



# GLOBAL CLIMATE CHANGE

MAY 2008



*USAID's activities in Georgia have addressed the country's challenges in the energy sector primarily through policy reform, renewable energy, and alternative sources of energy. Increasing energy efficiency is a prerequisite for reducing emissions in Georgia, and USAID plans to continue its support with these initiatives.*

## BACKGROUND

Located between, and partly incorporating, the Northern and Southern Caucasus mountain ranges, Georgia is home to an estimated 5.4 million people. Four years after the Rose Revolution, remarkable progress has been observed in the economic development of Georgia, including improved energy supply to the country. Changes to electricity distribution and production systems have resulted in 24-hour power availability at a 98 percent reliability rate. Private investors now control all but the most strategic assets in the electricity sector. USAID has been instrumental in addressing energy issues in Georgia through numerous initiatives. Over the past few years, efforts have focused on technical assistance and policy reforms necessary to attract private investments and promote a cleaner, more efficient energy sector. Working with Georgia's Ministry of Energy (MOE), USAID helped the government to strategize how to become more self-sufficient, compensate for power system deficiencies through rehabilitation and, for the first time, develop a medium-term plan for sector rehabilitation and commercialization. In 2007, a major state electricity distribution company was privatized after successful management by a USAID contractor.

Although corruption has been reduced and revenues have increased, weak regulatory institutions, crisis-driven planning, and a lack of financing continue to hamper further infrastructure investment. Therefore, the U.S. Government's continued support to improve Georgia's energy infrastructure is critically important.

## SECTOR-SPECIFIC CLIMATE CHANGE ACTIVITIES

Currently, USAID is funding the Rural Energy Program, a four-year effort designed to develop the basic regulatory, technical, financial and operational building blocks for increased generation and efficient consumption of rural energy. Technical assistance and training is being provided to energy sector representatives (e.g. small hydro power (SHP) owners, businesses and banks) to help rehabilitate and promote renewable energy (RE) and energy efficiency (EE) technologies. RE and EE activities include: promotion of small hydro power rehabilitation, biogas, solar and efficient woodstoves.

**PARTNERS**

USAID's partners in climate change activities in Georgia include:

- Association of Business Consulting Associations (ABCO)
- Bank of Georgia
- Caucasus Environmental NGO Network (CENN)
- Development Banks (World Bank, TBC Bank, EBRD)
- Energy Efficiency Center (EEC)
- JSC Georgia Water Project (GWP)
- Ministry of Economic Development of Georgia
- Ministry of Environment and Natural Resource Protection of Georgia
- Ministry of Fuel and Energy of Georgia
- PA Government Services
- United Energy Distribution Company
- URS Corporation
- Winrock International

Because partners change as new activities arise, this list of partners is not comprehensive.

Notable successes in 2007 are as follows:

- Rehabilitated two small hydro power plants;
- Implemented a pilot biogas project using a more appropriate and less expensive bio-digester design;
- Completed four EE projects in the mountain regions of Georgia;
- Amended electricity market rules to assure that SHPs would achieve economic viability by creating a mechanism where all excess generation will be purchased by the system operator;
- Provided training to the Ministry of Environment in the implementation of the new forestry policy;
- Completed eight watershed assessments and three integrated resource management plans that will serve as a basis for improved resource management; and
- Conducted talk shows to promote public discussion of the renewable energy and energy efficiency subjects.

Training is an important part of USAID's approach to creating awareness regarding energy and environmental issues. USAID is conducting trainings and organizing workshops with participation of governmental representatives, nongovernmental organizations, think-tanks, communities and schools delivering information regarding RE and EE technology and its importance in improving the quality of the environment. USAID's new Energy Policy and Management Initiative will be instrumental in increasing awareness of critical energy issues, and will advance research, analysis and critical thinking to positively influence energy policy that steers Georgia toward energy independence.

For more information, visit:  
<http://georgia.usaid.gov>