

**GEORGIA**

DIMITRI GVINDADZE, Head of Delegation

It is a pleasure to be here. Let me give special thanks to the Spanish hosts for the warm welcome and good organization of the event.

Georgia joined the Asian Development Bank (ADB) in 2007 and ever since we have been working closely and productively with ADB colleagues to launch a full-fledged cooperation.

We have been quick to identify ADB's operational focus in Georgia and the pipeline of its first sovereign operations. These will benefit from their high priority status and are likely to add value to Georgia's own development agenda. ADB has also moved fast in terms of identifying the first private sector operations. In the public sector, we have concentrated on municipal works and road infrastructure schemes. By implementing them without delay and in compliance with the vision of the Government, we will address important infrastructure-related bottlenecks.

Working with financial institutions on these infrastructure schemes, the Government has adhered to the principle of country ownership which we believe is the key prerequisite for a successful outcome. We thank ADB for sharing this vision with us.

We welcome ADB's decision to establish an office in Georgia. This will help further ADB's operations in public and private sectors, through enhanced dialogue with the Government and businesses. This presence is essential for comprehending local needs in their entirety and for devising well-targeted operations. Local presence is also important for devising sound inter-institutional partnerships with other international financial institutions and development partners in Georgia.

Georgia is one of the world's best performers in terms of growth, business facilitation, economic liberalization, and the efficiency of the public sector. Georgia counts on the performance-driven ADB funds allocation mechanisms in the course of its current and future country partnership strategies.

Georgia's liberal reforms implemented since 2004 have laid the foundation for long-term sustainable growth. Georgia's real GDP growth rate was 12.4% in 2007. This encouraging trend is set to continue.

Georgia has low, flat, and decreasing tax rates. Fiscal administration has been improving very fast. Budget revenues have thus increased significantly by as much as 460% since 2003. From 2009, we will have mandatory fiscal surpluses. This reflects the prudent fiscal policy of the Government. We are moving to explicit inflation targeting in 2009, with the consumer price index target limited by law to single digits. As an open and business-friendly economy with a

robust economic performance, Georgia has been attracting strong capital inflows. Net foreign direct investment represented 15.3% of GDP in 2007.

Radical deregulation and liberalization policies have expanded our economic base. Georgia is enjoying a real entrepreneurial boom, with over 50,000 new businesses registered each year. The gray economy has shrunk dramatically. The external public debt to GDP ratio has been reduced to the strict minimum. It stood at only 15% in 2007. The financial sector is vibrant and growing rapidly.

In 2006, the World Bank recognized Georgia as the number one reformer in the world. We were number five in 2007. The right mix of economic, fiscal and structural policies and sound improvements to governance in general have increased the resilience of Georgia's economy to external shocks, including energy and commodity price hikes and the subprime meltdown.

In April 2008, Georgia's debut Eurobond set an important benchmark for the country's non-sovereign sector. The issue was oversubscribed by more than three times, an acknowledgement of international trust in Georgia's creditworthiness.

Georgia has been standing firm and performing exceptionally well in the wake of an embargo by the Russian Federation and despite the Russian Federation's other more recent utterly irresponsible and illegal moves aimed at derailing the country from its path of economic transformation, at changing the stance of our foreign policy.

We have been following closely developments at ADB. We believe ADB plays an important positive role in transforming the developmental landscape in its countries of operation. Challenges and needs in ADB's member countries are all different, and they rarely remain the same. Adaptive thinking and action are important if our quest for sound responses to developmental needs in recipient countries is to succeed.

Georgia commends President Kuroda's work aimed at sustaining the Asian Development Bank in the rank of the top league players in the context of global development. We thank the ADB Georgia team, which has worked hard to launch and develop our cooperation. I would like to take this opportunity to invite President Kuroda to visit Georgia.