

Capital: Tbilisi
Population: 4.7 million (2006 est.)
GDP(current US\$): \$6.4 billion (2005)
Population below national poverty line: 54% (2001)
GDP per capita (current US\$): \$3,300 (2006 est. - purchasing power)
Religion: Georgian Orthodox 65%, Muslim 11%, Russian Orthodox 10%, Armenian Apostolic 8%, other 6%
Language: Georgian (official), Abkhaz also official language in Abkhazia
President: Mikheil Saakashvili
Prime Minister: Zurab Noghaideli
Ambassador to US: The Honorable Vasil Sikharulidze



National Interest: U.S. national interest in Georgia stems most importantly from its being a staunch ally. As the western portal to the Great Silk Road and the newest conduit of Caspian oil to world markets, Georgia has become a strategic gateway of energy and trade routes linking East and West. With U.S. support, Georgia has the potential to be a vibrant, free-market democracy and a stabilizing force in the region. Many concerns remain, however, such as endemic corruption, concentration of executive power, and unresolved internal conflicts, which hamper Georgia's overall development prospects and warrant ongoing engagement.

OVERVIEW OF USAID'S FOCUS IN GEORGIA

FY 2006: Total FSA - \$66.18 million; USAID Total - \$43.36 million

Economic Growth (FY06 \$12.2 million, 28%): The Business Climate Reform project assists GoG to improve the regulatory framework for business. USAID will support the Ministry of Justice to implement a collateral registry system, including the development of internet-based systems that offer information on collateralized properties. Georgian Railways project is focused on establishing separate business units for freight, infrastructure, and passenger services; enhancing management procedures and operations; and facilitating the development of a privatization strategy. AgVantage program supports expanded production and export sales of value-added agricultural products and provides advisory support to the Ministry of Agriculture. The Georgia Employment and Infrastructure Initiative promotes improvement of economic livelihood in local communities through community investment projects, economic activities and innovative public-private partnerships. The SME Support project fosters development of SMEs by increasing access to long-term finance, strengthening self-regulation, and expanding business training opportunities.

Energy (FY06 \$9.14 million, 21%): USAID provides direct advisory support to the Minister of Energy on policy, strategy, law, human and institutional capacity, and public outreach through its Support to the New Government initiative, and is responding to Georgia's energy crisis through the Georgia Energy Security Initiative, which supports the improved distribution efficiency of, and increased consumer payment to a large government-owned electricity company. USAID's Rural Energy program promotes local level activities in infrastructure rehabilitation, providing energy alternatives to stimulate rural economic growth. USAID is building the capacity of the Ministry of Environment to improve trilateral watershed management with Armenia and Azerbaijan.

Democracy (FY06 \$7.12 million, 16%): USAID provides technical assistance to the Executive Branch of the GoG to increase administrative capacity and effectiveness of select Ministries and government institutions. USAID assistance helps improvement of parliamentary procedures, transparency; and strengthens the capacity of MPs and political parties. The local government strengthening project supports decentralization and provides training and community grants activities in 20 cities. USAID promotes political party development and integrated assistance to civil society and independent media. Rule of law activities promote judicial reform, ethics training for judges, administration of the judicial and bar exams, and addresses trafficking. USAID promotes an increased sense of national unity among Georgia's citizens by supporting GoG and civil society efforts to strengthen understanding and interaction among Georgia's various ethnic and minority groups. All democracy activities address corruption.

Social Issues (FY06 \$8.13 million, 19%): USAID programs in health and social development support education reform, promote youth leadership and confidence building, control the spread of infectious diseases, expand and improve reproductive health services, and provide policy assistance to the Ministry of Health. The General Education Decentralization & Accreditation project is helping the Ministry of Education to decentralize the education sector and develop a national accreditation system. The DCOF project, through several partner local NGOs, helps street and other vulnerable and at-risk children. The health program includes partnerships between Georgian and American health institutions; women's health activities are targeted on improving maternal and child care, increasing the use of family planning and reproductive health services, infectious diseases management and prevention programs for STI/HIV, tuberculosis, and children's immunization. The CoReform project provides technical assistance to the GoG to build its capacity. USAID provides assistance to the GoG to strengthen AI preparedness and surveillance.

Cross-Cutting Program Support (FY06 \$6.77 million, 16%): Activities in this area primarily include training, small grants and conflict resolution activities in South Ossetia and Abkhazia. Training complements all areas of USAID assistance and is considered key to reinforcing reform efforts in Georgia. The Eurasia Foundation assists the civil society activities such as: integration of Georgia's youth into the country's social, economic and political structures; strengthening independent media, NGOs and public policy institutes to stimulate public oversight of GoG operations; and integration of Georgia's national minorities.