

## Signing of Japanese ODA Loan Agreement with Georgia: Strengthening competitiveness as a regional logistics hub by improving an international corridor

On March 7, the Japan International Cooperation Agency (JICA) signed a loan agreement with Georgia in Tbilisi, the capital city, to provide a Japanese ODA loan of up to a total of 4.41 billion yen for the East-West Highway Improvement Project (II). A Japanese ODA loan (signed in December 2009 for 17.722 billion yen) was provided for the first phase of this project, and this loan will be used for the second phase.

This project will construct and improve the road and bridges between Zestafoni and Samtredia on the East-West Highway, which is a vital logistics network in Georgia connecting the Black Sea and the Caspian Sea, and by extension, Europe and Asia, thereby strengthening the transportation capacity of Georgia and contributing to regional economic development.

In recent years, Georgia has promoted democratization and market economy reforms to proactively encourage foreign investment. According to an evaluation by the World Bank, Georgia has been a foremost country in implementing business environment improvements over the past 12 years, and interest is growing in the country as a target of private sector investment. Georgia is located at the geopolitically critical intersection of Europe, Asia, Russia, and the Middle East, and one of the country's priority challenges is to use its geopolitical predominance to enhance competitiveness as a logistics hub in the Caucasus region.



Signing ceremony between Mr. Fushimi, Chief Representative of JICA Uzbekistan Office, and Mr. Khaduri, the Minister of Finance

As roads carry more than 40 percent of the freight transportation and 90 percent of the passenger transportation in Georgia, the road infrastructure serves as a lifeline for the nation's economy. The East-West Highway is an international corridor connecting the Azerbaijan border to the coast of the Black Sea; and the World Bank, the Asian Development Bank and others have provided assistance to improve adjacent sections of the highway as the highest priority for Georgia. This project is expected to contribute to economic development in Georgia as well as the entire region by constructing and improving the East-West Highway, which plays an important role for the transportation of people and goods in the Caucasus region.

### Reference

#### 1. Terms and Amount of Loan

| Project title                              | Amount (million yen) | Annual interest rate (%) |                     | Repayment period (years) | Grace period (years) | Procurement    |
|--|----------------------|--------------------------|---------------------|--------------------------|----------------------|----------------|
|  |                      | Project                  | Consulting services |                          |                      |                |
| East-West Highway Improvement Project (II) | 4,410                | 1.4                      | 0.01                | 25                       | 7                    | General untied |

#### 2. Executing Agency

Roads Department of the Ministry of Regional Development and Infrastructure of Georgia

Address: 12 Kazbegi Ave., 0160 Tbilisi, Georgia

Phone: + 995-32-37-62-16, fax: + 995-32-37-62-18

#### 3. Planned Implementation Schedule

(1) Completion of project: March 2017 – when the facilities are put into service

(2) Consulting services (including detailed design work and construction monitoring):

Consultants have already been hired

(3) Tender announcement of initial procurement package for international competitive bidding on project construction:

Already contracted