

**2015 – 2017 Regional
Development Programme of
Georgia**

**Mid-Year Progress Report
January - June 2016**

Department of European Integration, Reforms
and Innovations
Ministry of Regional Development and
Infrastructure of Georgia
2016

Introduction

This draft mid-year progress report 2016 has been prepared by the Department of European Integration, Reforms and Innovations, Ministry of Regional Development and Infrastructure of Georgia, in line with the obligations set in the *Monitoring Plan* for the Implementation of 2015-2017 Regional Development Programme of Georgia (RDP) adopted by the Government Commission on Regional Development of Georgia on 26.12.2014. Since the start of the implementation of the RDP this is the third implementation report.

The draft contains summary information on the progress of the financial and physical implementation of the RDP in the first half of 2016 as well as detailed information about the progress of the relevant measures on the basis of information sheets provided by the relevant departments, Ministries or agencies in charge. Complementary information has been collected during informal meetings with all institutions involved in implementation of the measures, from the relevant experts and with the use of other sources like financial execution report of the 2016 State Budget provided by the Treasury, Ministry of Finance.

The draft report, following the consultations with the relevant stakeholders, including the Governor's Administrations, the municipalities (National Association of Local Authorities of Georgia - NALAG) and other institutions and NGOs, including members of academia and private sector, will be presented for discussion within the Inter-Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia, comprising all relevant ministries and subsequently to the Government Commission on Regional Development (GCRD) for final approval.

1. Identification of the RDP Mid-year Progress Report

Reporting Period	January-June 2016
Institution in charge of preparation of the report	Ministry of Regional Development and Infrastructure
Date of completion of the draft report by the MRDI	October 2016
Date of approval of the report by the Governmental Commission on Regional Development	October 2016

2. Key information on the implementation of the RDP 2015-2017 in the reporting period

Section 1. Overview of the implementation of the RDP 2015-2017 in the reporting period

Overview of the implementation of the RDP has been prepared using two sets of data: financial and physical. Detailed information about the progress in implementation of individual measures are to be found in the relevant 6 - monthly information sheets prepared by all involved departments, ministries and implementing agencies and delivered to the MRDI between July and September 2016, that are consequently summarised in the Annex 1.

The report shows the financial performance within the RDP measures in the 1st half of 2016 in regard to the State Budget for 2016, adopted by the Government in December 2015. The data was provided by the State Treasury.

The difference between expenditure planned for 2016 under RDP Monitoring Plan adopted by GCRD in December 2014 and the current projections based on the State budget for 2016 is not very significant. The annual Target is 1,209.1 M GEL according to the 2016 year state budget.

The highest increase of planned expenditure for 2016 in comparison to the original RDP financial Plan is to be found in priority:

- 3 “Rural development” - financing has been grown from GEL 215 M. to GEL 272 M. (especially in the measure 3.2 Access to finance and 3.3 “Other programs for rural development” from 76 to 144).
- Under the Priority 1 in the measure “Water supply, sewage systems and waste management” financing has been grown from GEL 129 to 162M.

At this stage, according to the best indicator of financial resources absorbing, we should pick out the following priorities and measures:

- *2 - Supporting the development of SMEs and the creation of new jobs – 52%*
- *4- tourism development promoting – 56%*

On the measure level:

- *1.4 Natural Disaster Risk Reduction and Protection -52,5%*
- *3.2 Improve access to finance (Agro-credit programme) – 57%*
- *5.3 Agriculture Related VET & Extension Systems – 78%*
- *5.5 Training of Public Servants in the Region – 50%*

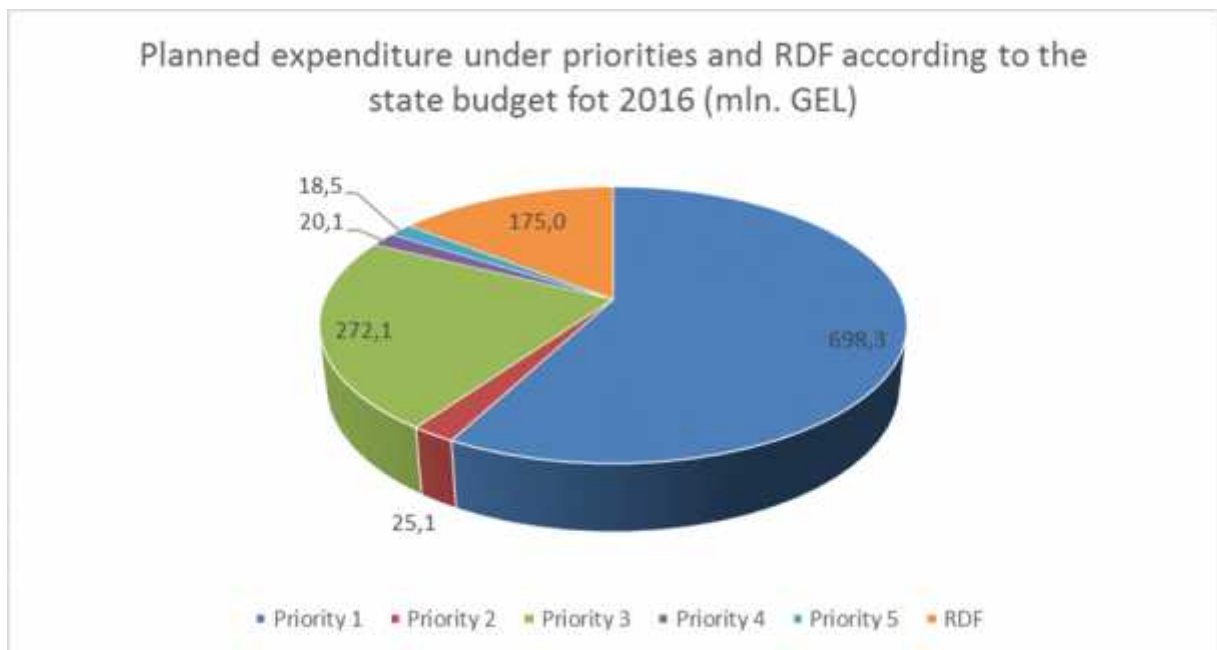
As concern retardation of implementation, we should pick out the following measures:

- *1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy – 21,8%*
- *3.1 irrigation system modernizing – 25%*
- *5.1 Labour Market Demand Survey – 18%*
- *5.4 Training of VET Teachers and Continuous Professional Development – 13%*

Summary of financial progress

The implementation of the Regional Development Programme 2015-2017 started at the beginning of 2015. By the end of 2015 expenditure on the implementation of measures included in the RDP amounted to 1,101 billion GEL, which was 84.5 % of the original RDP plan for 2015 or 98.8% according to the amended State Budget. Both figures are remarkable higher than the EU Financing memorandum performance condition (Policy reform matrix, Policy area 3) for 2015 – *“Annual actual expenditure under the regional development programme should be within 70% of the overall public/budgetary expenditure foreseen for the RD in the year in question”*.

Chart 1. Planned expenditure for 2016 under 2015-2017 RDP.



Year 2016 is the second year of the implementation of the RDP. The total planned expenditure for 2016 is 1.209 billion GEL, which is by 3.7% higher than the expenditure planned for 2015 – 1.166 billion GEL, according to the revised State Budget.

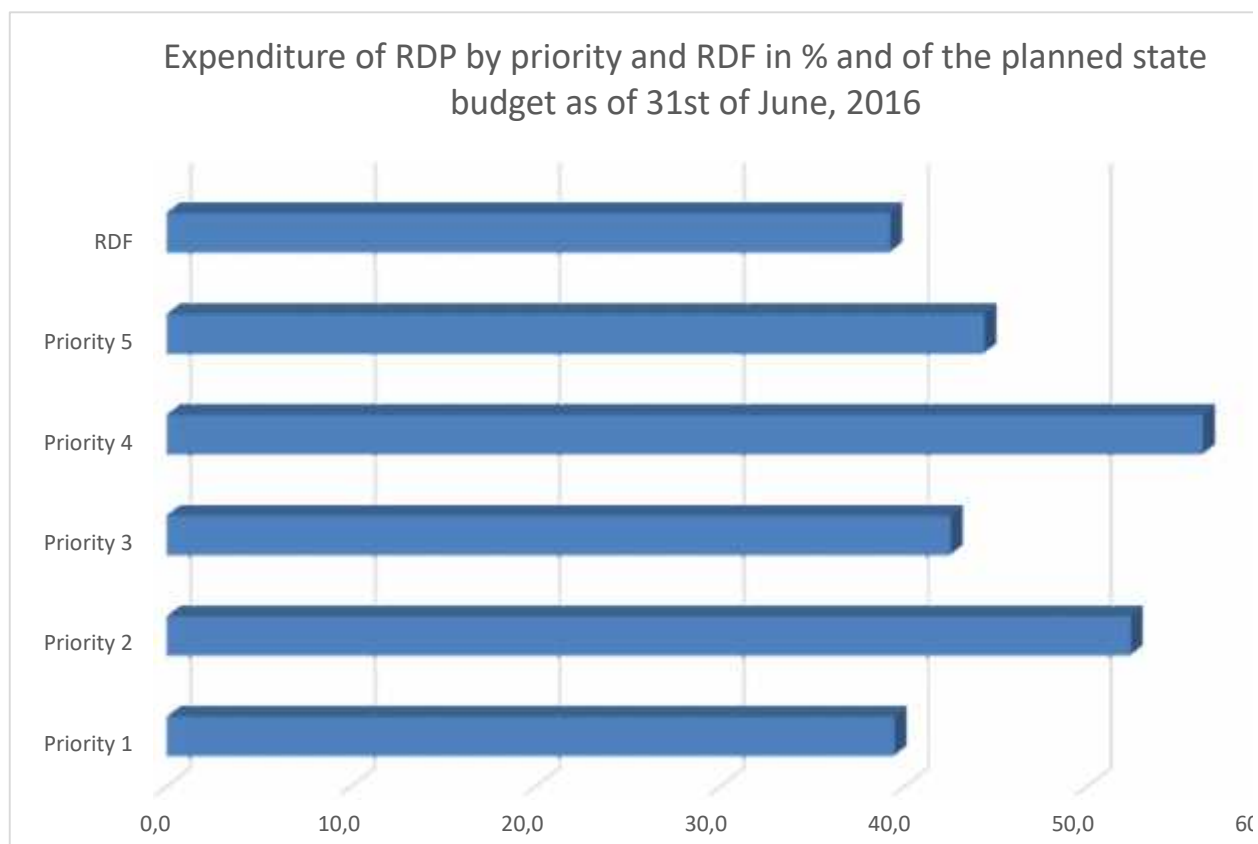
At the end of June total expenditure reached 491 M GEL, which represents 40,7% of the total planned for 2016 expenditure according to the current State Budget. Taking into account the fact that the execution rate of the RDP at the end of June 2015 was 36.2% (according to the revised State Budget), this figure **shows improvement in speed of the implementation of Programme** in the first 6 months of the year. Existing evidence suggests that this increase can be attributed to the external economic and climate factors (such as better situation of the budget and favourable weather conditions) but also due to improvement in the management quality of the RDP measures. Majority of measures improved its performance in the first half of the year in comparison to 2015 year with the most remarkable examples like measure:

- 2.1 “Support for SMEs” (52% in the first 6 months of 2016 in comparison to only 18,5% in the first half of 2015) and
- Regional Development Fund (39% in the first 6 months of 2016 in comparison to only 17.5% in the first half of 2015).

Reported good progress in realization of infrastructural projects, which represent more than 50% of the total RDP’s allocation (especially roads, water supply and sewage infrastructure), shows that the whole RDP is on the way to meet targets set in the Policy Reform Matrix for 2016 (80% of planned expenditure must be utilised by the end of the year). No major risks to achieve this goal have been identified.

A closer look at the implementation progress shows that implementation of the RDP at the level of priorities is quite balanced – percentage of used funds vary from 39.1% (Regional Development Fund) to 56.2% (priority 2 - “*Supporting development of SME’s*”). The slowest implementation (among priorities) of the Regional Development Fund in the first half of the year can be explained by the fact that it requires preparation and subsequent realisation by municipalities, not having often sufficient administrative capacity, of many small, mostly infrastructural individual projects what is understandably more labour-intensive and time-consuming on a side of administration, than utilisation of grants by individual SMEs.

Chart 2. Expenditure of the RDP by priority & RDF in % of the planned State Budget as of 31 of June, 2016



More significant differences are to be found in terms of implementation of measures and sub-measures identified by their budgetary codes (Chart 3).

As revealed by the Chart 3, the best speed of implementation can be observed under the measure 3.2 - "Access to finance" within the Rural Development priority, where in the first half of the year already more than half (56 %) of planned resources was disbursed. In contrast – under the same priority can be observed as the worst performing measure 3.1 "Modernisation of the irrigation systems". (24,5 %)

As a general rule, the pace of implementation of infrastructural measures (roads, water supply, sewage systems, irrigation systems and smaller-scale infrastructural projects under Regional Development Fund) is slower than those aiming to support enterprise, tourism or training schemes, which are not so climate conditions dependent and do not tend to require a lot of preparatory work (project designing) on a side of the public administration at various levels of management.

Chart 3. Comparison between progress in implementation of RDP 2015-2017 in 2015 and 2016 at the level of priority axis and measures in the first half of the year

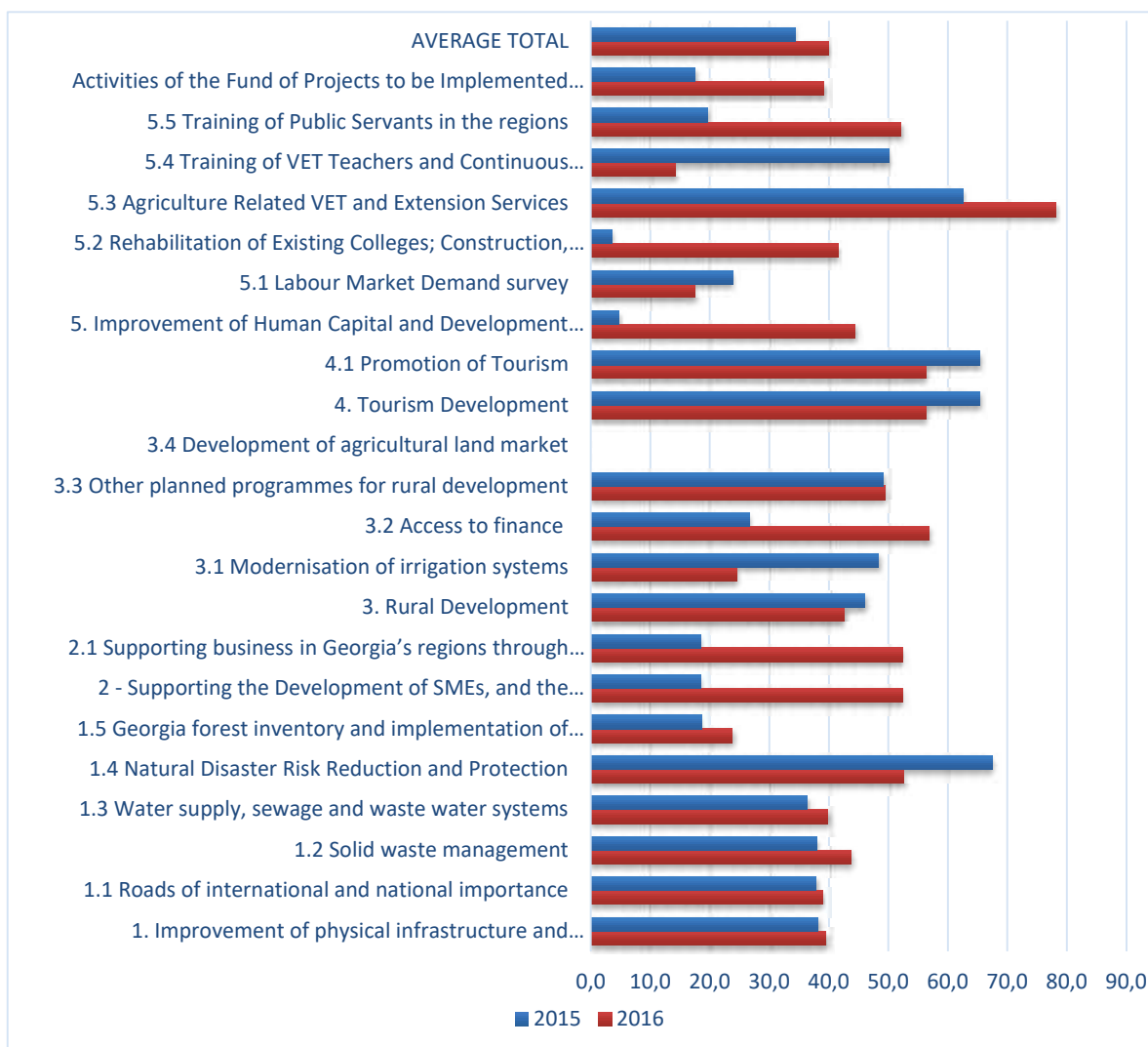


Chart 3 shows also improvement in performance of individual measures between first half 2015 and first half of 2016. Remarkable improvement is to be noticed especially in the performance of:

- Regional Development Fund (increase from 17,5% to 39,1);
- measure 5.2 „Rehabilitation of existing colleges, Construction, Equipment and Staffing of new colleges”(increase from 3,6% to 41,4% and
- under agricultural priority measure 3.2 „Access to finance.” (increase from 26,7% to 56,7%).

Improvement in the performance of the Regional Development Fund can be attributed mostly to the simplification of rules and improvement in management of this important regional policy tool, what is very much in line with the recommendations made in the last two RDP monitoring reports.

Summary of physical progress

Annex 5 of the RDP Monitoring Plan adopted by GCRD in December 2014 set several indicators for individual measures however, most of them were not quantified in terms of targets, neither for 2015, nor for 2016/2017. During 2015 and 2016, the Ministries and the implementing agencies, at the request of MRDI and the European Commission, managed to establish target values for majority of set indicators but still some measures and operations are left without it¹.

For the RDP Mid-Year 2016 Progress Monitoring Report the reference point was the table developed under RDP Annual 2015 Monitoring Report - the physical progress is presented in table below.

In regards to the broader results of the RDP, they will be assessed by the evaluation study at the end of the RDP 2015-2017 implementation. Some result indicators were identified in the description of the relevant measure sheets, but very rarely targets were set. General information about achieved results of each of individual measures is provided in the Annex 1. The RDP Annual Monitoring Report for 2016 will contain more detailed information regarding the issues, based on a developing special questionnaire.

On the basis of information sheets and additional information provided by the Ministries and the implementing agencies, the physical progress of the implementation of the 2015- 2017 RDP in the first half of 2016 can be summarized as follows (see annex 1 for details on individual measures):

- for majority of measures, physical progress can be assessed as satisfactory and leading to achieve set for the 2016 or for the whole period 2015-2017 targets, more detailed analysis in regard to the progress in achievement of 2017 targets will be done in the RDP 2016 Annual Report;

Genuine performance of majority of measures in financial terms resulted in better, than in the first half of 2015, results in construction or rehabilitation of roads and - on average - other technical infrastructure investments. The most remarkable improvement, in comparison to the first half of 2015, was achieved by the **Regional Development Fund** what is the result of simplifications made and mobilization on both - the Government and the municipalities' sides.

¹ The remaining gaps in setting targets are to be found in measure 1.3 “Construction and Rehabilitation of Water Supply and Sewerage Systems”; partially for measure 3.3 “Other Rural Development Programs”, 4.1 “Tourism Promotion”; 5.3 Agriculture Related VET & extension Systems” and others). To better measure effectiveness of the whole RDP setting these and other missing targets should be a priority when preparing the RDP annual reports for 2016 and 2017.

In total, in the first half of 2016 Regional Development Programme contributed to:

- completion and opening of 18 km of the motorway in the Tbilisi- Kutaisi - Batumi corridor, 83 km of new roads and 3 new bridges;

measure	name of indicator	Measurement Unit	Target value 2017	2016		
				I half	II half	total
1.1 Roads of international and national importance	Rehabilitation – periodical maintenance works on roads	km	700 (2017)	83		83
	Construction of highway	km	80 (2017)	18		18
	Bridges rehabilitation/construction	unit	120 (2017)	10		10

- Under the 1.2. Solid Waste Management measure a lot of preparatory work has been noted concerning closing and rehabilitation of old dumps but until now without finalization;

1.2 Solid Waste Management	Number of new (regional) dumps	unit	0			0
	Number of old closed dumps	units	17 (2015)	1		1
	Number of rehabilitated dumps	unit	22 (2015)			0

- Under Measure 1.3. Construction and rehabilitation of water supply and sewerage systems ongoing works allowed already for connection of more than almost 7000 new customers to the water supply systems (only 4700 in the whole 2015 were connected);

1.3 Construction and rehabilitation of water supply and sewerage systems	Number of constructed and rehabilitated head works	Unit	no target	0	0	0
	Number of constructed filtration facilities	Unit	no target	0	0	0
	Number of metered new customers	Number	10100	6987		6987
	Length of rehabilitated or newly constructed sewerage system pipes	Km	no target	10,34	0	10,34
	Length of rehabilitated or newly constructed water supply pipes	Km	no target	131,2		131,2

	Number of new customers connected to the sewerage systems	Number	no target	296	0	296
	Number of new customers connected to the water supply systems	number	10100	6987	0	6987

- works were carried out in 21 locations as response to natural disasters and prevention measures, 10 of them had been finalized before the end of June, in addition National Environmental Agency implemented a big number of activities concerning environmental protection and research (details are listed in annex 1);

1.4 Natural Disaster Risk Reduction and Protection and Management of Polluted areas of old Industrial sites	Analytical study on natural hazards forecasting including recommendations	number		2		2
	Regional natural hazards/disasters forecasting early warning system	Number of regions		95		95
	Municipal plans of preventive measures for natural hazards	Number	For all vulnerable municipalities			1
	Coast fortification works	number of projects	50 (2017)	5		5
	Works to be carried out as the immediate response to natural disasters and prevention	number of projects	70 (2017)	11		11

	Recommendations on natural hazards forecasting	number		72		72
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- Under measure 1.5 works were continued both aiming at improving methodological and legislative framework concerning restoration and prevention of forests as well management of forests. Number of trained specialist of National Forest Agency reached 400 (in comparison to only 60 in the first half of 2015), in 22400 ha of forests were improved sanitary conditions and 76 km of forestry roads were upgraded and rehabilitated;

1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy	Number of normative documents (Legislative base established)	number	2	5		5
	Number of trained specialists of National forest Agency	number	900 (2017)	400~		
	Improving sanitary conditions of forest	ha	86,800 (2017)	22400		22400
	Forest roads rehabilitation	km	750 (2017)	76,32		76,32
	Number of regional forestry districts equipped with fire-fighting tools	number	46	0		2

- According to the reported figures good progress is to be noted in terms of supporting SMEs under measure 2.1. Through the program, more than 53 million GEL was stimulated to issue the commercial loan.

This section deals with both aspects of the program: "Produce in Georgia" industrial direction and "Produce in Georgia" to promote micro and small businesses direction, that have different results. Industrial direction includes on the received commercial loan and / or leasing object

accrued annual interest rate co-financing during 2 years within the program by the participating companies for the business development.

By this direction 32 business entities (including Adjara and Tbilisi) were supported during the first half of 2016, the total amount of investment to be implemented by these entities exceeds GEL 30 million. Through the program, more than 53 million GEL was stimulated to issue the commercial loan.

The state program "Produce in Georgia" also includes the part of development of micro and small enterprises, which is aimed supporting the activities of micro and small business in Georgian regions by providing the necessary financial resources and knowledge for the business development.

By this direction 535 micro and small entrepreneur were supported by the agency during the first half of 2016 (including 42 projects in Adjara), within the program were created more than 2000 new jobs and were trained 3716 beneficiaries.

2.1 Supporting business in Georgia's regions through institutional and programming activities	Number of supported enterprises	unit	65 (2016)	32		32
	Upgraded businesses	Number of Businesses	20 (2015)	16		16
	Value of loans issued by commercial banks within the programme	MGEL	90 (2016)	30		30,122
	The total amount of investment to be implemented	MGEL	125 (2016)	54		54
	Micro and small businesses set up in regions (micro and small entrepreneurship support part)	unit	3000 (2017)	535		535
	New jobs created	unit	4800 (2017)	2081		2081

	Beneficiaries trained (micro and small entrepreneurship support part)	unit	8725 (2017)	3716		3716
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- progress was also visible regarding agricultural and rural development activities:
 - 10 irrigation system projects and 2 drainage systems projects were fully realized, what resulted in 14,468 ha of irrigated land plots and 5,350 ha of arable land with improved drainage systems;

3.1 Improve agriculture water management	Number of rehabilitated and new irrigation projects	unit	no target	46		46
	Acreage of additional irrigated land plots	ha	8752	14468		14468
	Acreage of land with proper drainage system	ha	5819	5350		5350

- Agro-credit program allowed establishment of 5 new firms and disbursement of 807 loans (748 - in the first half of 2015), a lot of other activities was implemented under measure 3.3 concerning support to agricultural cooperatives, co-financing agriculture products processing companies, food safety and development of viticulture and implementation of scientific research measures in agriculture (for details see annex 1).

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3.2 Improve access to finance	Number of new enterprises and farms financed through this program	unit	50 (2017)	5		5
	Number of loans under this programme	unit	2500 (2017)	807		807

3.3 Other rural development programs	Number of food and agribusiness enterprises monitored against food safety measures	unit	8000	4150		4150
	Number of research projects completed or in pipeline	unit	no target			
	Number of events financed through the Georgian wine promotional campaign	unit	89	57		57
	Number of agriculture cooperatives formed	unit	no target	340		340
	Number of tests conducted for food safety and quality control	unit	3500	1385		1385
	Land area prepared for Demonstration plots	Ha		240,72		241

- good performance in physical terms was observed under tourism support measure (4.1) – construction and rehabilitation of information centers in different locations across the country has started (2 are planned to be opened later this year), in 7 training sessions for tourism sector 420 participants were recorded (770 in the first half of 2015), all together 98 marketing activities were conducted, what aimed at promotion of Georgia’s tourism potential;

4.1. Tourism development	Number of regional studies completed	unit	no target			
	Number of information centres established	unit	no target			
	Number of training courses provided	unit		6		6
	Number of participants of training courses	unit	no target	420		420
	Number of marketing activities	unit	no target	98		98
	Number of "tourism products" developed.	unit	no target	3		3

- Under measure 5.2 continued support for the strengthening of the capacity of the vocational colleges located in different regions of the country: 11 colleges implementing professional development programs were equipped and 13 education centers received innovative manufacturing laboratories, building of 2 students dormitories were started;

5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges	New regional colleges constructed/renovated, equipped and staffed to a specified level.	unit	1	2		2
	Number of existing colleges constructed/renovated, equipped and staffed to a specified level	unit	no target	11		
	Capacity of colleges constructed/renovated, equipped and staffed	number	no target			

	New colleges constructed/renovated, equipped and staffed on specified levels with participation of the private sector	unit	no target	5		5
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- Under measure 5.3 further support by UNDP was provided to the development of programs, on the basis of developed modules provision of trainings for teachers in the area of agriculture related VET services and work-based pilot learning for farmers implemented with the cooperation of Georgian Farmer’s Association. In the first half of the year among others (see details in annex 1): 110 teachers and extension workers were trained (only 20 in the first half of 2015) and 10 projects supporting provision of furniture and equipment to improve learning infrastructure;

5.3 Agriculture Related VET & Extension Systems	Trained VET teachers and extension workers	number	no target	110		110
	Supported projects to improve learning environment (infrastructure, training materials, and equipment)	unit	no target	10		10
	VET colleges and Information Consultancy Centres which have introduced effective and innovative agriculture study programs and capacity to deliver extension services in agriculture	unit	no target	16		16
	Trained persons providing VET services (veterinarians, zoo-technicians, food processors, agriculture, machinery operators, input suppliers and animal food producers)	number	no target	15		15
	Number of participants from private sector who provide their input in professional re-training and agriculture innovations	number	no target	10		

	Creation of the public-private cooperation platform to ensure coordination of consultation service and provision of agricultural training and extension services	number	no target	2		created 2 groups
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- under measure 5.4 with the support of UNDP was continued implementation of the 2014's conception of teachers' professional development and education: number of trained VET teachers reached 563 person in the first half of 2016 (519 in the first half of 2015);

5.4 Training of VET Teachers and Continuous Professional Development	Formation of professional development system for VET teachers	unit	Formation of professional development system for VET teachers	in process		in process
	Number of teachers trained according to needs assessment analysis	unit	no target	563		563
	Number of trainings in a real working environment	unit	no target	74		74

- With the support of the UNDP (Regional and Local Development Support Project) and Vano Khukhunaishvili Reform center (CEGSTAR) under the project of training of public servants (measure 5.5) was organized 15 trainings (486 training days) for 249 public officials including representatives of local self-governments and 177 from administration of governors and MRDI;

5.5 Training of Public Servants in the Regions	No of municipalities with effective HR policies	unit	10 (2017)	76		76
	No of new training programmes (curricula)	unit	12 (2017)	8		8
	No of joint actions of the training providers and municipalities implemented	unit	12 (2017)			
	No of persons/days of trainings organized	person-days	4500 (2017)	516		516

	No of local officials trained (gender disaggregated)	number	2,000 including 600 F 1,400 M	258		258
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Implementation of projects under Regional Development Fund was much more advanced in the first half of 2016 than in the same period of 2015. Majority of projects were in their preparatory of realization phase, however a lot of them representing different types of infrastructure (ranging from road, water supply to sport and dwelling facilities) were already accomplished by the end of June (for details and regional breakdown see annex 1). Among others in total 140 km of roads were constructed or rehabilitated in all regions of Georgia (excluding Tbilisi) in comparison to only 56 km in the first half of 2015, 22 water supply facilities were constructed or rehabilitated (only 14 one year ago), 3,5 thousand of street lighting (0 one year ago) and 3 multi family dwelling construction (0 one year ago)

As mentioned above, with respect to the broader results of the RDP, they will be assessed by the evaluation study at the end of the RDP 2015-2017 implementation. Some result indicators were identified in the description of the relevant measure sheets but very rarely targets were set. General information about achieved results of each of individual measures is provided in the annex 1 (in blue boxes). The RDP Annual Monitoring Report for 2016 will contain more detailed information regarding this issue based on a being developed a special questionnaire.

Regional Development Fund	Roads construction/rehabilitation	km	457,8	139,9		140
	Water supply construction/rehabilitation	meters	522,07	21,7		22
	Water supply other infrastructure system construction/rehabilitation	number of projects	20	1		1
	KGs construction/rehabilitation	number of projects	96	9		9
	Sports facilities construction/rehabilitation	number of projects	14	7		7
	Culture facilities construction/rehabilitation	number of projects	14	2		2
	Street lighting	meters	34935	3375		3375
	Bridges construction/rehabilitation	number of projects	90	3		3

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	Coast fortification system construction/rehabilitation	meters	1988	170		170
	Drainage system construction/rehabilitation in progress	meters	39290	2350		2350
	Multi family dwelling construction/rehabilitation	number of projects	402	3		3
	Construction/rehabilitation of sewage system	meters	16 823	1 836		
	Recreation facilities	numbers	8	1		
	Other infrastructure construction/rehabilitation	number of projects	7			

Section 2. Analysis of factors influencing the progress in achievement of objectives and financial and physical targets

Macro-Economic and Financial Situation²

In February 2016, the Prime Minister of Georgia introduced his four-point reform programme to address economic vulnerabilities and external shocks to the economy. This economic development plan includes new tax benefits, improved infrastructure, governance reforms, and an overhaul to the education system. In keeping with the European Union–Georgia Association Agreement that came into force in July 2016, the Government plans to harness the gains of deeper integration by promoting the reallocation of capital and labour to more productive industries, building supporting firms to comply with the harmonisation of the legal and regulatory frameworks, and upgrading state institutions to improve trade facilitation, reduce technical barriers to trade, protect intellectual property rights, and develop the country’s human capital.

Against the backdrop of the developed economic shocks of the global economic slowdown in the region, The GDP growth rate after slowdown in 2015 to an estimated GDP growth of 2,8% (from 4.8% in 2014) for the first half of 2016 increased to 2.9%, thanks to growth of the construction and other non-tradable sectors by 26%.

In 2016, the projected economic growth amounts 3.0 percent. According to IMF Prognosis to be 5.2 percent in 2017, the real GDP growth will be 5.2 percent in 2017 year.

In 2015, the deficit declined in nominal terms, but increased its ratio indicator with GDP through the denominator effect, as a result of US dollar-denominated GDP decrease. In 2015 the current account deficit reached 12 percent of GDP. In 2016, as a result of the improvement the balance of trade, remittances, and tourism receipts, the current account deficit is reduced. By the second quarter of 2016, total external debt reached 108.7% of GDP. In the second quarter of 2016, the budget deficit was 2.0% of GDP.

The decline in exports and remittances, widened the current account deficit from 12% of GDP in 2015 to 13% in the first quarter of 2016 however external debt declined from 107% of GDP in 2015 to 100% in the first quarter of 2016, after US\$675 million in intercompany loans was written off. In an effort to support growth, the Government boosted both capital and current spending, thereby

² On the basis of the World Bank Georgia economic overview;
<http://www.worldbank.org/en/country/georgia/overview#3>; access 24.10.2016

widening the fiscal deficit to 2.5% of GDP. The GDP growth in the whole 2016 is expected to reach 3.4% in 2016.

Administrative capacity

Administrative capacity effectiveness is to be understood as ability of the procedural and institutional system (including human resources) to implement planned measures according to financial and physical targets. Considering the overall good performance of the RDP in 2015 and observed improved performance in the implementation of the RDP's measures in the first half of 2016 in comparison to the first half of 2015, administrative capacity of the Georgian Administration to deal with development issues according to set plans, should be assessed in general as a good one and improving further.

As regards implementation process there has been no detected systemic barriers which could prevent administration from implementation of budgetary resources in a timely and effective manner, however are still to be found persisting problems with understanding monitoring requirements, especially in regard to presenting physical progress, understanding of results achieved and on the use of government accounting systems for RDP purposes.

Another crucial issue is (as reported in previous monitoring reports) further development of the capacity of the MRDI to coordinate the whole process of implementation (including reporting process) and deliver proper measures to strengthen the capacity of all stakeholders.

Climate and weather conditions. Natural disasters

According to the information, presented by ministries and implementing agencies this group of factors were not influencing substantially implementation of projects in the first half of 2016.

Other factors

An important factor influencing the realization of the RDP in the first half of the 2016 was the October parliamentary elections that was translated into significant increase in government spending and mobilization of all governmental agencies and ministries in financing pro-development projects. For some sectors (roads building, solid waste management, agriculture, the issue of harmonization of standards (technical norms) and harmonization of Georgian legislation with international (European) standards was mentioned in the context of Georgia EU Association Agreement.

Other factors influencing the implementation of the RDP had been sector-specific. They are summarized below on the basis of information sheets presented by individual agencies and ministries:

Roads

To get closer to the world's most recognized international legal norms and standards the harmonization of the old and modern standards is very important. Within the EU technical assistance project, Twinning Project is being working out by the Ministry of regional Development and infrastructure of Georgia, which will include series of measures and concrete steps for the direction of promoting the development of quality infrastructure.

Solid waste management

Improvement of legislative base related to waste management (in particular management of dumps), will contribute to the execution of the company's statutory functions and tasks ("Waste Management Code", technical regulation on approval of "Improvement of solid household waste dumps and operational rules and norms). Also, the related legislation improvement represents the commitment undertaken in the waste management sector within the Georgia-EU Association Agreement. The issue is related to harmonization of Georgian legislation with European directives on dumps: closing existing dumps in accordance with international standards, construction and operation of modern sanitary landfills.

Water Supply

The Water Supply Management Company of Georgia (UWSC) should be the recipient and the issuer of the invoices of the projects related to the water and sewage systems. As a result, all the transactions will be reflected into the balance of the UWSC. It will make easier to refund and accumulate VAT by the UWSC and assess the fair value of the assets.

Due to the lack of the qualification among Georgian staff, it is necessary to share international experience through the training delivered to high qualify Georgian personnel for the inspection the systems and modern technological installation.

The improving of the existing legislation, especially related to the procurement operations, will help to focus on the quality of technological systems and installations during the process of procurement and for unification of technology and equipment.

Enterprise support

The governmental programme “Produce in Georgia” consists of two main directions: 1) industrial one, that covers the whole territory of Georgia and 2) micro and small entrepreneurship support that covers the whole territory of Georgia, except Tbilisi. Therefore, the budget of the project of the Agency considers financial support of entrepreneurs in the abovementioned geographic area. Considering the specificity of implementation of each component of the program in the report of implementation of measures of Regional Development Program some inaccuracies might be observed. For maximum accuracy of the report, the abovementioned circumstances should be considered and adequate corrections should be made (if possible).

Agriculture

Amelioration system

Because of lack of cadastre information about ameliorated areas:

- It's hard to count actual indicator of amelioration fund.
- It's hard to carry out periodic inventory of Ameliorated areas.

To solve the problem, it is essential that the Ministry of Agriculture of Georgia initiate this issue in the Government. "Georgian Amelioration" needs about 1.0 billion investment for achieving results have been aimed by the Action Plan. For this reason, it is required to set company goals, identify future priorities and focus on potential donor intervention. It's necessary to involve the Ministry of Agriculture of Georgia and relevant structures in a process of adoption “Law on Hydro-amelioration of Georgia” for reforming Amelioration sector.

Phytopsanitary

Since the processing works are carried out on private plots of farmers, involvement of municipalities is needed for the effective implementation of the measures.

With the purpose of successful realisation of the state project, active inclusion of municipalities, as well as of various institutions in the process, quick exchange of information, among them from the part of municipalities, is a matter of huge importance.

Land Registration

The law on "Improvement of cadastral data and special rule of systemic and sporadic registration of rights on the land areas within the frameworks of state project" granted the function for the local authorities to confirm factual condition of the land area. That is why the timely cooperation with the central and local governments and exchange the information and data is essential.

National Environment Agency (disasters' prevention)

Environmental monitoring (Hydrometeorology and Geology sector) requires improvement, for which the following actions are essential:

- Finding financial resources;
- Active cooperation with the International organizations and donor countries;
- Radar and areological observations recovery, for creation an effective early warning system on possible natural hydro-meteorological events. Purchase and install an additional 10 meteorological stations

Forestry

The recommendations are about improvement of quality of appropriate activities, coordination, management and implementation in general.

- planning of forest management for protection of it's useful functions to receive maximum benefits for;
- improvement of legislative base;
- capacity building of staff in the entities responsible for the forest management: investments are required in HR, equipment, buildings and infrastructure;
- raising public awareness about importance of forests, sustainable management principles of forests and popularization among decision makers;
- integration of professional education system of forest sector into the education system.

Fund for Projects to be Implemented in the Regions

"Selection procedures and criteria of local self-government and regional projects to be financed from the Fund of the projects to be implemented in the regions of Georgia, prescribed by the state budget of Georgia" - to initiate the amendment in N 23 Resolution - 7 February, 2013 proved by GoG , according to which municipalities are assigned about reporting commitment after completing projects.

Reporting

The staff of the reported agencies should be trained on how to represent the information necessary to compile the RDP Monitoring Report. It relates for textual part and data (physical and financial indicators). The reporting agencies should be able to provide the cause-effect relationship for each measure in the text part of their report and illustrate it by physical and financial indicators with the

clear explanations. The staff of MRDI should be able to create a clear final report based on the inputs provided by the agencies.

Section 4. Recommendations concerning management, implementation and programming of RDP 2015-2017

Effectiveness of implementation and the performance of the 2015-2017 RDP is improving further, however there are still barriers concerning mostly different aspects of management (including monitoring) and implementation of projects, which must be tackled in coming months in order to build efficient system of regional policy implementation in Georgia. Due to little progress made in some areas, recommendations presented below partially repeat those presented in the RDP 2015 Annual Monitoring Report.

1. Considering still uneven quality of the implementation and monitoring process between different measures, agencies and ministries, there is still a need for continuation of strengthening the administrative capacity of Georgian Administration to deal with programming, implementation and monitoring issues according to the EU standards. This should be a priority for the MRDI using human and financial resources **of the Support to Regional Development Policy Implementation II EU funded TA project** (official started on 12th of September but still in inception phase). Reported by the Ministries and agencies needs in this regard can be met both by horizontal programmes, tackling the whole administration at national, regional and local levels (e.g. state procurement, monitoring process, including expected results and other indicators, project management cycle) and more focused activities organised on the basis of detailed Training Needs Assessment targeting different groups of administration or organised thematically (e.g. EU environmental standards, promotion of innovation, local development, technical norms and standards in infrastructure modernisation and development).
2. In many Ministries and agencies there is also an obvious need for increasing the number of staff dealing with planning and monitoring development related activities As was already mentioned in the RDP 2015 Monitoring Report – the necessity for this will be growing in line with the deepening of socio-economic and political cooperation between the EU and Georgia.
3. There is a need for continuous work on further improvement of the reliability and accuracy of the monitoring process of the RDP 2015-2017, which include:

- a. Necessity for better defining the reference point for measuring financial performance of the Program for 2016 and 2017. It is recommended to update current annex 6 of the RDP Monitoring Plan two times a year by the decision of the GCRD only with the information referring to the situation as of 31 December and 31 of June of the year in question.
 - b. According to the numerous consultations and the recommendations provided by the RDP implementing counterparts concerning the number of tables to be filled in, it was found advisable and necessary to further simplify relevant procedures regarding the reporting mechanism on providing the financial data, by combining data tables into one unified form. In its turn, the above change ensures better visibility of achieved results and easy accessibility to required information, as well as excludes duplication of information in the different parts of the final document and its annexes.
 - c. Defining all physical targets (output indicators) for 2017 by all relevant agencies and ministries.
 - d. Broader socio-economic results should be a subject **of separate study prepared after the end of 2016 and evaluation of achieved results by the whole RDP after the end of implementation process.**
4. In relation to the comments made by some ministries and implementing agencies and in view to improve communication and quality of the process of implementation and monitoring RDP activities there is **a need for better coordination of ministries, agencies and other stakeholders** in regard to programming, monitoring and implementation of the regional policy. This may include:
- a. Strengthening the capacity of the MRDI to deal with various coordination activities, undertaken in the regional policy area, including better staffing, additional trainings, more power in relation to setting standards for programming, monitoring and implementation and the application of territorial dimension to sectoral policies.
 - b. Improving coordination between different agencies operating in the same field (e.g. MDF, United Water Supply Company, RDPF Unit). This should lead to harmonisation of selection criteria of the same types of projects - what in turn should decrease the risk of the overlapping and competition between public

institutions, improve planning and increase effectiveness and efficiency of the public expenditure.

- In order to increase public awareness and commitment towards realisation of the regional policy goals and at the same time, increase its relevance to the territorial needs, it is crucial to assure more active participation of various policy stakeholders (business community, NGOs) in the process of preparation and monitoring of the RDP.

Annex 1. Short summary of the physical and financial progress at the level of individual measures (extract)

1.1 Roads of international and national importance

The project of Construction of high Speed highways E-60, E-70 that connects East and West parts of the country (Batumi-Tbilisi-Poti-Tsiteli Khidi) is the main priority in the roads sector in 2016 (budget code 25 02 03). During H1 2016, 85 km of the roads were under the construction in the East and West parts of Georgia. Traffic was opened on 18.2 km of the highway. 83 km roads and 3 new bridges were built. 33.6% of 2016 state budget allocations were disbursed under the measure.

measure	budget code	name of the budget code	2016				2016		
			Target value; mln GEL	actual expense; mln GEL/%			Implementing progress (%)		
				I half	II half	total	I half	II half	total
1. Improvement of Physical Infrastructure and environmental Protection	total	Total Allocation for Priority 1	698,3	275,0	0,0	275,0	39,4	0,0	39,4
Roads of international and national importance		Total Allocation for the measure 1.1	506,7	197,2	0,0	197,2	38,9	0,0	38,9
	25 02 02 (except 25 02 02 05 and 25 02 02 07)	Construction and Maintenance of Roads	233,7	105,5		105,5	45,1	0,0	45,1
	25 02 03	Construction of High Speed Highways	273,0	91,7		91,7	33,6	0,0	33,6

Seven bridges were rehabilitated. The rehabilitation works were carried out on 6,000 km of Roads of international and national importance. The works included rehabilitation, maintenance and prevention stone fall from roadside rocks, snow cleaning and keeping operational capacity of the roads in winter period.

Specific results of the measure include:

- Increasing roads safety and driving conditions; reducing travel time, especially between major urban centers of Georgia (Tbilisi – Kutaisi – Batumi);
- Improving technical and operational conditions of the roads; making transportation more comfortable and less time-consuming;
- Increasing operational quality and safety of roads.

1.2 Solid Waste Management

The five years' strategic goal of Solid Waste Management Company (see. http://waste.gov.ge/ge/?page_id=57, pp. 20-21) is to reduce the harmful impact of the dumps on environment, human health and ecosystems through their rehabilitation/remediation, as well as by extension of landfills and gradual closure of certain landfills in specific regions.

1.2 Solid Waste Management		Total Allocation for the measure 1.2	8,4	3,7	0,0	3,7	43,6	0,0	43,6
	25 03 07	Georgia Solid Waste Management	5,5	3,0		3,0	54,5	0,0	54,5
	25 03 08	The Integrated Solid Waste Management project of Kutaisi (EU, KFW)	1,6	0,5		0,5	34,1	0,0	34,1
	25 03 09	Kvemo Qartli waste management project (EBRD, SIDA)	1,3	0,1		0,1	9,2	0,0	9,2

During H1 2016, within the project of Solid Waste Management the upgrading works on Rustavi dump were in progress, also upgrading of Imereti - Tkibuli and Racha-Lechkhumi Kvemo Svaneti - Tsageri dumps and closure of Samtskhe Javakheti – Borjomi, Bakuriani, Kvemo Kartli - Tsalka, Manglisi, Samegrelo – Zemo Svaneti Martvili dumps were in progress. All those projects are planned to be completed by the end of 2016. During H1 2016, works on 3 waste transfer stations (in Samtskhe-Javakheti: Borjomi – for Borjomi and Bakuriani; In Kvemo Kartli Daba Manglisi – for Manglisi and Tsalka; in Samegrelo-Zemo Svaneti Daba Mestia – for Zemo Svaneti region) were in progress. During the reporting period 54.5% of the allocated funds were disbursed.

Kutaisi (Imereti) Integrated Solid Waste Management Project (EU, KFW) - 25 03 08. The allocation for the project for 2016 is GEL 1.6 mln, during H1 2016 34.1% were disbursed – the amount paid to the consulting service provider. Opening of the land field is planned in 2018.

Kvemo Kartli Integrated Solid Waste Management Project (EBRD) 25 03 09 - The opening of the new land field is planned in 2019. In 2016, the allocation was GEL 1.3 mln, during H1 9,2% was disbursed as amounts payable to consulting company and the bank. The project will be finished by 2019.

Specific results of the measure include:

- Improving environment conditions by centralization and closure of landfill sites, redirecting municipal waste;
- Improving environment conditions and public health.

1.3 Water Supply, sewage and waste water systems

Water supply and sewage system projects are implemented in regions by the Municipal Development Fund of Georgia and United Water Supply Company Ltd.

1.3 Construction and rehabilitation of water supply and sewerage systems	from code 25 04	Total Allocation for the measure 1.3	162,8	64,8		64,8	39,8	0,0	39,8
	25 04 01	Sewage System Project of Kobuleti (EBRD, ORET)	1,6	1,2		1,2	75,0	0,0	75,0
	25 04 02	Water Infrastructure Upgrades (EIB)	0,6	0,1		0,1	17,8	0,0	17,8
	25 04 03	Water Infrastructure upgrade project II (EIB, EU)	30,0	12,9		12,9	42,9	0,0	42,9
	25 04 04	Sewage system sustainable management project (SIDA)	6,9	0,3		0,3	4,7	0,0	4,7
	25 04 05	Urban Services Improvement Project (ADB)	120,0	46,6		46,6	38,8	0,0	38,8
	25 04 07	Regional Water Supply Support Activities	3,7	3,7		3,7	100,0	0,0	100,0

Municipal Development Fund continued implementation of Kobuleti (Adjara AR) Sewage Project (25 04 01) funded by European Bank for Reconstruction and Development, ORET-Netherlands Export Development Programme, also with the participation of the government of Adjara. Due to the problems with the service provider, the project was suspended and started in April 2016. The project

should be completed in December 2016 and by the end of H1 2016 75% of the allocated funds were utilised.

Water Infrastructure Modernization Project (European Investment Bank-EIB) – 25 04 02 included rehabilitation of water supply systems in three different municipalities: Guria - Chokhatauri (3rd phase); Imereti - Zestaponi and Terjola. Chokhatauri and Zestaponi works were finished in the reporting period while Terjola water supply system rehabilitation is still in progress. The allocated funds were not fully disbursed (17.8% from 2016 budget); therefore a new sub-project was added.

Within the Water Infrastructure Modernization Project II (EIB, EU) – 25 04 03 rehabilitation works of water supply system were carried out in Kakheti: Akhmeta, Lagodekhi, Sagarejo, Telavi-Kurdgelaure, Gurjaani, Tsnori, Sighnaghi, Racha-Letchkhumi Kvemo Svaneti - Oni, Imereti - Tkibuli, Zestaponi, Samegrelo-Zemo Svaneti: Abasha, Khobi, Senaki, Guria -Ozurgeti, Mtskheta-Mtianeti: Kvereli, Dusheti, Kvemo Kartli: Tetrtskaro, Tsalka, Bolnisi, Samtskhe-Javakheti: Akhaltsikhe-Aspindza, Likani-Tsagveri, The projects in Gurjaani, Akhaltsikhe-Aspindza and Tetrtskaro were completed in H1 2016, while the rest were in progress. 42.9% from the allocated annual budget was already disbursed.

Within Sustainable Management of Sewage System (SIDA) – 25 04 04 water treatment facilities will be constructed in Imereti - Tskaltubo and Kakheti - Telavi. However, the tender for construction was announced only in April 2016. Therefore works did not start in H1 2016 that was reflected in low disbursement – 4.7%.

Within the Urban Services Development Investment Programme (25 04 05) – 131.16 km of water supply system and 19.11 km of sewage system pipes were rehabilitated and newly constructed. This budget code also includes 0.8 mln GEL - the expenses on construction of head office building of United Water Supply Company. The actual expenses of the programme were 46.6 mln for this reporting period, which was 38.8% of the annual allocated budget.

During the reporting period United Water Supply Company of Georgia completed two projects and continued several projects in different regions under the Regional Infrastructure Support (25 04 07).

In H1 2016, the company finished the following projects: In April 2016, construction and rehabilitation of the water supply system in Kutaisi (Imereti) and in Poti (Samegrelo-Zemo Svaneti).

At the same time, during the reporting period the following projects were implemented: Construction of water treatment plant in Mestia, construction of sewage treatment plant in Anaklia (both in Samegrelo-Zemo Svaneti), Water supply and sewerage system construction in Ureki, construction of sewage treatment plant in Ureki(Guria), construction and rehabilitation of water

supply system – Phase II in Kutaisi (Imereti), construction of drinking water systems in Zugdidi (Samgerelo-Zemo Svaneti), construction of head office building of United Water Supply Company of Georgia. 100% of the annual allocation was disbursed.

The locations represent the targets of the contracts, while the length of the pipes and the number of the consumers can be measured after the completion of the contract. That is why those indicator targets are absent in Table 7.

Specific results of the measure include:

- Increasing number of citizens with water supply and sewage systems;
- Improving living conditions in Georgian regions

Measure 1.4 Natural Disaster Risk Reduction and Management of Polluted areas of old Industrial sites

1.4 Natural Disaster Risk Reduction and Protection		Total Allocation for the measure 1.4	16,2	8,5		8,5	52,5	0,0	52,5
Disaster risk reduction	25 02 02 05	Works to be carried out as the immediate response to natural disasters and prevention	8,5	6,7		6,7	78,8	0,0	78,8
	25 02 02 07	Coast fortification works	5,0	0,5		0,5	11,0	0,0	11,0
	38 08	Environment protection, monitoring, forecasting and prevention (only own resources)	2,7	1,3		1,3	46,5	0,0	46,5

The measure includes two components: one implemented by MRDI as Works to be carried out as the immediate response to natural disasters and prevention (25 02 02 05) and the coast fortification works (25 02 02 07) and secondly, Environment protection, monitoring, forecast and prevention (38 08) implemented by the National Environment Agency of the Ministry of Environment and Natural Recourses Protection.

Within the part implemented by MRDI, in the first half of the year, there were ongoing works as the immediate response to natural disasters and prevention on 21 locations, 10 of them were finished. As a result of such intensive works, 78,8% of the allocated amount was disbursed. Although, there were ongoing coast fortification works on 9 locations, 3 of them were finished during the reporting

period with total disbursement of 11 % of the allocated funds. Cost fortification works depend on the weather conditions which is an obstacle, especially in the late autumn – winter and early spring periods.

Within the measure implemented by the National Environment Agency, during the first half of the year the following documents were prepared:

- Annual journal - „The results and forecast for 2016 of the elemental geological processes development in 2015 in Georgia”.
- Geological report of the river Gldanis Khevi Catchment.
- Visual engineering-geological surveys and prepared 27 opinions, there were estimated infrastructure facilities, engineering structures, tense neighbourhoods’ geodynamic and geo-ecological conditions;
- “Tbilisi Paper (K-38-XXI)” the geological report, 1: 200,000 scale geological, tectonic and useful fossils maps;
- Information journal about groundwater;
- According to the hydro geological districts, municipalities, the Autonomous Republics, regions was prepared the operational resources distribution map of Underground fresh drinkable water (scale: 1: 500 000);
- Prepared the state balance (as 1st January 2015);
- Prepared GIS packages on 608 objects that required license of using natural resources.
- Information kept in the geological funds were converted to the digital format.
- In 2016, the weather was regularly (24 hours a day) controlled for natural disaster prevention.
- Prepared and provided warning to decision-makers and mass media about the chance of disastrous processes (29 warnings were issued during the reporting period);
- Operationally conducted hydro-meteorological monitoring data codification and dissemination on national and international levels (accordingly with World Meteorological Organisation standards);
- Operationally conducted analysis of the global synoptic products received from the world weather forecast centres; (Toulouse-France, Reading-England)
- Every day The weather forecast was compiled and spread through the territory of Georgia for the short and medium term;
- Spring flood forecast was prepared and delivered to the consumers;
- Travelers were regularly supplied with warnings about disastrous processes on Georgian military road.

- 24 hours duty imposed on connecting section of the river Devdorak-Amali and river Tergi by the National Environment Agency specialists for risk prevention and warning in June;
- Regularly carried out network supervision works of hydro-meteorological monitoring. Monitoring compliance with international standards and data quality is checked;
- Regularly carried out historical and hydro-meteorological monitoring data quality control and statistical processing;
- Geodesic works carried out in Devdorak-Amali Gorge; an early warning system should be prepared to install a special ropeway system. Design has been finished and construction work will begin in the near future;
- Installation works of meteorological and hydrological observations equipment were completed in the River Vere basin (5 units Rainfall Measuring and 3 units Water Level Meter);
- 1 unit Rainfall Measuring were installed and Water Level Meter were under installation on the river Gldanula;
- The information receiver technology from scientific research centre DELTA's meteorological radar was developed.
- The International Training was carried out by the World Meteorological Organisation – how to use satellite information in the Agro Meteorology field. The training was attended by the representatives of Ukraine, Moldova, Armenia and Georgia;
- An international event - „Rapidly developing flood forecasting in the Black Sea and the Middle East” was conducted by the World Meteorological Organisation and US Hydrologic Research Center. The training was attended by the representatives of Bulgaria, Ukraine, Moldova, Lebanon, Jordan, Azerbaijan, Armenia and Georgia.

The actual expenditure of the above mentioned works was GEL 1.3 mln – 46,5% of the allocated annual funds.

Specific results of the measure include:

- Prevention from erosion and protecting of the population from consequences of floods;
- Increasing safety and improving transport movement via rehabilitation of roads;
- Reducing risk of environment pollution and negative impact on health of local population

Measure 1.5 Georgia forest inventory and implementation of stable forest inventory

During the reporting period under that measure (treasury codes 38 04) the various activities were implemented and resulted in 45,8% disbursement of the total allocated budget.

1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy	from code 38 04	Total Allocation for the measure 1.5	4,2	0,9		0,9	21,8	0,0	21,8
	38 04 02	Georgian Forest Save and restore	0,8	0,3		0,3	43,3	0,0	43,3
	38 04 03	Forest Utilization Activities	2,4	0,1		0,1	2,9	0,0	2,9
	38 04 04	Georgia forest inventory and stable forest management	0,5	0,1		0,1	29,3	0,0	29,3
	38 04 05	Fire prevention measures	0,5	0,4		0,4	70,4	0,0	70,4

In terms of perfection of methodological and legislative framework, the following works have been carried out:

- In Samtskhe-Javakheti protection-restoration works of forests from pests were continued; temporary forest nurseries' arrangement works were implemented. In 6 different regions of Georgia 12 forest restoration projects were implemented: in Guria, Imereti, Mtskheta-Mtianeti, Kakheti, Shida-Kartli and Kvemo-Kartli;
- Approximate data about forest roads (under the management of NEA) to be rehabilitated was defined;
- Several projects have been prepared, rehabilitation/construction projects of forest roads were designed (construction - 14,429 km, rehabilitation – 61,892 km); 1 bulldozer was purchased for the purpose of construction of forest roads;
- Area and borders of forests under the management of LEPL NEA were recorded; information about state forest fund was collected in regions (taxation description);
- Works for development of timber resource management electronic system were done;
- International working meetings were conducted for enhancement of international relations: with support of donor organisations education tours were organized for qualification development and training of staff of the agency. With support of Environmental Information and Education Centre, GIZ and National Forest Agency during May-June 400 “forest protectors” have been trained. The goal of training course “basic principles of forest planning and management” was increase of qualification of NFA staff for sustainable

management of forests in following directions: basic activities and responsibilities of forest protector, environment damage calculation methodology, forms of tree cut considered by the legislation and protection of forest from diseases;

- Preventive fire protection warning signs and fire-fighting equipment were purchased (warning banners – 90 items, and Fire fighting Backpacks – 96 items);
- Excellence of normative legislative acts was ongoing continuously, in the first half of 2016 2 basic bylaws were amended i.e. “rules of forest use” - 2 packages of amendments were approved and adopted and 2 packages of amendments were adopted in “timber management rules” as well. Except the above mentioned several packages of amendments were prepared to be adopted after appropriate procedures and discussions. The government decree about amendment of “the government of Georgia 2010 13 August N240 decree of definition of borders of state forest fund” was adopted.

In terms of forest use activities:

- Permission was given for 19 units (87056.36 m²), for special purpose forest use;
- An agreement was signed for agricultural and non-agricultural use of forest in Kakheti, Mtskheta-Mtianeti and Kartli regions (in total 59616 m²)
- In areas removed from forest fund 2652 m³ of timber resources obtained through special cuts were stored;
- 74'993,55 m³ cutting area was allocated by forestry departments;

Rehabilitation/construction project of forest agricultural roads was designed in total 76,32 (construction - 14,429 km, rehabilitation – 61,892 km).

In terms of Forest registration:

- Area and borders of forests under the management of LEPL NEA was identified, preparation of electronic shape-files is ongoing.
- In Kakheti buildings that are on the balance sheet of the agency was identified and their cadastral survey have been prepared;
- Information about state forest fund area was prepared:
- 989146,73 square km - special forest use area was identified;
- 34.25 hectares - for agricultural and non-agricultural forest use;
- 468,72 hectares - study of area in the territory of forest fund for use of minerals;
- Study of area to be excluded from the forest fund (305 hectares);

- For issuance of hunting licenses – 102456.3 hectares.

Specific results of the measure include:

- Providing information and raising awareness on the number and conditions of forests in Georgia;
- Applying new standards in forest management in Georgia.

2.1 Supporting business in Georgia’s regions through the institutional and programme initiatives

2 - Supporting the development of SMEs and the creation of new jobs		Total Allocation for the Priority 2	25,1	13,1		13,1	52,2	0,0	52,2
2.1 Supporting business in Georgia’s regions through institutional and programming activities	24 01 03 02	Support to SMEs	25,1	13,1		13,1	52,2	0,0	52,2

The government programme “Produce in Georgia” (budget code - 24 01 03 02) aims to develop private sector by increase of access to technical support and finances. It consists of two parts: loans and leasing for existing businesses and supporting small and micro business start-ups.

The industrial part of the government programme considers co-financing of interest rate for 2 years for the loans and leasing for business development of beneficiary companies. During the first half of 2016 32 entrepreneurs were supported (including Tbilisi and Autonomous Republic of Adjara), with total investment more than 30 mln GEL. Within the programme the commercial banks issued more than GEL 53 mln loans.

Within the micro and small entrepreneurs support initiative of the programme “Produce in Georgia” in the target regions 493 micro and small enterprises were set up that created 1922 new jobs in the regions of Georgia and 3164 beneficiaries were trained. The Agency also supported 42 micro and small entrepreneurs in the Autonomous Republic of Adjara that created 159 new jobs and trained 552 beneficiaries.

52.2% of the total budget has been absorbed

Specific results of the measure include:

- Increasing level of investment and loans;
- Increasing number of supported businesses.

3.1 Modernisation of irrigation systems

During H1 2016, 50 rehabilitation projects were implemented, 12 of which were commenced in Kvemo Kartli (Gardabani, Tetrtskaro, Marneuli), Kakheti (Gurjaani, Telavi, Signagi), Mtskheta-Mtianeti (Dusheti), Shida Kartli (Kaspi), Imereti (Tskaltubo), Adjara (Kobuleti). The contractor did not fulfil obligations for 4 projects, thus projects were suspended.

3. Rural development		Total Allocation for Priority 3	272,	115,5		115,5	42,5	0,0	42,5
3.1 irrigation system modernizing	from code 37 01	Total Allocation for the measure 3.1	86,7	21,3		21,3	24,5	0,0	24,5
	37 01 14 01	Irrigation and Drainage (WB)	20,0	7,9		7,9	39,3	0,0	39,3
	37 01 03	Modernization of Melioration systems	63,0	13,4		13,4	21,3	0,0	21,3
	37 01 14 03	Rehabilitation of irrigation system in Zemo Samgori (ORIO)	3,7	0,0		0,0	0,0	0,0	0,0

In the first half of 2016, within the Irrigation Infrastructure Rehabilitation Programme (37 01 14 01) 12 projects have been completed: 10 projects – Irrigation system, 2 projects - Drainage system. Programme indicators were performed according to the following data:

- Land area transported to Regular watering - 5.78 thousand hectares
- Improving water supply to irrigated lands - 3.05 thousand hectares
- Improving Amelioration system - 3.0 thousand hectares
- Dried Area 1.26 - thousand hectares

The problems were the same as during the previous years: the lack of cadastre information about ameliorated areas inhibited the process. During H1, 2016 GEL 7.9 mln were disbursed, which was 39.3% of the target value.

In the reporting period, within the Modernization of Melioration systems project (37 01 03) the following works were fulfilled: 1087,7 km of irrigation and drainage channels were cleaned and improved, 11.0 km of the pipeline was repaired, 1032 units of waterworks were repaired or replaced, the electricity was supplied to the mechanical pumping stations and hydraulic structures. 21.3% of the budget allocations were disbursed under that project in H1, 2016.

In the next five years Georgian Melioration Ltd needs up to Gel 1 billion to finish the planned rehabilitation and construction projects and reach the target of tripling the melioration land acreage in the country.

Rehabilitation of irrigation system in Zemo Samgori (ORIO) (37 01 12 04). After the discussions between “Georgian Melioration Company” and consulting company Maatwerk van Monfort B.V the sides agreed that cadastre of the project territory should be done due to the fact that one third of the potential owners should be identified. The land owners data base will be created.

The contracting company S.C. EPTISA Romania S.R.L asked to reschedule the introduction of social and environment impact plan until September 2016. Within those circumstances, financial plan and feasibility study results will be presented by March 31, 2017 while the detailed engineering project - by June 30, 2017. The area in hectares represents the target of the project, while it is impossible to determine the number of the projects before the works are completed.

Specific results of the measure include:

- Ensuring full time irrigation water supply to farmers and other consumers;
- Ensuring access to water removal using drainage systems from settlements and the land areas used by farmers;
- Protecting settlements from flooding.

3.2 Agro-credit programme (37 01 07)

3.2 Improve access to finance (Agro-credit programme)	37 01 07	Total Allocation for the measure 3.2	41,0	23,3		23,3	56,7	0,0	56,7
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Within the circumstances where the absolute majority of the financial institutions consider financing agricultural sector risky the implementation of the project made agro loans affordable for the beneficiaries. The sector has become more credible for the foreign investors.

During H1 2016, 807 loans have been given out within preferential agro credits programme. Totally 807 loans were issued in all the regions including 7 and 10 in Adjara and Tbilisi accordingly with actual expenditure of loan service - around GEL 22mIn, in 2016. 5 new productions were financed in the first half of 2016, while the total amount of new productions financed within the project in this period is 134 (128 within preferential agro credits, and 6 within Produce in Georgia). 56.74 % of the allocated budget was disbursed.

Specific results of the measure include:

- Launching at least 50 new food processing enterprises;
- Increasing effect of the spring voucher programme;
- Increasing volumes of annual and perennial crops;
- Ensuring reimbursement of production costs for farmers in case of the loss.

3.3 Other Programmes

Supporting agricultural cooperatives (37 01 05)

3.3 Other rural development programs	from code 37 01 and 35 05	Total Allocation for the measure 3.3	143,7	71,0		71,0	49,4	0,0	49,4
	37 01 05	Agricultural Cooperatives promoting activities	7,2	0,7		0,7	9,4	0,0	9,4
	37 01 08	Supporting for Small Land Owner Farmers Spring activities vouchers	48,3	44,9		44,9	93,0	0,0	93,0
	37 01 17	Co-financing agriculture products processing companies	14,4	4,7		4,7	32,6	0,0	32,6
	37 01 14 02	Agriculture Supporting Activities (GEF,IFAD)	4,8	0,5		0,5	10,8	0,0	10,8
	37 02	Food safety, plant protection and episodic safety	26,3	13,3		13,3	50,5	0,0	50,5
	37 03	Development of viticulture	32,8	3,1		3,1	9,6	0,0	9,6
	37 04	implementation of scientific research measures in agriculture	9,9	3,8		3,8	38,3	0,0	38,3

340 agricultural cooperatives have been granted legal status from January 1 to June 30 2016 resulting in 1540 agriculture cooperatives across the country with 132 in Kakheti, 224 in Kvemo Kartli, 111 in Shida Kartli, 81 in Mtskheta-Mtianeti, 353 in Samtskhe-Javakheti, 123 in Imereti, 131 in Racha-Lechkhumi-KvemoSvaneti, 123 – in Samegrelo Zemo Svaneti, 59 – in Guria and 157 in Adjara. 9.4 % of the funds were disbursed in H1, 2016. There was no target since number of the cooperatives couldn't be counted before the completion of the project.

Co-financing agriculture products processing companies (37 01 17)

Within this programme 5 new processing productions were co-funded in H1 2016 in 12 municipalities Tianeti, Kazbegi (Mtskheta-Mtianeti), Mestia(Samegrelo-Zemo Svaneti), Lentekhi, Tsageri, Oni (Racha-Letchkumi Kvemo Svaneti), Kharagauli, Tchiatura, Sachkhere, Tkibuli (Imereti), Shuakhevi

(Adjara AR) and Martvili (Samegrelo-Zemo Svaneti). The co-funding was carried out with the following conditions: the share of the agency was 60% from the total cost of the project but no more than USD 350 thousands; 2) preferable banking credit/leasing was defined as no more than USD 500 thousand; 3) co-funding from the beneficiaries should not be less than 10% of the total cost. Special benefits were applied on wine, spirits and alcoholic beverages producing factories in Ambrolauri municipality (Racha-Letchkhumi). Total cost of the factories to be established in the target municipalities should not be less than USD 100 thousand. 32.6% of the allocated annual budget have been disbursed (co-financed) to processing productions.

Specific results of the measures include:

- Make various forms of agro finance affordable for farmers
- Increase production capacity and export potential in the agro processing

Food safety, plant protection and episodic safety (37 02)

The Agency has tested in laboratories 1336 different samples of food and water in all regions across the country. The purchased food samples amounted to 30 340 GEL. Where the violations were identified, the National Food Security Agency inspected related business and withdrew food and checked the documentation. Within food safety programme activities 50.5% of the allocated amounts were disbursed in the first half of the current year.

Plant Protection and Phytosanitary Reliability (37 02 04)

Within the programme 18 000 ha area has been processed against the most dangerous and quarantine pests (American white butterfly, *Cydalima Perspectalis*, *Ocneria dispar*, locust, transmission carriers). The state control on the quality of pests and agrochemicals in the sales network has been implemented, 100 sales units have been checked 150 samples have been taken for testing. The laboratory analysis was performed on 818 samples in order to identify the spread of quarantine harmful organisms. Overall the measures carried out against locust in eastern Georgia was avoided the economic loss worth of 6 million. The measures were carried out across the country including Tbilisi.

Supporting Small Land Owner Farmers Spring activities vouchers (37 01 08)

During H1 2016, as a result of the project implementation small landowners received 40.7 mln GEL total profits in the form of agricultural products and ploughing works. Total area of ploughed land was 194 thousand hectares, Mechanization companies ploughed 81 thousand hectares. Beneficiaries

ploughed 113 thousand hectares of land with their own resources. Under that programme 93 % of the funds were disbursed. The measure was carried in all the regions including Adjara AR and Tbilisi.

Development of viticulture (37 03)

Within this programme different events aimed to popularization of Georgian wine-making abroad were organised in Japan, USA, China, Poland, and Lithuania. Only 9.6 % of the funds were disbursed.

Implementation of scientific research measures in agriculture (37 04)

During H1 2016, in all regions of Georgia the extension programme was implemented aimed to increase knowledge, experience, and share of information about modern technologies, new sorts and methods. 38.3 % of the allocated funds were disbursed under the mentioned activities.

Specific results of the measure include:

- Increasing level of wine export;
- Increasing level of market diversification;
- Increasing number of functional farm cooperatives.

3.4 Development of Agricultural Land Market (26 09)

This measure is financed through the WB loan and implemented by the National Agency of Public Registry operating under the Ministry of Justice of Georgia. The measure aims to contribute to the development of agricultural land market, promote consolidation of fragmented plots and increase investments in commercial agriculture.

3.4 Develop the agriculture land market		Total Allocation for the measure 3.4	0,7	0,0		0,0	0,0	0,0	0,0
	26 09	Development of Land Market (WB)	0,7	0,0		0,0	0,0	0,0	0,0

On June 03, 2016 the Parliament of Georgia adopted the law "About improvement of cadastral data and special rule of systemic and sporadic registration of rights on the land areas within the frameworks of state project". According to the law within the frameworks of state project the registration process was divided in two parts:

- Sporadic registration - registrations are realized on the whole territory of Georgia, by consideration of benefits provided by law.

- Systemic registration within the frameworks of pilot project - component of the state project which provides systemic registration of rights on the land areas and is realized in 12 settlements of Georgia selected according to geographic variety signs

Registrations within the frameworks of state project include agricultural and non-agricultural land areas. Spreading of the state project on the whole territory of Georgia was conditioned by high significance of completion of primary registration process of property right on the land areas. This highly conditions represents the protection of property rights by high standards and development of land market.

Specific results of the measure include:

- Increasing number of leases and sales;
- Increasing number of registered land plots.

4.1 Promotion of tourism (24 05 02)

4 Tourism development promoting		Total Allocation for Priority 4	20,1	11,3		11,3	56,2	0,0	56,2
4.1 tourism development promoting	24 05 02	Domestic tourism and marketing in the international market	20,1	11,3		11,3	56,2	0,0	56,2

During H1 2016, construction and rehabilitation of the information centres started. Two centres are planned to be equipped and opened by the end of 2016. For the purpose of growing the quality of services in tourism sector, 7 training sessions (1 in Tbilisi and 6 in regions) on various topics were conducted. National Tourism Administration carried out advertising and marketing campaigns in 16 target countries, 67 media tours. Georgia participated in 15 international exhibition-markets; a diplomatic tour for ambassadors was organized. Georgia took participation in world run marathon - "wings for life". Also a hiking season was opened and a rafting competition was organized. Information-advertising billboards have been installed in 4 regions, a project for adaptation of infrastructure for the needs of disabled people was prepared and a developing picnic infrastructure project which will be started in 2017 was implemented. 56,2 % of the allocated funds were disbursed during H1, 2016.

Specific results of the measure include:

- Increasing number of international travellers to Georgia;
- Increasing rate of tourism revenues.

5.1 Labour Market Demand survey (35 05 03)

5. Improvement of human capital and development of vocational education		Total Allocation for Priority 5	18,6	8,2		8,2	44,0	0,0	44,0
5.1 Labour Market Demand Survey	35 05 03	Inspection of working conditions	0,6	0,1		0,1	18,2	0,0	18,2

During 2016 the Ministry of Labour, Health and Social Affairs of Georgia does not provide labour market demand survey since EU and World Bank recommended such a research to be done once in 3 years. However, there was a demand for unemployment survey "Study of attitudes, motivation and employment strategies of youth" which was started in 2016 and will be completed by the end of the year. The research provides study of problems and challenges connected to employment of youth in Tbilisi and big university cities, and also identification of strategies used by them.

The research provides study of problems and challenges connected to employment of youth in Tbilisi and big university cities, and also identification of strategies used by them.

Specific results of the measure include:

- Identifying the problems of youth education and employment
- Increasing job opportunities for youth

5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges (32 06 02 02)

5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges	32 06 02 02	Development of Educational and scientific institutions infrastructure	15,2	6,3		6,3	41,4	0,0	41,4
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In 2013, in order to provide a high quality vocational education service the Ministry of Education and Science made a decision to establish a network of 26 well-equipped vocational colleges in Georgian regions. The objective is to increase the territorial access to vocational education and to support the socio- economic development of the country. During H1 2016, technical equipment of education system was provided in Kakheti, Samegrelo-Zemo Svaneti and Mtskheta-Mtianeti regions. In 2 regions of Georgia construction of student dormitories was started.

In parallel with broadening of education network, construction of student dormitories have been started. According to needs identified as a result of analysis all public colleges have been equipped. Colleges implemented professional development programmes, were equipped with furniture and received portable computers (201 units to 4 colleges) and different technical equipment (1432 tables to 8 colleges).

During the reporting period, 13 education centres received innovative manufacturing laboratories, projectors and interactive boards. With the support of Norwegian Education and Research Ministry 2 colleges were rehabilitated with 1 adapted to needs of disabled persons.

The measures were implemented in Mtskheta-Mtianeti, Samegrelo-Zemo Svaneti, Kvemo-Kartli, Shida-Kartli, Kakheti and Imereti.

During H1 2016, GEL 6.2 mln was spent that was 41.4%.

Specific results of the measure include:

- Improving quality of vocational training, provided through supported centres.

5.3 Agriculture Related VET & Extension Systems

The initiative of the Ministry of Education and Science of Georgia to introduce modular vocational programmes has been supported by UNDP project. According to the new approach both the development of programmes and directly teaching were based on modules/themes.

In the first half of 2016, the implementation of short-term modular training programmes and work-based pilot learning in cooperation with Georgian Farmers' Association have been started.

5.3 Agriculture Related VET & Extension Systems		Resources not listed in the State Budget ;No budgetary code	1,8	1,4		1,4	78,1	0,0	78,1
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60-day modular training programme for field consultants was in progress in Samegrelo and Imereti regions: Imereti -15 participants; Samegrelo – 15 participants, at the same time within the programme up to 400 farmers had consultations on hazelnut growing and maintenance; 25 employees of the information and consultation services attended the training course on presentation and communication skills. 4 demonstration plots were arranged in Samtskhe-Javakheti region; 16 Filed Day have been held; 290 farmers received consultations on new technologies in cereal and legume crops; 13 filed consultants (agronomists) were trained. One demonstration plot of legume crops was arranged in Racha-Lechkhumi region; five field days have been held and 30 farmers received consultations on legume crops; four field consultants have been trained.

The following materials were developed and issued in the first half of 2016:

- Pedagogical guideline for professional education teachers;
- Modular training programme for VET teachers;
- 2016 Agro calendar;
- Disease atlas of perennial crops;
- Agro technological atlas for cereal and legume pests and diseases;
- Nut- best Practice – Guideline;

- Decorative Gardening - 4 brochures.

Specific results of the measure include:

- Increasing number of Share trained VET teachers;
- Increasing number of trained VET service providers (veterinarians, zoo-technicians, food processors);
- Increasing number of trained farmers;
- Increasing number of agricultural machinery operators, input suppliers and animal food producers);
- Improving livelihood by increasing productivity and incomes of farmers in rural areas;
- Providing necessary training and consultation to be able to increase productivity and income.

The project targets the vocational education facilities and supports them in the implementation of the courses based on the new methodology. That is why on the current stage it is impossible to measure the number of people trained. However it might become possible in November-December of this year, when the new monitoring framework of the project is available.

5.4 Training of VET Teachers and Continuous Professional Development

5.4 Training of VET Teachers and Continuous Professional Development	part from code 32 02 02	Support to Teachers professional Development	0,3	0,04		0,0	12,9	0,0	12,9
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In 2014, the Ministry of Education and Science with support of UNDP has prepared conception of teachers' professional development and education. During H1 2016, National Center for Teachers Professional Development carried out VET teachers training in 4 major directions: Pedagogical course, Modular training - "Competence-based assessment in the modular vocational education programmes", Inclusive professional education: professional training in enterprise. Totally, 867 teachers were trained. The trainings were delivered in Samtskhe-Javakheti, Kakheti, Samegrelo – Zemo Svaneti, Adjara and Tbilisi. GEL 44300 was spent on that activity which was 12.9% of the annual allocated amount.

Specific results of the measure include:

- Preparing VET trainers in modern education techniques and the latest developments in their field of expertise;

- Improving quality of teaching.

5.5 Training of Public Servants in the regions

5.5 Training of Public Servants in the Regions		Resources not listed in the State Budget ;No budgetary code	0,7	0,3		0,3	49,9	0,0	49,9
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In H1 2016 (January-June 2016), UNDP/Regional and Local Development Support Project, in close cooperation with Vano Khukhunaishvili Effective Management System and Territorial Arrangement Reform Center (Reform Center), within the frameworks of Memorandum of Understanding organized 15 trainings (total 486 training days) on 8 topics, for 249 public officials 72 were representatives of local self-governments, and 177- from the administrations of governors and the Ministry of Infrastructure and Regional Development of Georgia.

Besides, the project, together with Public Service Bureau, organized 12 training activities (384 training days) development of job description. Trainings were attended by 186 officials from local self-governments, 6 from regional administration of Kvemo Kartli, Mtskheta-Mtianeti, Samegrelo-Zemo Svaneti, Guria, Racha-Lechkhumi and Imereti.

During the reporting period, the project in cooperation with the Reforms Center, has conducted special trainings/workshops on evaluation of training needs and preparing annual training plans to 110 employees from 76 municipalities (representatives of HR and heads of municipal administrations), while initially it was planned to deliver the training in 10 municipalities.

In the reporting period with the support of the UNDP project the website of the Reforms Center was renewed (lsg.gov.ge). The new website for continuous study for local self-government officials was created (edu.lsg.gov.ge/). 74 municipalities uploaded their training plans and 116 training providers submitted their applications.

Specific results of the measure include:

- Effective training system established and operational
- Government cost-sharing for the training system allocated
- Improving evaluation system of services of local authorities in project regions (disaggregated by sectors)
- The training system, in line with the GOG decree on “approval of the system of continuous training of local self-government public servants, responsibilities of the bodies involved and the principles and rules of the system functioning” established with following additional elements:
 - Establishing proper financial framework,
 - Ensuring effective coordination,
 - Strengthening demand identification system in LSGs

- Strengthening training providers,
- Providing quality assurance

Regional Development Fund

Regional Development Fund	62 08	Fund of Projects to be Implemented In the Regions of Georgia	175,0	68,5		68,5	39,1	0,0	39,1
total			1209,1	491,6	0,0	491,6	40,7	0,0	40,7

Funds and project categories from Regional Development Project Fund by regional breakdown

- In 2016 in Guria region 40 projects were funded with the budget of GEL 12.3 mln. 39 projects were contracted with the budget of GEL 11.3 mln. Works are in progress on 35 projects with budget of GEL 9.8 mln, from which 7 projects were completed with the budget of GEL 1 mln. Constructed/rehabilitated 7.4 km road and 1 kindergarten.
- In 2016 in Imereti region 136 projects were funded with the budget of GEL 40.5 million. 110 projects were contracted with the budget of GEL 33.5 mln. Works are in progress on 102 projects with budget of GEL 32.5 mln, from which 42 projects were completed with the budget of GEL 10.3 mln. Constructed/rehabilitated 41.2 km road, 1 cultural facility, 3 multifamily hulls, 2 kindergarten and 0.5 km Storm water drainage system.
- In 2016 in Kakheti region 93 projects were funded with the budget of GEL 21.9 mln. 85 projects were contracted with the budget of GEL 20 million. Works are in progress on 71 projects with budget of GEL 18.1 mln, from which 21 projects were completed with the budget of GEL 4.5 mln. Constructed/rehabilitated 10.5 km road, 14.0 km Water supply network, 1 well, 2 sports facility, 1 recreation facility, 2 kindergartens and 1.8 km storm water drainage system and 3.5 km of street lightning.
- In 2016 in Mtskheta-Mtianeti region 38 projects were funded with the budget of GEL 11.4 mln. 28 projects were contracted with the budget of GEL 8 mln. Works are in progress on 24 projects with budget of GEL 6.6 mln, of which 3 projects were completed with the budget of GEL 0.6 mln. Constructed/rehabilitated 1.8 km water supply network and 2 bridges.
- In 2016 in Racha-Lechkhumi Kvemo Svaneti region 33 projects were funded with the budget of GEL 8.9 mln. 32 projects were contracted with the budget of GEL 8.9 mln. Works are in progress on 29 projects with budget of GEL 7.9 mln, from which 5 projects were completed

with the budget of GEL 0.9 mln. Constructed/rehabilitated 2.2 km road, 4 sport facility and 0.2 km. of embankment protection system.

- In 2016 in Samegrelo-Zemo Svaneti region 57 projects were funded with the budget of GEL 27.1 mln. 50 projects were contracted with the budget of GEL 23.8 mln. Works are in progress on 47 projects with budget of GEL 22.0 mln, from which 18 projects were completed with the budget of GEL 6.0 mln. Constructed/rehabilitated 39.3 km of road, 1 cultural facility, 3 kindergartens and 1 bridge.
- In 2016 in Samtskhe-Javakheti region 39 projects were funded with the budget of GEL 14.3 mln. 39 projects were contracted with the budget of GEL 14.3 mln. Works are in progress on 37 projects with budget of 13.6 mln, from which 15 projects were completed with the budget of GEL 4.7 mln. Constructed/rehabilitated 18.8 km of road, 7.6 km of water supply network and 1 sport facility.
- In 2016 in Kvemo Kartli region 57 projects were funded with the budget of GEL 22 mln. 48 projects were contracted with the budget of GEL 18.7 mln. Works are in progress on 42 projects with budget of GEL 16.9 mln, from which 8 projects were completed with the budget of GEL 2.8 mln. Constructed/rehabilitated 18.3 km of road and 1 kindergarten.
- In 2016 in Shida Kartli region 23 projects were funded with the budget of GEL 16.6 mln. 21 projects were contracted with the budget of GEL 16.0 mln. Works are in progress on 14 projects with budget of GEL 9.9 mln, from which 1 project was completed with the budget of GEL 0.8 mln. Constructed/rehabilitated 2.3 km of road.

Number of projects funded within the RDF is significantly changing with the money saved in electronic tenders, because the saved money is used for funding of additional projects. However, e-tendering process often leads to delays, when the municipality has 20 days to re-line tender, when no bidder takes part or when somebody appeals tender.

Under the projects implemented during the reporting period 4.1 % of the funds were disbursed.