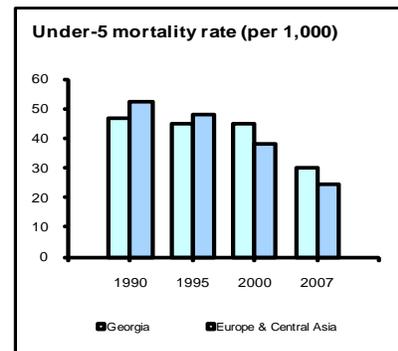
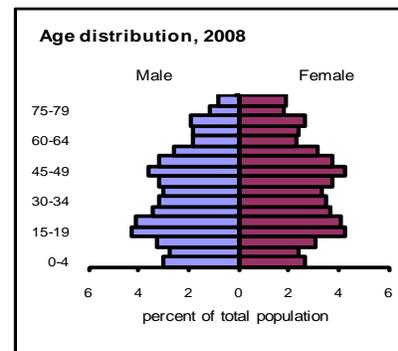
Key Development Indicators

(2009)

	Georgia	Europe & Central Asia	Lower middle income
Population, mid-year (millions)	4.4	403	3,767
Surface area (thousand sq. km)	70	23,549	31,923
Population growth (%)	0.1	0.3	1.2
Urban population (% of total population)	53	64	40
GNI (Atlas method, US\$ billions)	11.1	2,770	7,709
GNI per capita (Atlas method, US\$)	2,540	6,876	2,046
GNI per capita (PPP, international \$)	4,700	13,271	4,481
GDP growth (%)	-3.8	4.1	7.5
GDP per capita growth (%)	-3.8	3.7	6.3

(most recent estimate, 2003–2009)

Poverty headcount ratio at \$1.25 a day (PPP, %)	13	4	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	30	9	..
Life expectancy at birth (years)	71	69	68
Infant mortality (per 1,000 live births)	39	20	44
Child malnutrition (% of children under 5)	..	..	25
Adult literacy, male (% of ages 15 and older)	100	99	87
Adult literacy, female (% of ages 15 and older)	100	97	73
Gross primary enrollment, male (% of age group)	100	100	109
Gross primary enrollment, female (% of age group)	98	98	105
Access to an improved water source (% of population)	99	95	86
Access to improved sanitation facilities (% of population)	93	89	50

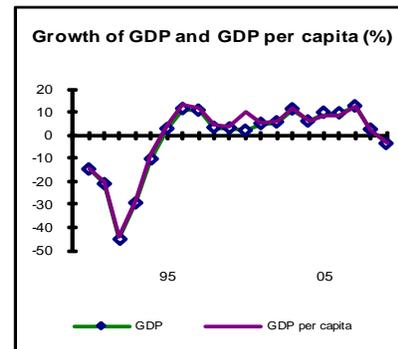


Net Aid Flows

	1980	1990	2000	2009 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	..	0	169	888
<i>Top 3 donors (in 2008):</i>				
United States	..	0	75	402
European Commission	..	0	14	113
Germany	..	0	19	71
Aid (% of GNI)	..	0.0	5.3	7.0
Aid per capita (US\$)	..	0	38	203

Long-Term Economic Trends

Consumer prices (annual % change)	..	3.3	4.1	1.7
GDP implicit deflator (annual % change)	10	22.4	4.7	-2.0
Exchange rate (annual average, local per US\$)	..	0.0	2.0	1.7
Terms of trade index (2000 = 100)	..	..	100	94



Population, mid-year (millions)	5.1	5.5	4.4	4.4
GDP (US\$ millions)	..	7,738	3,057	10,767
<i>(% of GDP)</i>				
Agriculture	24.3	31.5	21.9	9.4
Industry	35.6	33.5	22.4	21.9
Manufacturing	27.9	24.2	9.1	11.5
Services	40.1	35.0	55.7	68.8
Household final consumption expenditure	55.8	64.8	90.5	81.6
General gov't final consumption expenditure	13.0	10.2	8.5	24.5
Gross capital formation	29.1	30.7	26.6	13.0
Exports of goods and services	..	39.9	23.0	29.7
Imports of goods and services	..	45.7	39.7	48.9
Gross savings	..	..	9.2	1.8

1980–90 1990–2000 2000–09
(average annual growth %)

0.7	-2.1	-0.1
0.4	-7.1	7.4

Note: Figures in italics are for years other than those specified. 2009 data are preliminary. .. indicates data are not available.

a. Aid data are for 2008.

Development Economics, Development Data Group (DECDG).

Balance of Payments and Trade **2000** **2009***(US\$ millions)*

Total merchandise exports (fob)	459	1,894
Total merchandise imports (cif)	971	4,293
Net trade in goods and services	-521	-2,059

Current account balance	-269	-1,210
as a % of GDP	-8.8	-11.2

Workers' remittances and compensation of employees (receipts)	274	714
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Reserves, including gold	109	2,111
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Central Government Finance*(% of GDP)*

Current revenue (including grants)	15.4	29.3
Tax revenue	14.6	24.4
Current expenditure	16.7	30.1

Overall surplus/deficit	-1.7	-9.2
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Highest marginal tax rate (%)

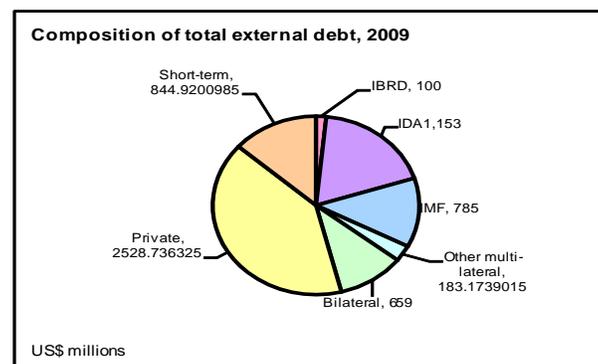
Individual
Corporate

External Debt and Resource Flows*(US\$ millions)*

Total debt outstanding and disbursed	1,638	6,254
Total debt service	118	758
Debt relief (HIPC, M DRI)	-	-

Total debt (% of GDP)	53.6	58.1
Total debt service (% of exports)	12.5	23.6

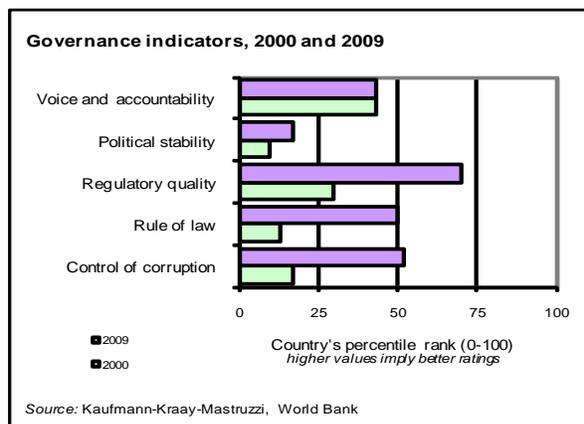
Foreign direct investment (net inflows)	131	659
Portfolio equity (net inflows)	0	12

**Private Sector Development** **2000** **2009**

Time required to start a business (days)	-	3
Cost to start a business (% of GNI per capita)	-	3.7
Time required to register property (days)	-	3

Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2009
Economic and regulatory policy uncertainty	..	44.7
Anticompetitive or informal practices	..	38.2

Stock market capitalization (% of GDP)	0.8	6.8
Bank capital to asset ratio (%)	30.5	17.1

**Technology and Infrastructure** **2000** **2008**

Paved roads (% of total)	93.4	38.6
Fixed line and mobile phone subscribers (per 100 people)	15	78
High technology exports (% of manufactured exports)	10.8	2.7

Environment

Agricultural land (% of land area)	43	36
Forest area (% of land area)	39.7	39.7
Terrestrial protected areas (% of surface area)	..	3.9

Freshwater resources per capita (cu. meters)	2,558	13,497
Freshwater withdrawal (billion cubic meters)	..	16

CO2 emissions per capita (mt)	0.96	14
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GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	3.9	5.8
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Energy use per capita (kg of oil equivalent)	604	767
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World Bank Group portfolio **2000** **2009***(US\$ millions)*

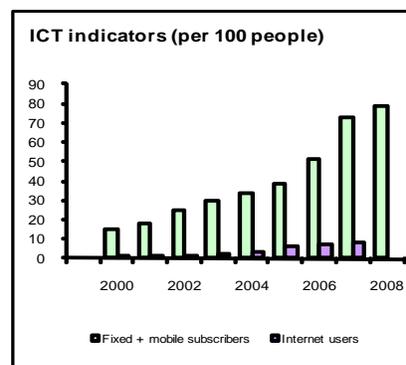
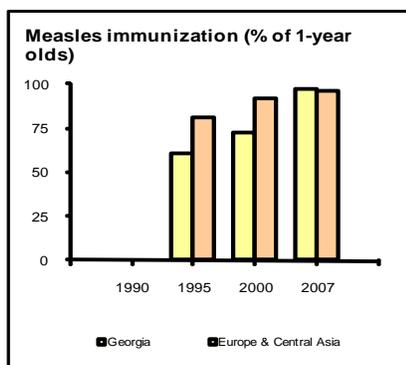
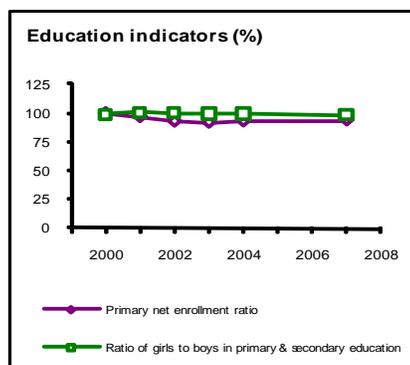
IBRD		
Total debt outstanding and disbursed	0	100
Disbursements	-	0
Principal repayments	-	0
Interest payments	-	2
IDA		
Total debt outstanding and disbursed	347	1,153
Disbursements	18	189
Total debt service	3	20
IFC (fiscal year)		
Total disbursed and outstanding portfolio	20	231
of which IFC own account	20	231
Disbursements for IFC own account	16	159
Portfolio sales, prepayments and repayments for IFC own account	0	8
MIGA		
Gross exposure	2	0
New guarantees	0	0

Note: Figures in italics are for years other than those specified. 2009 data are preliminary.
.. indicates data are not available. - indicates observation is not applicable.

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With selected targets to achieve between 1990 and 2015
 (estimate closest to date shown, +/- 2 years)

	Georgia			
	1990	1995	2000	2008
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$125 a day (PPP, % of population)	..	4.6	9.6	13.4
Poverty headcount ratio at national poverty line (% of population)	..	..	52.1	21.3
Share of income or consumption to the poorest quintile (%)	..	..	..	5.6
Prevalence of malnutrition (% of children under 5)	..	..	3.1	..
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	97	..	100	94
Primary completion rate (% of relevant age group)	..	84	99	100
Secondary school enrollment (gross, %)	95	77	79	90
Youth literacy rate (% of people ages 15-24)	100	..	100	..
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	98	..	99	98
Women employed in the nonagricultural sector (% of nonagricultural employment)	45	45	41	47
Proportion of seats held by women in national parliament (%)	..	7	7	6
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	47	45	45	30
Infant mortality rate (per 1,000 live births)	43	41	41	27
Measles immunization (proportion of one-year olds immunized, %)	16	61	73	97
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	32	30
Births attended by skilled health staff (% of total)	..	..	96	..
Contraceptive prevalence (% of women ages 15-49)	..	..	41	..
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	..	..	..	0.1
Incidence of tuberculosis (per 100,000 people)	38	..	..	84
Tuberculosis case detection rate (% of all forms)	26	30	87	96
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	..	..	76	99
Access to improved sanitation facilities (% of population)	..	..	83	93
Forest area (% of total land area)	..	..	39.7	39.7
Terrestrial protected areas (% of surface area)	..	..	..	3.9
CO2 emissions (metric tons per capita)	3.2	0.5	1.0	14
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	2.4	2.2	3.9	5.8
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	9.9	10.9	10.7	14.3
Mobile phone subscribers (per 100 people)	0.0	0.0	4.1	64.0
Internet users (per 100 people)	0.0	0.0	0.5	23.8
Personal computers (per 100 people)	..	..	2.4	27.2



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

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Georgia Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2003-09	Europe & Central Asia	Lower-middle-income
POPULATION					
Total population, mid-year (<i>millions</i>)	5.3	5.0	4.4	404.2	3,810.8
Growth rate (<i>% annual average for period</i>)	0.8	-1.6	0.2	0.2	1.2
Urban population (<i>% of population</i>)	53.8	53.9	52.7	64.0	40.9
Total fertility rate (<i>births per woman</i>)	2.3	1.7	1.4	1.8	2.5
POVERTY					
<i>(% of population)</i>					
National headcount index	..	..	24.7	..	..
Urban headcount index	..	..	18.4	..	..
Rural headcount index	..	..	30.7	..	..
INCOME					
GNI per capita (<i>US\$</i>)	..	610	2,540	6,793	2,298
Consumer price index (<i>2005=100</i>)	..	39	134	134	130
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	..	40.0	..	..
Low est quintile (<i>% of income or consumption</i>)	..	..	5.6	..	..
Highest quintile (<i>% of income or consumption</i>)	..	..	46.0	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (<i>% of GDP</i>)	..	..	2.0	3.5	1.8
Education (<i>% of GNI</i>)	..	..	3.3	4.4	4.0
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	97	94	92	87
Male	..	97	95	93	88
Female	..	97	92	92	86
Access to an improved water source					
<i>(% of population)</i>					
Total	..	..	99	96	87
Urban	..	..	100	98	95
Rural	..	..	97	89	81
Immunization rate					
<i>(% of children ages 12-23 months)</i>					
Measles	..	61	97	96	80
DPT	..	79	98	95	79
Child malnutrition (<i>% under 5 years</i>)	..	..	..	..	25
Life expectancy at birth					
<i>(years)</i>					
Total	70	70	71	69	68
Male	66	67	67	65	66
Female	74	74	75	74	70
Mortality					
Infant (<i>per 1,000 live births</i>)	48	41	39	19	43
Under 5 (<i>per 1,000</i>)	52	45	42	21	58
Adult (15-59)					
Male (<i>per 1,000 population</i>)	210	195	213	314	204
Female (<i>per 1,000 population</i>)	94	90	81	130	138
Maternal (<i>per 100,000 live births</i>)	..	..	30	32	230
Births attended by skilled health staff (%)	97	65

CAS Annex B5. This table was produced from the CMU LDB system.

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Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey. Source for poverty index 2009 - HIS (Integrated Household Survey)

Georgia - Key Economic Indicators

Indicator	Actual			Estimate		Projected			
	2005	2006	2007	2008	2009	2010	2011	2012	2013
National accounts (as % of GDP)									
Gross domestic product ^a	100	100	100	100	100	100	100	100	100
Agriculture	17	13	11	9	9	8	7	7	7
Industry	27	25	24	22	22	17	16	15	14
Services	56	62	65	69	69	75	77	78	79
Total Consumption	84	94	93	103	106	101	101	98	96
Gross domestic fixed investment	28	26	26	21	15	15	16	18	19
Government investment	6	8	9	8	8	8	7	6	6
Private investment	22	18	17	13	7	7	9	12	13
Exports (GNFS) ^b	34	33	31	29	30	35	37	38	39
Imports (GNFS)	52	57	58	58	49	53	56	55	55
Gross domestic savings	16	6	7	-3	-6	-1	-1	2	4
Gross national savings ^c	22	15	15	4	2	7	5	7	9
<i>Memorandum items</i>									
Gross domestic product (US\$ million at current prices)	6411	7762	10172	12867	10767	11533	12819	13479	13946
GNI per capita (US\$, Atlas method)	1360	1680	2090	2460	2540	2740	2800	3000	3190
Real annual growth rates (% , calculated from 94 prices)									
Gross domestic product at market prices	9.6	9.4	12.3	2.3	-3.8	6.3	5.5	4.7	4.8
Gross Domestic Income	9.6	9.4	12.3	2.3	-3.8	8.1	6.5	4.8	4.7
Real annual per capita growth rates (% , calculated from 94 prices)									
Gross domestic product at market prices	8.5	8.5	12.6	2.4	-3.8	6.2	5.4	4.7	4.8
Total consumption	4.8	21.1	10.8	13.7	-0.7	1.4	7.1	2.3	2.2
Private consumption	-0.8	27.5	1.1	11.3	2.1	2.5	6.7	0.3	1.3
Balance of Payments (US\$ millions)									
Exports (GNFS) ^b	2187	2552	3182	3688	3207	4057	4736	5138	5472
Merchandise FOB	1472	1667	2088	2428	1894	2453	2832	3061	3240
Imports (GNFS) ^b	3318	4413	5917	7499	5266	6104	7128	7468	7686
Merchandise FOB	2687	3686	4984	6261	4293	4979	5765	6034	6202
Resource balance	-1131	-1861	-2734	-3811	-2059	-2048	-2392	-2330	-2214
Net current transfers	359	524	689	1060	967	1074	1073	1059	1042
Current account balance	-709	-1174	-2008	-2915	-1210	-1154	-1601	-1550	-1462
Net private foreign direct investment	542	1186	1675	1523	659	575	706	809	837
Long-term loans (net)	-88	360	113	846	654	632	647	457	1723
Official	-4	-46	14	185	383	483	391	240	366
Private	-84	406	99	661	271	149	256	217	1357
Other capital (net, incl. errors & omissions)	346	35	147	1219	526	-128	608	386	-1018
Change in reserves ^d	-91	-407	73	-672	-629	75	-360	-101	-80
<i>Memorandum items</i>									
Resource balance (% of GDP)	-17.6	-24.0	-26.9	-29.6	-19.1	-17.8	-18.7	-17.3	-15.9
Real annual growth rates (YR94 prices)									
Merchandise exports (FOB)	13.2	7.9	19.1	-1.5	-3.1	7.9	12.1	8.4	5.2
Merchandise imports (CIF)	13.3	7.3	20.5	5.7	-14.0	5.5	14.1	4.7	1.8

(Continued)

Georgia - Key Economic Indicators (Continued)

Indicator	Actual					Estimate	Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public finance (as % of GDP at market prices)^e									
Current revenues	23.7	26.1	28.9	30.7	29.3	28.1	27.2	26.4	26.3
Current expenditures	20.1	22.2	25.0	28.3	30.1	26.2	23.6	22.8	22.4
Current account surplus (+) or deficit (-)	3.6	3.8	3.9	2.4	-0.8	1.9	3.6	3.7	3.9
Capital expenditure	5.9	7.6	9.0	8.8	8.4	8.9	7.6	6.9	6.6
Foreign financing	0.2	0.2	0.6	7.3	4.1	4.6	3.1	1.9	5.0
Monetary indicators									
M2/GDP	16.4	19.3	23.4	22.3	25.6	26.3	28.6	28.6	27.8
Growth of M2 (%)	26.4	39.3	49.6	7.0	8.1	17.6	23.2	11.6	7.7
Private sector credit growth / total credit growth (%)	171.4	414.8	115.7	282.9	223.9	104.1	171.4	170.1	164.4
Price indices (YR94 =100)									
Merchandise export price index	410.6	430.7	453.1	534.6	430.5	516.5	532.0	530.3	533.5
Merchandise import price index	290.8	371.9	417.2	495.7	395.1	434.6	441.1	441.1	445.5
Merchandise terms of trade index	141.2	115.8	108.6	107.9	109.0	118.9	120.6	120.2	119.8
Real exchange rate (US\$/LCU) ^f	100.0	99.9	100.4	110.0	105.9	110.5	113.6	115.8	117.9
Consumer price index (% change)	8.3	8.8	11.0	5.5	3.0	11.2	8.0	6.5	6.0
GDP deflator (% change)	7.9	8.5	9.7	9.7	-2.0	7.6	7.5	6.5	5.7

a. GDP at factor cost

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

Georgia - Key Exposure Indicators

Indicator	Actual					Estimated	Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total debt outstanding and disbursed (TDO) (US\$m) ^a	2095	2936	3936	5664	6254	7148	7948	8221	8420
Net disbursements (US\$m) ^a	245	1128	1378	2319	1348	1569	1685	1517	2054
Total debt service (TDS) (US\$m) ^a	316	287	378	591	758	676	885	1245	1855
Debt and debt service indicators (%)									
TDO/XGS ^b	78.1	86.2	90.4	112.7	149.0	146.5	141.5	135.6	133.3
TDO/GDP	32.7	37.8	38.7	44.0	58.1	62.0	62.0	61.0	60.4
TDS/XGS	14.5	11.3	11.9	16.0	23.6	16.7	18.7	24.2	33.9
Concessional/TDO	64.4	57.8	45.5	38.7	42.6	39.7	42.2	42.0	41.5
IBRD exposure indicators (%)									
IBRD DS/public DS	..	..	..	..	1.0	1.9	3.6	3.2	1.5
Preferred creditor DS/public DS (%) ^c	48.1	44.8	43.9	56.4	62.8	58.1	67.6	82.8	49.1
IBRD DS/XGS	..	..	..	..	0.0	0.1	0.2	0.2	0.3
IBRD TDO (US\$m) ^d	0	0	0	0	100	173	255	319	365
Of which present value of guarantees (US\$m)									
Share of IBRD portfolio (%)	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.4	0.4
IDA TDO (US\$m) ^d	679	785	885	989	1153	1185	1258	1338	1378

- a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.
- b. "XGS" denotes exports of goods and services, including workers' remittances.
- c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.
- d. Includes present value of guarantees.
- e. Includes equity and quasi-equity types of both loan and equity instruments.

Statement of IFC's Committed and Outstanding Portfolio

Amounts in US Dollar Millions

Accounting Date as of: 01/31/2011

Region(s): Europe & Central Asia

Country(s) : Georgia

Commitment	Institution	LN	ET	QL + QE	GT	RM	ALL	ALL	LN	ET	QL + QE	GT	RM	ALL	ALL
Fiscal Year	Short Name	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - IFC	Cmtd - Part	Out - IFC	Out - IFC	Out - IFC	Out - IFC	Out - IFC	Out - IFC	Out - Part
2000/ 2003/ 2009/ 2010/ 2011	Bank of Georgia	41.67	0	50.00	7.37	11.72	110.75	0	41.67	0	50.00	7.37	6.47	105.51	0.00
2008/ 2009/ 2010	Bank Republic	40.78	0	7.00	0	0	47.78	0	20.78	0	7.00	0	0	27.78	0.00
2004	BTC Pipeline	10.12	0	0	0	0	10.12	7.84	10.12	0	0	0	0	10.12	7.84
2009	Rakeen Georgia	27.00	7.65	0	0	0	34.65	0	19.60	7.65	0	0	0	27.25	0.00
2006	TAV Georgia	18.43	0	0	0	0	18.43	0	18.43	0	0	0	0	18.43	0.00
1998/ 2000/ 2002/ 2005/ 2006/ 2007/ 2008/ 2009	TBC Bank	31.65	31.43	22.50	0	3.96	89.54	0	0	31.43	22.50	0	2.24	56.17	0.00
1999	TbilComBank	0.00	0	0	0	0	0.00	0	0.00	0	0	0	0	0.00	0.00
2008	Tbilisi Central	8.50	0	0	0	0	8.50	0	8.50	0	0	0	0	8.50	0.00
Total Portfolio		178.16	39.08	79.50	7.37	15.67	319.78	7.84	119.10	39.08	79.50	7.37	8.71	253.77	7.84

Georgia
Selected Indicators* of Bank Portfolio Performance and Management

As Of Date
3/7/2011

Indicator	2008	2009	2010	2011
Portfolio Assessment				
Number of Projects Under Implementation ^a	15	11	12	10
Average Implementation Period (years) ^b	3.9	3.8	3.7	4.4
Percent of Problem Projects by Number ^{a, c}	13.3	9.1	8.3	10.0
Percent of Problem Projects by Amount ^{a, c}	9.3	3.4	11.7	11.1
Percent of Projects at Risk by Number ^{a, d}	20.0	9.1	8.3	40.0
Percent of Projects at Risk by Amount ^{a, d}	10.5	3.4	11.7	24.1
Disbursement Ratio (%) ^e	52.9	77.0	113.1	43.1
Portfolio Management				
CPPR during the year (yes/no)				Yes
Supervision Resources (US\$ thousands)	1400	1515	1578	1180
Average Supervision (US\$ thousands/project)	93.3	137.7	131.5	118

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	35	14
Proj Eval by OED by Amt (US\$ millions)	729.8	195.8
% of OED Projects Rated U or HU by Number	22.9	21.4
% of OED Projects Rated U or HU by Amt	32.9	15.4

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
- b. Average age of projects in the Bank's country portfolio.
- c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
- d. As defined under the Portfolio Improvement Program.
- e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- * All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Georgia: IFC Investment Operations Program

	2008	2009	2010	2011*
<u>Commitments (US\$m)</u>				
Gross	42.69	238.65	36.71	4.54
Net**	42.69	238.65	36.71	4.54
<u>Net Commitments by Sector (%)</u>				
EQUITY	16.83	11.52		
GUARANTEE			26.45	100
LOAN	66.77	58.1	54.48	
QUASI LOAN	16.4	28.7		
RISK PRODUCT		1.68	19.07	
Total	100	100	100	100
<u>Net Commitments by Investment Instrument (%)</u>				
Equity	16.83	11.52		
Guarantee			26.45	100
Loan	66.77	58.1	54.48	
Quasi loan	16.4	28.7		
Risk product		1.68	19.07	
Total	100	100	100	100

* As of February 28, 2011

** IFC's Own Account only

Summary of Nonlending Services

As of 03/07/2011

<i>Product</i>	<i>FY</i>	<i>Cost (US\$000)</i>	<i>Audience^a</i>	<i>Objective^b</i>
Recent completions				
JNA Progress Report	FY10	37	G, D, B, PD	K, PS, PD
Programmatic Poverty Assessment	FY10	81	G, D	K, PS
High Level Agriculture Workshop	FY10	48	G, B	K, PS
Financial Sector Advisory	FY10	127	G, D, B	K, PS
Business Enabling Environment (IFC)	FY10	1500	G, D, B,PD	K
Corporate Governance (IFC)	FY11	1808	G,D,B,PD	K, PS,PD
Trade and Development in South Caucasus	FY11	100	G,D	K, PS
Underway/Planned				
Regional Standards & Quality Infrastructure	FY10-11	100	G, D	K, PS
Regional Programmatic Poverty Assessment	FY11	125	G, D	K, PS
Improving Sustainability of Road Mgt & Financing	FY11	55	G, D, B	K, PS
Regional Financial Sector Advisory	FY11	90	G, D, B	K, PS
National Statistics System Development Strategy	FY11	300	G	K, PS
Georgia Book on Anti-Corruption Reforms	FY11-12	200	G, D, B, PD	K, PD
Programmatic Public Expenditure Review	FY11-12	300	G, D, B	K, PS
Rural Investment Climate Assessment	FY11-12	75	D, D, B, PD	K, PS, PD
Analysis on Sources of Growth	FY12-13	100	G, D, B, PD	K, PD, PS
Policy Notes	FY13	100	G, D, B	K, PS
Regional Broadband Competitiveness Program	FY11-13	70	G, D,PD	K, PD, PS
South Caucasus Skills Study	FY12-13	100	G,D,B,PD	K, PD, PS
Advisory to banks: NPLs, Housing (IFC)	FY12	1010	G, B, PD	K, PS, PD
Tax Simplification (IFC)	FY12	840	G,D,B	K, PS
Dialogue on PPPs in Infrastructure (IFC)	FY13	1700	G, D, B, PD	K, PS, PD
Food Safety (IFC)	FY13-14	1125	G, B, PD	K, PS,PD

a. Government, Donor, Bank, Public Dissemination.

b. Knowledge Generation, Public Debate, Problem-Solving.

**Operations Portfolio (IBRD/IDA and Grants)
As of 03/07/2011**

Closed Projects 42

IBRD/IDA *

Total Disbursed (Active)	349.30
of w hich has been repaid	0.00
Total Disbursed (Closed)	569.65
of w hich has been repaid	51.56
Total Disbursed (Active + Closed)	918.95
of w hich has been repaid	51.56
Total Undisbursed (Active)	150.35
Total Undisbursed (Closed)	0.90
Total Undisbursed (Active + Close	151.26

Active Projects

Project ID	Project Name	Last PSR			Fiscal Year	Original Amount in US\$ Millions				Difference Between Expected and Actual Disbursements ^{a/}	
		Supervision Rating		Undisb.		Orig.	Frm Rev'd				
		<u>Development Objectives</u>	<u>Implementati on Progress</u>					IBRD	IDA	GRANT	Cancel.
P040555	HEALTH SECTR DEVT	S	S	2003		20.3		4.56	0.62	-0.22	
P086277	SEC/LOC ROADS	S	MS	2004	70	20		19.49	-51.51	9.11	
P078544	RURAL DEVT	MS	MS	2005		10		2.13	1.93		
P063081	PUB SECTR FM REFORM	MS	MS	2006		3		2.79	2.64		
P099808	AVIAN FLU - GE	MS	MS	2006		7		3.79	3.09		
P083110	HIGHWAY IMPROVEMENT 1	S	MS	2007	28	19		13.06	-16.09	-3.95	
P094044	HIGHWAY IMPROVEMENT 2	MS	MU	2008		55		1.59	-17.72	1.69	
P110126	REGIONAL & MUNICIPAL INFRA DEV	S	S	2009	33.5	51.5		27.51	-33.08	-18.03	
P112523	EW HIGHWAY IMP 3	S	MS	2010	147			66.48	43.48		
P117152	KAKHETI REGIONAL ROADS	S	S	2010	30			8.95	-6.80		
Overall Result					308.5	185.8		150.35	-73.44	-11.39	

Country Map



RUSSIAN FEDERATION

