MCA Monitor Report from the Field: Republic of Georgia

Casey Dunning[1]
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This report offers a snapshot analysis of the Republic of Georgia's Millennium Challenge Corporation (MCC) compact implementation to date.[2] The MCC and the Millennium Challenge Georgia Fund (MCG) are completing projects and planning for what will happen with their investments and their relationship once the compact is completed.[3] At the same time, as Georgia is seeking eligibility for a second MCC compact, the country's implementation record, interim impacts, and ability to innovate are under close scrutiny by the MCC and its board of directors. Notably, Georgia's compact implementation to date exhibits strong country ownership and promising interim results: Georgian priorities dictated compact projects, and, wherever possible, Georgian institutions have been built up to implement and later manage compact investments.

MCC Georgia Compact Timeline

- May 6, 2004: MCC selects Georgia as one of the first 16 countries eligible for compact assistance.
- September 12, 2005: The MCC and government of Georgia sign a $295.3 million, five-year compact.
- April 7, 2006: The Georgian compact enters into force, officially starting the five-year timeline. It is the fourth MCC compact to begin implementation.
- November 6, 2008: As part of a $1 billion pledge to Georgia from the U.S. government, the MCC Georgia compact is allocated an additional $100 million to cover rising global construction costs affecting the compact.
- April 7, 2011: The Georgia compact totaling $395.3 million will end.

[1] Casey Dunning is CGD program and research assistant. Special thanks to Sarah Jane Staats for editorial support and advice. The Center for Global Development is grateful for contributions from the William and Flora Hewlett Foundation in support of this work.
[2] This report is based on interviews conducted in Georgia during October 2010
[3] The Millennium Challenge Georgia Fund (MCG) is the accountable entity implementing the compact in Georgia. http://mcg.ge/?l=1&i=1&i2=0

The MCC Georgia Compact

Georgia's MCC compact addresses two main barriers to economic growth: a lack of reliable infrastructure and slow business development, particularly in agribusiness. The compact focuses on five individual projects within these two areas.

- **Rehabilitating regional infrastructure** includes 1) construction and rehabilitation of the Samtskhe-Javakheti Road in the southwest region of Georgia; 2) repair of the North-South gas pipeline and energy sector upgrades for increased reliability of energy supply; and 3) rehabilitation of municipal infrastructure for water supply and waste-water in five cities throughout Georgia.
- **Enterprise development** includes 1) an independent investment fund, the Georgia Regional Development Fund, to increase capital and technical assistance for underserved agribusiness and tourism small and medium enterprises (SMEs); and 2) an agribusiness development activity that provides grants and technical assistance to rural farmers and agribusinesses that supply agricultural products for domestic consumption and export.

There are five months until the end of the five-year MCC Georgia compact. While official compact results are not yet available, the Georgian compact experience offers important insights on implementation and the MCC model and process.

Key Findings:

1. The MCC Georgia compact embraced country ownership to achieve better and more sustainable results.
2. Unlike with other development grants, the strict five-year timeline matters.
3. Compact projects built capacity and strengthened Georgian institutions.
4. The MCC compact worked with Georgian institutions, the private sector, and other new development partners.

Challenges:

1. Conveying the (finite) timeframe to Georgian beneficiaries, contractors, and other donors.
2. Working through the benefit and burden of $100 million in additional funds.
3. Communicating interim and longer-term results to constituents in Georgia, the U.S. Congress, and the American public.

Recommendations:

1. Highlight country ownership, innovation, and effective partnerships as part of MCG's interim results.
2. Strengthen procurement and oversight capabilities in MCC accountable entities that, like MCG, have proven to be proficient partners.
3. Consider the implications of a possible second compact in Georgia.

Current Status of Georgia's Compact Implementation

Georgia's compact agreement delineates five distinct projects designed to encourage economic growth and reduce poverty. The government of Georgia identified poor regional infrastructure and low regional enterprise development as the biggest constraints to growth and chose specific projects to address these areas. The following provides a description of the projects, their intended impact, and the current status of implementation.

Samtskhe-Javakheti Road Rehabilitation

The Samtskhe-Javakheti region borders Armenia and Turkey and is home mostly to ethnic Armenians. Despite the enormous potential for trade, the region's road and transport network lacks reliable—and sometimes even passable—roads, cutting off trade and access to social services including schools and clinics.

The government of Georgia included a $203.5 million road project as the primary component of their MCC compact to rehabilitate 223 kilometers of road, reconstruct fifteen bridges, and improve or construct drainage and safety features along the road. In Georgia, "rehabilitation" does not seem to accurately describe the scope of road repairs. Many portions of the previous road are still visible parallel to the new road, and the difference is stark. A muddy path has been transformed to a seven-layer, two-meter-thick road that should last more than 20 years. Additionally, most of the still-standing pre-compact bridges and drainage systems were from the 1940s and 1950s and were rapidly deteriorating. The MCG is repairing all bridges and drainage systems along the 223 kilometers of road.

At the time of the October 2010 visit, most of the new road was in place, and the MCG was working to complete road construction by the end of 2010. The MCG planned to mark the road, add guardrails and signs, and conduct final safety inspections before the compact's end in April 2011. The MCG has finished asphalt work on all 223 kilometers of the Samtskhe-Javakheti road and are on track to finish the complete road works by April.

While the MCC may not have universal name recognition throughout the country, the Samtskhe-Javakheti road project is extremely well known and Georgians see it as their own. As one MCG official noted, Georgians living in the 47 villages along the road are proud of the new road and excited for its potential. As many MCG staff and villagers see it, the Samtskhe-Javakheti project has put down more than asphalt; it has put down the foundations of economic growth that will long outlive the five-year MCC timeframe.

Results to Date:

- Two-hundred twenty-three kilometers of road have been constructed, painted, and marked.
- Fifteenbridges built or renovated, all now open for traffic.
- Travel time from Tbilisi to the Samtskhe-Javakheti region is down from six hours to three hours, and final estimates reduce travel time to just one-and-a-half hours.

- Traffic—the good kind that signals trade, commerce, and access to services—has increased (over 1,000 percent in one section).
- The road is increasing regional integration. The Samtskhe-Javakheti road now connects markets in Tbilisi and rural southern Georgia with markets in Turkey, Armenia, and Azerbaijan. New products from Tbilisi are making their way into the Samtskhe-Javakheti region.
- Samtskhe-Javakheti residents are travelling into Tbilisi instead of bordering Armenia.
- Early reports indicate that 3,500 people are employed in shops and food stands along the road.
- Interim inspections show reduced transportation costs for vehicle maintenance, fuel, and tires.
- Winter travel is now possible. The previous road was impassible for three to four months each year; the new road will remain open year-round, and the government of Georgia will perform winter maintenance to keep it in good condition.

Notable: Country Ownership
The Samtskhe-Javakheti road project exemplifies the concept of country ownership through the MCC process. The Georgian government developed, embraced, and built the 223 kilometers of road. The MCG team (which includes government representatives and non-government staff) is in the lead and feels personally responsible for finishing a high-quality road on time.

The MCG interacts with Georgian residents along the road who know (and remind the MCG, construction staff, and visitors) of the road's purpose, timetable, and construction details. Even the Georgian president and prime minister visit the road to inspect its construction and monitor progress. (President Mikheil Saakashvili reportedly tried to measure one section of the road himself, with seven quick steps. He decided the road was short of the required seven meter width, but learned that the width was indeed seven meters; his stride was too wide!)

Notable: Finite Timeline
The finite, five-year time frame has been drilled into the government team, contractors, and villagers. Unlike other aid projects, there are no options for project extensions or extra time with the MCC compact. Everyone from the president to the rural farmer knows that the compact funds end in April 2011 and projects must be completed. And many, especially the contractors, are counting not in months, but in days (122 as of publication) as they work to bring the compact's investments to completion.

Energy Infrastructure Rehabilitation
The $49.5 million energy infrastructure project in the MCC Georgia compact is complete.

Results to Date:

- The MCG rehabilitated 22 different areas of the North-South gas pipeline system, which links Georgia with Russia, Armenia, and Azerbaijan.
- In response to extensive gas leaks, the MCG accelerated major repairs of the pipeline in 2005–2006.

- MCG completed the project ahead of time, on target, and under budget.

Notable: Innovative Partnerships
The MCG took a calculated risk and selected the Georgian Oil and Gas Company (GOGC) to implement the project, in part to sustain the pipeline's investment beyond the end of the compact at which point GOGC will manage the pipeline. In partnership with British Petroleum, who had experience working in Georgia with the GOGC on other pipelines, the MCC and MCG supported GOGC managers and engineers to update their practices and processes and use the latest technology and maintenance techniques. The GOGC has been transformed and is now managing the pipeline and other government oil and gas infrastructure throughout Georgia.

The pipeline project finished under budget, and savings from the energy rehabilitation project are being reinvested in design studies for underground gas storage facilities and to purchase pipes and other equipment for a new 12-kilometer pipeline section. The GOGC and the government of Georgia will jointly fund the construction of the new pipeline.

Regional Infrastructure Development
The $57.7 million regional infrastructure development (RID) project is working to improve municipal water and sewerage services in five cities throughout Georgia. Work through the RID project is expected to be complete by December 2010.

Results to Date:

- Water systems are being upgraded in five cities: Poti, Kobuleti, Kutaisi, Bakuriani, and Borjomi. The new water networks will provide safe drinking water and reduce the risk of water-borne disease to the regional population.
- Compact resources purchased machinery and equipment for the government of Georgia to use in these cities.
- The MDF conducted feasibility and environmental studies for water supply improvements in two other cities.
- Water and sewerage improvements are opening the door for enterprise development in a region with significant tourism potential.

Notable: Working through government systems and institutions and leveraging other donor resources
As with much of the compact, the RID project works through government systems and institutions. During the development of the MCC compact, the Georgian government determined that the RID project would best be implemented by the Georgian Municipal Development Fund (MDF). The MDF was originally created in 1997 as a project implementation unit for a World Bank project and the government of Georgia has since continued to use it for implementing multi-donor funding. The MCG also delegated procurement duties to MDF. The MDF reports to MCG on the progress of all the compact's investments.

Use of the MDF as the implementing entity has many benefits, not the least of which is the MDF's ability to coordinate multiple donors. The MDF and MCG determined which cities and projects would receive funding and used already-completed feasibility studies available through the MDF, allowing the MCG to get an early start on the project and make the most of the five-year timeline. The World Bank funded engineering designs used for the project.

Projects in Poti, Kutaisi, and Borjomi were made possible through multi-funder resources. The MCC leveraged more than $30 million in additional donor funding from the European Bank of Reconstruction and Development (EBRD), the World Bank, and the Swedish International Development Agency. Since EBRD and the World Bank provided loans rather than grants, parallel financing with the MCC kept water fees equal (and affordable) across the five cities. Though parallel financing is in effect, donor funds are not co-mingled, and each donor retains separate procurement practices for individual lots. For example, the MCC might construct the networking infrastructure for an updated water supply system while the EBRD would procure and lay the pipelines. In this way, the MCC (and U.S. taxpayers) gets a bigger bang for its development buck.

In addition to working through the Georgian MDF, the RID project has utilized Georgian firms in most cases. Many local Georgian firms have increased their capacity in both construction and procurement processes. However after the 2008 crisis, some firms have struggled to complete the contracted work within the five-year timeline. As of November, MDF maintains that all contracts will be completed before the compact's conclusion.

Georgia Regional Development Fund

The Georgia Regional Development Fund (GRDF) is the result of the compact's $32 million investment fund activity designed to increase investments in regional small and medium enterprises (SMEs). The GRDF has $30 million to loan for investments in sectors that banks and private lenders may not support, and $2 million for technical assistance grants.

The GRDF is the first investment fund in Georgia and has the twin goals of earning revenue and maximizing developmental impact and poverty reduction through its investments. GRDF requires investees to be Georgian SMEs with 10–250 full-time employees and less than $5 million in total annual revenue. Eighty percent of capital must be invested outside of Tbilisi (current regional investments are at 85 percent); 51 percent of funds must be invested in agribusiness and tourism sectors; and 33 percent of funds must be in agribusiness (current investments in agribusiness enterprises are at 65 percent). Investments range from $500,000 to $3 million. Developmental returns from the GRDF will be measured in four ways including: wages of investee employees, taxes paid by the investee, contracting and use of local suppliers for raw materials and equipment, and revenue of the investee.

GRDF is independently managed and has a five member board with two Georgian and three international directors. Crucially, the fund is independent of both the MCG and the government of Georgia and has minimal involvement with the MCC. The fund manager proposes investments or technical assistance grants and the board approves or rejects these investment proposals. (The MCC does maintain an “objection right” to GRDF disbursements, but this is a fiscal control rather than a management control.)

GRDF investments in companies make them more attractive to funding streams not interested prior to the MCC’s involvement. Results on achieving the GRDF’s four stipulated developmental returns, however, remains to be seen post-compact.

Results to Date:

- GRDF invested $21.9 million in ten Georgian SMEs as of October 31, 2010.
- Investments have brought in $5.7 million in revenue, of which $1.9 million has been reinvested.
- Nine investments are outside of Tbilisi and include enterprises from hazelnut processing to animal feed production to hotels.
- The Black Sea Anchovy Fishing Fleet, supported by a GRDF loan, is the first Georgian company to utilize a Georgian fishing license rather than leasing out to Turkish ships.
- Four proposals—worth $9 million total—are pending approval in December 2010. When approved, the fund’s full $30 million will be invested.
- GRDF is on track to divest from one of its investments because a new bank has shown interest in investing and has offered better terms.

Notable: GRDF extends the life of the compact

The GRDF has a life span of ten years, which means the investment fund model will live beyond the five-year MCC compact. Once the compact closes, new investments will cease and a five-year divestment period will begin. For the next five years, all investment payments and revenues will go into a trust account that will be used for higher education scholarships in under-funded disciplines that correlate to the compact including agriculture, engineering, and bioengineering. The MCG will transfer ownership of the trust by February 2011. The GRDF board will remain in place and continue its role as the GRDF’s investment decision-making body; it will not be involved in the trust. The MCC will continue to have its observer status on the GRDF. The MCC and MCG are working out the details for how the trust will operate and be managed, but it appears that it will have close ties with the Ministry of Education and will align with the government’s educational priorities.

The idea behind the trust (expected to reach $38 million) is to train experts that will be involved in the projects upon which the Georgian compact is based. This capacity building exercise should result in 600 student scholarships for university study in the United States and Georgia, as well as a faculty exchange program. The trust and its scholarships should help maintain and build upon MCC investments in agriculture and engineering.

Agribusiness Development Activity

The $20 million agribusiness development activity (ADA) focuses on transforming subsistence farming to commercial agriculture through matching grants to farmers and agribusiness. The ADA grantees must co-finance individual projects at varying rates: primary producers contribute on a one-to-one-half ratio;

farm service centers contribute on a one-to-three-quarters ratio; and value-adding and value chain enterprises (such as a dairy processing plant) contribute on a one-to-one basis.

Grantees apply for ADA assistance through CNFA, the MCG's implementing entity for this project. Applications include business plans, past performance, and future projections. Importantly, all assistance is provided in equipment, machinery, or livestock – not money.

Results to Date:

- The ADA has committed $16 million for 280 grants, with all but $500,000 disbursed as of October 2010.
- Interim evaluation of the projects show the majority of grantees are meeting target results including increased job creation and household incomes.
- Thirty-three ADA grants support farm service centers, designed to be one-stop-shops with seeds, machines, agronomists, and veterinarians all available to local farmers. Farm service centers help link local farmers with profitable markets and buyers.
- Many of the ADA grantees are on the Samtskhe-Javakheti road, leveraging MCC investments in multiple areas to increase economic growth and reduce poverty.

Notable: Monitoring and evaluation

Project investments will have been completed by November 2010 to allow time for monitoring and evaluation of the investments. The MCG ADA project director described the agriculture projects as "living organisms" that inherently require longer-term evaluation. To this end, the ADA grants will undergo rigorous evaluations post-compact. The MCG has contracted a range of third-party entities, both national and international, to conduct impact evaluations on the compact's investments. It will be up to the MCC to communicate these post-compact results.

KEY FINDINGS FROM THE GEORGIAN COMPACT

1. **The MCG and the government of Georgia embraced country ownership to achieve better and more sustainable results.** The tenets of country ownership run throughout the MCC compact. The government of Georgia negotiated the terms of the compact with the MCC and created the MCG as the compact's accountable entity. The MCG supervisory board, chaired by the prime minister of Georgia, consists of key ministers relevant to the compact objectives as well as Georgian representatives from the private sector and public spheres. The MCG CEO is appointed by the Georgian government, and all MCG staff memebers are Georgians. Several other Georgian institutions also acted as implementing entities for the compact including the Georgian Oil and Gas Corporation (with the full coordination and support of the Ministry of Energy), the Municipal Development Fund, and GeoStat (the Georgian national statistic authority who conducted household surveys underpinning the M&E plan). The $395 million MCC compact was, for the most part, decided upon, led, and implemented by Georgians who in turn

feel responsibility for and ownership of the compact. The MCC model's emphasis on country ownership also allowed Georgia to focus on development areas that had been otherwise neglected.

Further, the MCC resident country director in Tbilisi and staff in Washington, D.C., help put the MCG and government of Georgia front and center. It is subtle, but it matters when MCC Washington staff say that "the Georgians achieved," instead of "the MCC achieved." Giving credit and support to the local officials implementing the programs is integral to their success and the MCC vision of achieving greater economic growth and poverty reduction because the developing country is in the driver's seat.

While all projects are branded with MCC and MCG logos, the investments are discussed at the national and local level as Georgian investments. The average Georgian may not have heard of the MCC, but he does know about the huge road project in the poverty-stricken Samtskhe-Javakheti region. By standing behind the MCG and the government of Georgia, the MCC is helping to build confidence and trust in Georgia's own government systems and ensure that MCC investments are successful and outlive the five-year timeframe.

2. **The strict five-year timeline matters.**
   MCC compacts are finite, five-year investments. The clock starts ticking upon entry-into-force and ends exactly five years later. While it sounds straightforward, it can be a challenge to communicate the definitive nature of the agreement, as was sometimes the case in Georgia. Unlike other donor projects that can often be extended without penalty or loss of funds, the MCC's firm deadline for implementation and access to funds required contractors and government officials to change their view of time and money. Today, everyone is aware of the ticking clock and is counting the days left to complete implementation before April 7, 2011, when the compact ends.

3. **MCC Georgia projects built capacity and strengthened Georgian institutions.**
   The MCG worked with and through government and non-government institutions, helping to build capacity and ensure that project components would live beyond the MCC five-year commitment. In the regional infrastructure development (RID) project, the MCG worked with the Municipal Development Fund to coordinate donors, leverage resources, and increase oversight. The MCG signed a memorandum of understanding (MOU) with the Roads Department in the Ministry of Regional Development and Infrastructure to oversee and maintain the Samtskhe-Javakheti road since the department will be the ultimate owner and responsible entity once the road rehabilitation project is complete. This MOU brings the infrastructure technical expertise of the MCC and MCG together with the local knowledge, equipment, and oversight of the road department.

4. **The MCC compact worked with Georgian institutions, the private sector, and other new development partners.**

In the energy infrastructure project aimed at rehabilitating the North-South pipeline, the MCG chose to work with the Georgian Oil and Gas Company (GOGC), even though the GOGC had relatively little capacity at the time. The MCG took a calculated risk to work *with* rather than *around* them to rehabilitate the pipeline. The MCG chose to work with British Petroleum because of its expertise and presence in the Georgian energy sector. Together they built up GOGC's staff, expertise, and internal processes. MGC recognized that the pipeline would be maintained by GOGC post-compact, and felt it was better to build a more effective institution as opposed to bringing in numerous consulting entities.

As a testament to the GOGC's increased capacity, in June 2010 the U.S. Agency for International Development (USAID) entered into a host-country contract with the GOGC to build an East-West pipeline to Poti. The GOGC demonstrated its capacity and abilities through its work with the MCC to such an extent that USAID felt comfortable partnering with it on new projects. Indeed, USAID went a step further than the MCC, allowing the GOGC to run its own procurement processes for the pipeline project. MCC's gamble to work with the GOGC paid off, resulting in an increased national capacity for new donor investments and superior oversight and maintenance of existing Georgian oil and gas infrastructure.

CHALLENGES

1. **Conveying the timeframe to Georgian beneficiaries and other donors.**
Within the five-year timeframe, planning and establishing procurement and fiscal processes takes place first, followed by disbursement and implementation. While setting up these systems first is critically important, the MCC still struggles to explain why there is a necessary and important delay before funds can be disbursed. MCC staff and local officials must manage expectations on what is to be expected in each year of the five-year timeline.

   The five-year timeline also leaves ample time for unforeseen obstacles. Among those that Georgia faced during the compact were destroyed portions of rebuilt road following a landslide, required road construction detours around protected trees, and unexpected damage to village homes from construction machinery. These unanticipated challenges cost time and money.

   The MCG's efforts to work with other donors also created unforeseen pressure on the timeline. In the regional infrastructure project, the MCC worked with the European Bank for Reconstruction and Development (EBRD) and calculated original economic rates of return based on the total completed project, the sum of all the donors' pieces. However, in two cities, the EBRD experienced delays in project implementation due to changes in reporting requirements. The EBRD no longer expects to complete its portion of the project until the end of 2011, at the earliest. As a result, the MCC and MCG could take a hit in the first post-compact evaluations as the RID project will not be completed as originally envisioned by April 2011.

2. **Working through the benefit and burden of $100 million in extra funds.**
   Perhaps the biggest unforeseen shock during the five-year timeline was the infusion of an additional $100 million in November 2008. The influx of resources was designed to cover global construction price increases which would have otherwise required the MCG to scale back its projects. In effect, the MCG received roughly 33 percent more funds with little more than two years to commit and disburse them. A huge game-changer like this halfway through the compact required rapid reassessment and reorganizing, but, notwithstanding the administrative challenge, the MCG is on track to complete the full scope of road project and expanded water supply projects this funding made possible. The full effects of this infusion of cash will be evident in post-compact evaluation. It will be critical to note the positive *and* negative consequences of the additional resources.

3. **Communicating interim and longer-term results to Georgian and U.S. constituents.**
   As expected, full compact results and impact will not be available until the compact ends, but the MCC should be more vocal in communicating interim results and milestones, especially as they relate to the MCC model and processes. Likewise, the MCC and MCG should communicate ongoing monitoring and evaluation exercises. The MCG M&E team have commissioned extensive baseline and project data on each of the compact's investments; there is no harm in communicating this data and how it meets (or does not meet) the intended targets of the compact. By conveying results through the life of the compact—not just at its conclusion—the MCC can better show the evolution and impact of its compact.

Recommendations

1. **Highlight country ownership, innovation, and effective partnerships as part of MCG's interim results.**
   While it is easier to measure the kilometers of road built or number of agribusinesses created, MCC results are more than just numbers. The MCC model, and process, matters. Georgia has demonstrated exemplary country ownership, innovative compact initiatives, and effective partnerships with government institutions and other donors. All of these attributes point to more effective foreign assistance that should live long beyond the five-year investment.

2. **Strengthen procurement and oversight capabilities in MCC accountable entities, like the MCG.**
   The old adage "there's no accounting for good leadership" rings true in Georgia. The MCG's level of involvement and passion for the work it is undertaking will undoubtedly prove to be a major driver of the compact's success. Because of the MCG's demonstrated capabilities, particularly in procurement and fiscal oversight—the key drivers of stewarding U.S. government funds—the MCC was able to easily let MCG take the lead on the compact, eventually going so far as to devolve procurement responsibilities to the MCG. In countries where the accountable

entity and implementing entities have proven themselves (as in Georgia), the MCC should devolve implementation and fiduciary responsibilities to the farthest extent possible, remaining flexible and responsive to individual country contexts.

3. **Consider the implications of a possible second compact.**
   The government of Georgia and the MCG have done a tremendous job implementing the compact. But despite exhibiting a positive trend in policy performance, Georgia fails the FY2011 indicators test.[4] (Georgia misses passing the indicators test by one indicator in the Investing in People category.) Georgia has put itself in a good position to be eligible for a second compact, but it is important to consider what role a second compact would play in Georgia's development and poverty reduction. Would a second compact focus on the same sectors as the first and build on what has been created, or would it choose different sectors (that may be currently underserved)? What is the value of the MCC (versus other development actors) investing in Georgia? Should the MCC consider walking away at five years, having left solid systems and institutions in place, or should it invest in new areas and institutions?

Conclusion

As one of the first MCC compacts, Georgia did not have the benefit of learning from other countries' MCC experiences. But being at the forefront of the MCC's compact pipeline has helped Georgia to innovate. Georgia applied the MCC principles of country ownership, innovation, and public-private partnerships to its compact to achieve results that should last longer than the compact's five-year timeframe. The final five months of implementation will prove crucial as the MCC and MCG seek to complete the compact's projects; as long as the MCC and MCG remain on track in the final stretch, the Georgia compact should prove to be a strong example of the MCC's unique brand of development.

[4] See Appendix A for Georgia's complete indicator results from FY2004-FY2011.

Appendix A: Georgia's MCC Indicator Results, FY2004-FY2011

		FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
	MCC income group	LIC	LIC	LIC	LIC	LIC	LMIC	LMIC	LMIC
Ruling Justly	Political Rights	64%	55-68%	67-85%	63%	69%	43%	44%	48%
	Civil Liberties	65%	49-71%	47-68%	72%	74%	43%	47%	55%
	Control of Corruption	24%	27%	36%	78%	84%	63%	74%	68%
	Government Effectiveness	51%	51%	53%	77%	93%	73%	91%	90%
	Rule of Law	23%	22%	48%	53%	66%	57%	53%	55%
	Voice & Accountability	62%	69%	70%	67%	78%	50%	53%	55%
Investing in People	Immunization Rates	57%	45%	54%	71%	68%	77%	53%	27%
	Health Expenditures	8%	31%	95%	9%	38%	7%	12%	17%
	Primary Education Expenditures	7%	9%	8%	0%	3%	n/a	12%	10%
	Primary Education Completion	88%							
	Girls' Primary Education Completion		80%	73%	70%	71%	17%	48%	83%
	Natural Resource Management				83%	84%	46%	58%	56%
Economic Freedom	Regulatory Quality	43%	41%	46%	65%	89%	90%	100%	100%
	Land Rights & Access				100%	100%	100%	100%	96%
	Credit Rating	39%	52%						
	Days to Start a Business	90%	89%	94%	97%				
	Cost of Starting a Business			87%	92%				
	Business Start-Up					100%	100%	100%	100%
	Trade Policy	63%	50-72%	53-72%	60%	69%	75%	100%	100%
	Inflation	☑	☑	☑	☑	☑	☑	☑	☑
	Fiscal Policy	74%	71%	80%	77%	73%	14%	9%	37%
	Indicator Test Result	Fail	Fail	Pass	Pass	Pass	Fail	Fail	Fail

Note: Individual boxes indicate the percentile ranking of Georgia relative to its income peer group in an indicator in a given fiscal year.