



U.S. Pledges \$1 Billion in Assistance to Georgia

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Remarks at the United States Mission to the European Union

Brussels, Belgium

October 22, 2008

As prepared

Mr. Chairmen, members of the Government of Georgia, fellow delegates:

We are here today to help Georgia recover from the August invasion by Russia. We share a commitment to Georgia's territorial integrity, to its economic and democratic development, and to its integration with neighboring countries and international institutions. That so many diverse countries and organizations chose to attend today shows that Georgia has many friends who want it to succeed.

The August conflict caused tremendous human suffering and dealt a severe blow to the Georgian economy. But more than two months since the initial crisis, it is clear that Georgia's young democracy will endure. Its economy will recover. Its sovereignty will be reinforced.

Georgia's impressive reforms since 2003 led to strong economic growth and made it, in the words of the World Bank, "the number one economic reformer in the world." Its progress in fighting corruption have made it a leader in the region. Georgia has also made great strides in democratic reform since the Rose Revolution, but much remains to be done. Its aspirations for Euro-Atlantic integration requires continued strengthening of checks and balances, which means greater civil society involvement in policy development, more judicial independence and a truly independent media. We applaud President Saakashvili's stated commitment to a "new wave of democratic reform," and we stand ready to assist the government and the Georgian people in achieving a more democratic society.

The August conflict jeopardized all the achievements of the past five years. Georgia's territorial integrity was violated. Regional stability was seriously disrupted. The international community quickly recognized the stakes, and responded immediately with diplomatic efforts, humanitarian aid, and financial stabilization assistance. But the road to a full recovery has just begun. The Joint Needs Assessment concludes that Georgia faces reconstruction and IDP resettlement costs of \$415 million and a budget shortfall of \$480 million in 2008 alone.

Today, the United States is pledging to make available \$1 billion over the next two years to meet humanitarian needs and facilitate reconstruction. Our funds will assist internally displaced people, rebuild infrastructure, and help to reestablish growth and restore investor confidence in the Georgian economy. Recognizing the urgent nature of the challenge, the United States plans to make available by the end of 2008 approximately \$720 million of the \$1 billion we have pledged.

As the Joint Needs Assessment makes clear, the recovery of the Georgian economy requires immediate budget support. That is why later today I will sign an agreement with the Government of Georgia to provide \$250 million in budget support. We strongly encourage other donors to provide direct budget support as well.

The United States is also providing \$100 million for urgent civilian reconstruction and stabilization needs, and up to \$80 million for economic reconstruction, assistance for displaced families, energy-related programs, and democracy activities. These resources will supplement other funds already redirected to assist Georgia: \$100 million in new funding for Georgia's Millennium Challenge Corporation Compact to address infrastructure and energy security needs; and \$150 million in Overseas Private Investment Corporation support to make affordable mortgages available and to jump start property development projects. We have already provided approximately \$40 million in humanitarian aid, and more is planned, especially as winter approaches.

As we and other donors deliver humanitarian aid, we are constantly reminded that the civilian population in Russian-occupied portions of Georgia remains vulnerable. Recent incidents include farmers being prevented from harvesting their crops and the denial of access to international food aid shipments. These examples point to the urgent need for EU and OSCE monitors to have access to civilians in Abkhazia and South Ossetia, and, eventually, deployment of an international protective force. Unimpeded access for monitors bears directly on the security environment, which in turn bears directly on the ability of donors to deliver needed assistance to all parts of Georgia.

When we leave this conference today, our work will not be finished: we must implement our pledges by delivering assistance on the ground. And as we do so, tight coordination of donor efforts will be essential, particularly in Tbilisi and with the leadership of the Georgian government. The U.S. commits to full participation in this task.

All of our economies have been affected by the global financial crisis. This is not the easiest time to be seeking commitments of additional foreign aid. Yet the turnout and the pledges at today's conference send a clear message: by strongly supporting Georgia's economic recovery, the international community has made a choice. It has voted against the use of force to redraw international boundaries. It has voted for regional stability. And it has voted to give the people of Georgia a chance to build a more prosperous and more peaceful future for their country.

I thank you for your attention, and I look forward to learning more about other donors' plans.

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