

Capital: Tbilisi**Population (2002):** 4.7 million (2004 est.)**GDP(current US\$):** \$3.99 billion (2003)**Population below national poverty line (2003):** 55%**GDP per capita (current US\$):** \$2,500 (2004 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 Nougaideli**Ambassador to US:** Levan Mikeladze

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's potential to be a vibrant, free-market democracy strengthens its capacity to be 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 2005: Total FSA - \$87.9 million; USAID Total - \$55.525 million

Economic Growth (FY05 \$14 million, 25%): This program is designed to support and improve sustained economic growth while reforming underlying factors that have impeded development, including corruption and poor governance. USAID activities focus on strengthening GOG institutions to implement economic, fiscal and agricultural policy reforms (DAI, BearingPoint), and improving the environment for business development through commercial law reform, land privatization, agribusiness development, and access to financial services for micro-, small- and medium-sized enterprises. AgVantage supports expanded production and sales of added-value agricultural products (ACDI/VOCA). The Georgia Enterprise Growth Initiative is assisting public-private partnerships to support increased excise tax collections and draft new commercial legislation (BearingPoint). Land market development efforts help the GOG to improve the land registration system and land privatization for large tracts of agricultural land (Terra Institute).

Energy (FY05 \$13.4 million, 24%): USAID provides direct advisory support to the Minister of Energy on policy, staff training, modern equipment, 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 (GESI). GESI supports: 1) improved management for a government-owned electricity company to improve distribution efficiency and increase consumer payment; 2) a Development Credit Authority mechanism that provides financing through the Bank of Georgia to the private sector to spur energy projects to support economic development; and 3) local level activities in energy alternatives, infrastructure rehabilitation, and improved watershed management.

Democracy (FY05 \$10.9 million, 20%): Following the election of President Saakashvili in January 2004, the democracy program expanded national-level activities to capitalize on political will for reform. USAID is providing technical assistance to both the Parliament of Georgia (NDI) and the executive branch (DAI) in policy reform, public hearings, and cost-effective administration. At the sub-national level, a local government strengthening project provides training and community grants activities in 30 cities (UI). Rule of law activities focus on increasing awareness of the legal rights of citizens and the provision of legal services to the disadvantaged; it also promotes judicial reform, ethics training for judges, administers the judicial and bar exams, and promotes anti-corruption efforts, and addresses trafficking (ABA/CEELI, IRIS). All democracy activities address corruption.

Social Issues (FY05 \$11.8 million, 21%): Health and social development activities work at the national and grassroots levels to improve social/economic livelihoods; prevent conflict involving youth; increase services in the areas of primary health care, infectious diseases, maternal and child care, family planning, and reproductive health; and improve health and education policy development. The Building for Future (CRS) and Georgia Employment and Infrastructure Initiative (CHF) activities both address ethnic and other existing and potential conflict prevention as well as support youth development in Georgia. The GEII activity emphasizes job creation and economic development. The health program includes partnerships between Georgian and American health institutions (AIHA); women's health activities targeted on improving maternal and child care, increasing the use of family planning and reproductive health services (JSI, CDC), infectious diseases management and prevention programs for STI/HIV, tuberculosis, and children's immunization (Save the Children, MSCJ, UNICEF), and improving the health information and infectious disease surveillance systems (Abt Associates). The new Health Care System Transformation activity will develop policy options and pilot programs to improve management and financing of the health sector (Abt Associates).

Cross-Cutting Program Support (FY05 \$5.45 million, 10%): Activities in this area primarily include training and small grants. Training complements all areas of USAID assistance and is considered key to improving the quality of life as Georgia works through economic and political reform. Through the Eurasia Foundation, USAID provides small grants to promote private enterprise development, public administration, and policy, civil society, and community anti-corruption programs.