



**Compact Goal**

MCC signed a 5-year Compact with the Government of Georgia in September 2005. The Compact program is designed to rehabilitate key regional infrastructure by improving transportation for regional trade, ensuring a reliable supply of energy, and improving the delivery of regional and municipal services. In addition, the program will develop regional enterprises by funding investment and increasing productivity in farms, agribusinesses and other enterprises to increase jobs and rural income. The Millennium Challenge Georgia Fund ([www.mcg.ge](http://www.mcg.ge)) is administering the program, with oversight from the mixed governmental/non-governmental/private sector Supervisory Board and a civil society Stakeholders' Committee.

**Update on Progress**

**Progress on the Road Rehabilitation**

- Rehabilitation will be concentrated on roads traversing the Samtskhe-Javakheti region, enabling agricultural and other suppliers to more easily connect with consumers and helping the region to integrate economically through improved access to jobs and markets.
- The roads design and feasibility study as well as other components of the pre-construction phase have been finalized for 245 km of rural road.
- The procurement process for the construction of the road is presently underway. Construction is expected to begin in 2008.

**Progress on the Energy Sector Rehabilitation**

- Phase 1 of repairs on critical sections Georgia's main natural gas pipeline totaling \$14.5 million in MCC funding were completed in 2007. Phase 2 repairs and rehabilitation are being designed for the 2008 construction season.
- The Georgian Oil and Gas Corporation (GOGC), the institution responsible for the long-term operations of the pipeline on behalf of the Georgian Government, is designing and supervising the repairs.
- The pipeline repairs include standards for environmental protection that are being employed by GOGC and private sector contractors for the first time.

**Progress on the Georgia Regional Development Fund**

- The Georgia Regional Development Fund approved its second investment in November, 2007, bringing its total investments to \$3.5 million. The second investment of \$1.8 million supports the expansion plans of a Georgian hotel chain in several cities throughout Georgia.
- The Fund, managed by SEAF Management LLC, officially launched in January 2007, provides loan and equity capital for small- and medium-sized enterprises operating in the agribusiness and tourism sectors outside the capital, Tbilisi.

**Progress on the Regional Infrastructure Development Project**

- The Poti Municipal Water Project for rehabilitation of water delivery services has been initiated. As a result of the project, the population of Poti (50,000 people) will receive a 24 hour supply of safe drinking water. The MCC grant of \$5.55 million leveraged additional parallel financing for the total project costs of \$15.6 million.
- The Municipal Development Fund (MDF), a Georgian entity, is implementing the program that will provide funds for the rehabilitation of regional and municipal infrastructure, such as water supply, sanitation and irrigation

**Progress on the Agribusiness Development Activity**

- A total of 51 grant agreements have been signed for an aggregate value of \$1,704,246. Thirty six grants are for primary agricultural producers, ten are for Farm Service Centers, and five are for agricultural processors and manufacturers.
- These projects will directly benefit approximately 500 farmers and indirectly benefit an estimated 36,000 rural Georgians who will have greater access to quality agriculture supplies and extension services .
- Grantees use funds to expand current production of fruit, vegetables, fish and livestock, improve/expand processing facilities for agricultural products, and open farm service centers to serve their local communities.

**Compact Status**

Status.....Implementation, Year 2

**Compact Information**

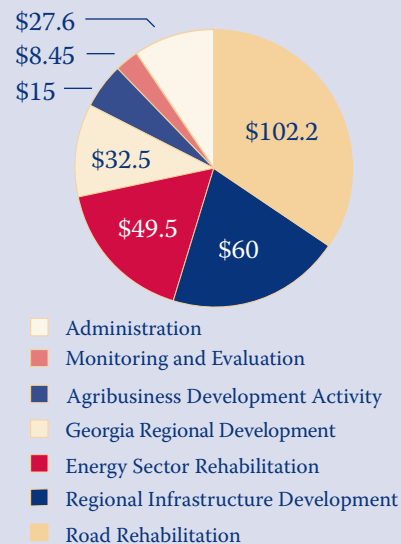
Total Amount.....\$295.3 million  
Duration .....5 years  
Compact Signed .....9-12-2005  
Entry Into Force.....4-7-2006

**Country Information**

Population .....4,474,404  
GNI Per Capita..... \$1350\*

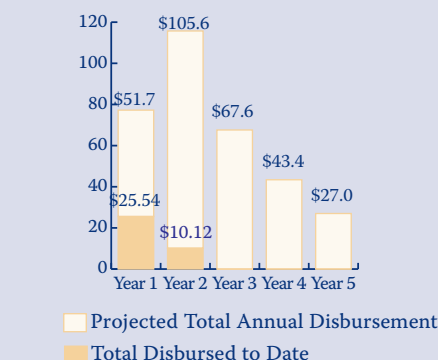
**Obligations by Key Sector**

in millions



**Disbursement Schedule**

in millions



\*World Development Indicators, World Bank, 2005