

Data Sheet

USAID Mission:	Georgia
Program Title:	Energy and Environment
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	114-0151
Status:	Continuing
Planned FY 2006 Obligation:	\$9,140,000 FSA
Prior Year Unobligated:	\$364,000 FSA
Proposed FY 2007 Obligation:	\$6,800,000 FSA
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2008

Summary: Activities under this objective strengthen and develop private sector-led energy production, supply, distribution, and finance systems in Georgia. Concurrently, they support the Government of Georgia (GoG) in the sector's commercialization; formulation, and implementation of market-friendly policies; and establishment of a comprehensive, cohesive legal and regulatory framework. USAID efforts promote energy security by improving access to energy. Working with communities and the Ministry of Energy (MOE), USAID has helped increase the reliability and availability of supplies. Activities focus on: improving government strategic planning and capacity to guide the sector; commercializing the operations of a state-owned distribution utility; and, rehabilitating rural energy infrastructure.

Inputs, Outputs, Activities:

FY 2006 Program:

Expand and Improve Access to Economic and Social Infrastructure (\$5,550,000 FSA, \$150,000 FSA carryover). USAID will provide technical assistance and training to the GoG to improve the supply and distribution of energy resources. The commercialization of defunct energy assets will improve the sector's financial state, thereby promoting and ensuring greater energy sector viability. This component covers two ongoing activities: a USAID-funded, electricity distribution company management contract; and, rural energy systems rehabilitation. By improving the technical and financial operations of these state-owned energy assets and advising the GoG on approaches to privatization, USAID will assist the GoG to achieve one of the principal aims of its energy sector reform, direct strategic investment through asset privatization. Through its management contract with the GoG, USAID will continue efforts to improve the commercial performance of the state-owned United Energy Distribution Company (UEDC), thereby rendering it more efficient, more profitable, and more attractive to investors. With USAID help, the utility's collections rate will increase to over 70% on an annual basis. This will be achieved through the continued extension of a modern billing and collections system, and GoG- and German loan-funded metering of over 180,000 users of power in 15 cities. Efforts to stimulate economic vitality in 10 rural communities will be underpinned by energy infrastructure rehabilitation or access to new energy services. The community-based and private owner-operators of these rural energy systems will be trained to efficiently manage and obtain profits from their operations through USAID provision of technical assistance. Principal contractors and grantees: PA Government Services, Inc.; Winrock Int'l, CORE Int'l.

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,240,000 FSA). USAID supports community-level energy and environmental planning to assist in the design, implementation, and monitoring of energy systems. These systems promote environmental stewardship and sustainable natural resource management. Previously successful USAID pilot efforts linked sustainable natural resource management with the restoration of small-scale hydropower systems and, the development of alternative and renewable energy systems. This same approach will be incorporated into resource management plans for 10 rural communities. To promote regional water coordination among Georgia, Armenia, and Azerbaijan, USAID will help to address critical regional water coordination issues such as water quality. The aim is to promote regional coordination and stability. Training and assessment assistance will be provided to the Georgian Ministry of Environment to improve its management capacity. Principal contractors and grantees: PA Consulting, Winrock International, U.S. Department of Interior.

Strengthen Public Sector Executive Function (\$2,350,000 FSA, \$213,523 FSA carryover). To carry out the various energy sector reforms facing the GoG and to help manage the colossal investment underway in the energy sector, USAID will expand its technical assistance to the MOE and Ministry of Economic Development. These efforts will help the GoG to attain the ambitious goals established in the USAID-assisted GoG Energy Strategic Action Plan, now under implementation. Alongside its primary continuing effort to assist the GoG to achieve a stable and secure energy future, an equally important new tenet of USAID assistance will be to help establish the basis for critical, strategic investments and plans to support regional energy trading. In particular, aid on policy, and human and institutional development, planning, privatization, investment potential, public relations, and legal and regulatory issues will be extended to the GoG. Principal contractors and grantees: CORE Int'l; To be determined (TBD).

FY 2007 Program:

Expand and Improve Access to Economic and Social Infrastructure (\$2,350,000 FSA). USAID will provide TA and training to expand rural energy access to an additional 15 communities. Efforts will help community-based or private organizations to acquire energy systems, and develop and implement business operation and maintenance plans to improve rural access to energy and achieve greater economic growth. Principal contractors and grantees: Winrock International.

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,350,000 FSA). Resource planning efforts in the 25 communities impacted by the USAID-assisted rural energy activity will continue to promote sustainable rural energy production in concert with watershed conservation, reforestation, and fuel wood substitution to reduce pressure on forests. USAID will continue to promote regional water coordination among the three South Caucasus countries through its Regional Water Management initiative. Principal contractors and grantees: Winrock International; PA Consulting.

Strengthen Public Sector Executive Function (\$3,100,000 FSA). USAID plans to continue to target advisory support/training to the GoG in strategic electricity, gas, and fuel planning. Efforts will inculcate gains made to date, thereby ensuring the long-term sector viability of utility reform. Assistance will focus on energy policy and institutional reform, regional energy planning and trading, legal and regulatory issues, and public awareness. Principal contractors and grantees: TBD.

Performance and Results: An extraordinarily high level of GoG support for USAID efforts was clearly evidenced during FY 2005. Because of this, most of Georgia is experiencing greater access than ever to power. For the first time in decades, energy access may continue throughout the winter. The USAID-managed electricity utility's annual collections' rate rose from 29% in FY 2004 to a projected 54% in FY 2005, principally through a USAID-developed, government-financed communal metering program that increased collections far more than anticipated. Anti-corruption efforts resulted in 115 employee punishments and 580 cases referred to the judiciary for electricity theft. As a result, the utility is authorized to collect approximately \$475,000 from the offenders. This represents 100% of the value of the power stolen. Management improvements in the utility reduced redundancy and increased efficiency of operations through modernization of billing and collections systems. Increased control over purchased power, in conjunction with retail billing and metering efforts, reduced consumption system-wide by 5% in FY 2005. The USAID-assisted Strategic Action Plan of the GoG sets forth funding and management of over \$600 million in donor and GoG resources to be expended through 2008. Energy projects undertaken in three rural villages will provide much needed access to energy, helping these villages better weather winter. The principal legacy of USAID support is that, upon completion of this objective, the Ministry will be capable of effectively guiding sector reform, harmonizing its policy with regional partners to facilitate mutually supportive trade, and encouraging investment in energy infrastructure. Rural energy reliability will be fostered through the improvement and distribution of local energy supplies, serving thousands of households with clean, reliable energy that will fuel rural economic growth and improve quality of life. Select end-state results include, among others: 1) a comprehensive energy sector strategy that guides Georgia toward energy independence and which strategically positions Georgia as an energy transit corridor; 2) An energy system that bills and collects 100% of revenues due; and 3) 15 megawatts of new power supports increased economic activity in at least 40 underserved communities.

US Financing in Thousands of Dollars

Georgia

	DCA	FSA
114-0151 Energy and Environment		
Through September 30, 2004		
Obligations	296	8,739
Expenditures	0	2,266
Unliquidated	296	6,473
Fiscal Year 2005		
Obligations	0	13,400
Expenditures	0	0
Through September 30, 2005		
Obligations	296	22,139
Expenditures	0	2,266
Unliquidated	296	19,873
Prior Year Unobligated Funds		
Obligations	0	364
Planned Fiscal Year 2006 NOA		
Obligations	0	9,140
Total Planned Fiscal Year 2006		
Obligations	0	9,504
Proposed Fiscal Year 2007 NOA		
Obligations	0	6,800
Future Obligations	0	0
Est. Total Cost	296	38,443