Area: 69,700 sq.km

Population: 4.6 million

Government: Republic

Local Gov-t Units: 69
MDF was founded in 1997, as legal entity of public law. MDF operates under the oversight of a Supervisory Board (chaired by the PM) and is managed by an Executive Director.

MDF Mission is – To support institutional and financial capacity strengthening of local government units and investing financial resources in local infrastructure and services.

An Operations Manual (OM) provided support of WB helps MDF with the policies and procedures to be followed during implementation.
Baseline- Local Government Context

- The size of local government revenues was inherently the result of political negotiations rather than technical considerations.
- Unfunded mandate was common; a large proportion of transfers to LGs was used to cover salary expenditures for education.
MDF MANAGEMENT STRUCTURE
MDF mobilizes, and operates with, the following financial resources:

- Donor loan resources made available on the grant basis to MDF;
- Contributions from bilateral, and multilateral programs;
- Contributions from non-governmental organizations; and from other Georgian financial institutions and
- Repayments of capital and interests from municipal loans (40% loan, 40% grant, 20% local contribution).
Credit Capacity and Creditworthiness Assessment of LSGU

- Debt service on all loans does not exceed 25% of the immediately prior year’s ordinary operating surplus;
- Total debt does not exceed 60% of the immediately prior year’s ordinary income;
- Local ordinary income must show an increasing tendency;
- Arrears on salaries due by the LSG must show a decreasing tendency and, other than in exceptional cases, do not exceed 10% of total income;
- Government transfers to cover unplanned budgetary deficits (not including government equalization transfers and such other government transfers as derived from formula-based grants and revenue-sharing) and, other than in exceptional cases, do not exceed 25% of ordinary income.
ELIGIBLE FINANCING

- Repair and rehabilitation of water supply and wastewater networks
- Local road upgrading, including drainage, street lighting, etc..
- Sanitation and solid waste management
- Markets and transport support facilities
- Community and social services
MDF completed 1,400 infrastructure Sub-Projects (SP) more than USD 706 mln contract total cost;

MDF completed projects has been evaluated by Donors as Satisfactory and Highly Satisfactory;

The Municipal Development and Decentralization Project II was recognized by the WB for achieving outstanding results and Awarded in 2009.
LARGE SCALE PROJECTS SCHEDULED FOR 2013

- New urban high speed highway construction of Tbilisi-Rustavi
  Estimated budget for sections I and III is USD 58 million (Total budget is USD 133 million) and these sections will be finished in 2014

- Tbilisi Metro (Subway) extension
  Estimated budget is USD 45 million and Project will be finished in 2015

- Rehabilitation-construction of infrastructure, tourism circuits and cultural heritage facilities in Kakheti and Imereti, etc.
  Projects consists of the following parts: Infrastructure Investment (roads, buildings, water-sanitation, power supply, etc) and Institutional Development. Estimated budget is USD 112,5 million

- Rehabilitation of the Waste Water Treatment in Kobuleti city
  The purpose of the Project is to rehabilitate the wastewater treatment services in the Kobuleti Municipality. Estimated budget is EUR 3,6 million and Project will be finished in 2014
Today, MDF:

- Is well-positioned as the government's strong and effective instrument for support of local government.
- Continues to cover its operation cost from interests charged.
- Implements a number of projects, as well as municipal development projects financed by ADB, EBRD, USAID, EU, KfW, EIB, etc.