

## East-West Highway Improvement Project

### Key Dates:

**Approved :** December 5, 2006

**Effective:** March 5, 2007

**Closing:** June 30, 2013 (additional financing)

### Financing in million US Dollars:

<i>Financier</i>	<i>Financing</i>	<i>Disbursed*</i>	<i>Undisbursed</i>
IDA Credit	19.00	19.75	-
IBRD Loan	28.00	7.5	20.50
Government of Georgia	9.34		
<b>Total</b>	<b>56.34</b>	<b>27.25</b>	<b>20.50</b>

**\*World Bank Disbursements as of September 23, 2010.**

*Note: Disbursements may differ from financing due to exchange rate fluctuations at the time of disbursement.*



Georgia enjoys a strategic location - on the shortest route between Europe and Azerbaijan, Armenia and the Central Asian republics through its Black Sea ports. It also links Russia and Turkey. Trade with neighboring countries, both transit and bilateral, is thus an important feature of the economy. The transport sector is one of the fastest growing in the Georgian economy. Nevertheless, in terms of ton-kilometers, total land transport movement only amounts to about one third of the levels in 1990. The transport infrastructure remains deficient, and hinders growth in other sectors, including agriculture. The transport infrastructure has to improve if Georgia wants to benefit from its strategic transit location, to support its recovering economy, and to integrate its whole population to the national economy. The Government of Georgia and the World Bank have, therefore, designed a series of projects to upgrade the condition of the main East West Highway Corridor between Azerbaijan and Turkey, while also supporting the institutional development of the roads administration.

**The Project Development Objectives** are to (i) contribute to the gradual reduction of road transport costs and improve access, ease of transit, and safety along the central part of Georgia's East-West corridor, through upgrading a segment of the East-West Highway from Tbilisi to Rikoti, including the rehabilitation of the Rikoti Tunnel; and (ii) to strengthen the capacity of the government, Roads Department and the local road construction industry to plan and better manage the road network. The Project builds upon the Bank's past involvement and addresses some of the remaining policy and investment gaps in the road sector. Specifically, the Project upgrades the 13 km Agaiani to Igoeti section of the E60 Highway from two lanes to four lanes. An Additional Financing, in the amount of \$28 million, designed to scale up the original Project to rehabilitate the Rikoti Tunnel, repair its by-pass road, and support additional institutional strengthening, was approved by the Board in November 2009.

### Results achieved to date:

- The second carriageway has been rehabilitated, and the 4 lanes of upgraded 13 kilometer section of E 60 Highway between Agaiani to Igoeti are now open to traffic. Transit time has been reduced from 10 minutes to about 6.7 minutes (which was one of the targets of the project). The government will update the vehicle operating costs in 2010 in order to fully assess outcomes of the initial activity.
- Works to rehabilitate Rikoti Tunnel (as part of the Additional Financing) are also underway, while Rikoti by-pass has already been rehabilitated and was open to traffic in June.

**Key Partners:**

The Bank team works closely with (i) the Ministry of Regional Development and Infrastructure of Georgia (MoRDI), responsible for policy setting, (ii) Roads Department under the MoRDI, which is responsible for implementing the project; and (iii) Transport Reform and Rehabilitation Center (TRRC) responsible for Financial Management and Disbursement functions within the Project.

Key Development Partners include JICA, ADB, MCC, EC, IBRD, EIB, Kuwait Fund which have been financing (or plan to finance) different sections of Georgia's road network, and which the World Bank team maintains regular interaction through the donor coordination meetings.