

## EU and Germany Launch €9.5 million National Program in Georgia



► The EU has allocated €8.5 million for the program, while €1 million has been allocated by Germany's Federal Ministry for Economic Cooperation and Development.

BY KHATIA BZHALAVA

The European Union (EU) and the German Government have launched a program supporting Georgia's sustainable and inclusive growth, balanced territorial development, and good governance.

According to the Delegation of the European Union to Georgia, the program is implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the United Nations Development Programme (UNDP) in close partnership with the Ministry of Regional Development and Infrastructure and local authorities.

The project worth €9.5 million aims at overcoming inequality and accomplishing 'social cohesion' through the development of urban renewal and social inclusion in the country. Set to run between 2022-2025, the 'Integrated Territorial Development' program will cover four Georgian regions - Guria, Imereti, Kakheti, and Racha-Lechkhumi, and Kvemo Svaneti.

As Deputy Minister of Regional Development and Infrastructure, Mzia Giorgobiani notes, the project will help overcome social and territorial disparities in Georgia, foster economic deve-

lopment, and create equal opportunities "through inclusive, smart and sustainable socio-economic means".

Ambassador of the European Union to Georgia Carl Hartzell noted that territorial development is key to urban and rural transformation, adding that the project would help the country to boost local democracy through inclusive participation.

"The EU is very happy to assist Georgia to introduce and explore this modern approach and shape lasting solutions to the complex challenges faced by the country's regions", Ambassador Hartzell said.

According to Hubert Knirsch, Ambassador of the Federal Republic of Germany to Georgia, the project would enable local small and medium-sized enterprises to bring their products both to Georgian and international markets.

As Nick Beresford, the UNDP Resident Representative in Georgia notes, through the partnership with the European Union, they can create new opportunities for local communities, improve livelihoods and reduce rural poverty.

The Integrated Territorial Development program additionally supports the implementation of the Pilot Integrated Regional Development Programme (PIRDP), approved by the Georgian Government in 2019 and co-financed by the European Union.



► The program covers four Georgian regions - Guria, Imereti, Kakheti, Racha-Lechkhumi, and Kvemo Svaneti.

EXCHANGE RATES: US DOLLAR - 3.2372 | EURO - 3.5561 | GBP - 4.2705 | 100 RUSSIAN RUBLE - 3.3649 | SWISS FRANC - 3.4738 |

# ENKA Formally Terminates Contract with Government and Writes off Namakhvani's \$40 Million Assets

NATALIA KOCHIASHVILI

The recently published 2021 financial report of ENKA Insaat shows that the investment agreement between the state and ENKA Renewables for the construction of Namakhvani HPP has been officially terminated. In addition, the financial report states that the company wrote off \$40.4 million in investment and construction equipment for the Namakhvani hydropower plant.

ENKA planned to invest a total of \$ 800 million in Georgia.

In September 2021, the company announced that it would terminate the investment agreement under Force Major, which was followed by the government explaining that it would continue to negotiate with the company to maintain the agreement. According to the ENKA financial report, the Georgian government failed to persuade the company to keep the contract.

ENKA Renewables Ltd, which is 90% owned by the group, terminated the contract signed on April 25, 2019, for the construction, ownership, and operation of the Namakhvani hydropower plant, which was signed with the Georgian Energy Development



Fund, ESCO, and the Georgian State Electricity System.

The contract was terminated due to violation of the terms by the Government of Georgia and force majeure. "Because the plant and equipment can no longer be used like other property, the company wrote it off with a book value of \$ 40,389,000," the ENKA INSAAT financial report said.

Recall that in the spring of 2021, Prime Minister Irakli Gharibashvili noted that the project would not be implemented as it is. The government also announced a 'moratorium' and banned the company from starting construction of the dam for some time. A few months later,

ENKA reported a force majeure and breach of contract and began preparations to terminate the contract.

The Georgian government last commented on the project on February 21, when then-Economy Minister Levan Davitashvili said the talks were being held at the lawyer level.

According to the Center for Social Justice, the Ministry of Economy did not meet the request of the Center for Social Justice to revoke the construction permit for Namakhvani HPP. The organization will appeal this decision of the Ministry in court.

According to the organization, the construction permit was ille-

gally issued by the Technical and Construction Supervision Agency in April 2020, without mandatory documentation and justification. Examination of the permit issued at Namakhvani HPP reveals that the company has not followed the procedure set out in the substantiation and documentation law.

According to the Center, despite the termination of the contract, this does not mean the invalidity of the construction permit.

At the same time, the current, vague state of the project does not absolve the agencies that are issuing illegal permits from responsibility. The Center for Social Justice, therefore, considers it important to continue the ongoing legal dispute, including avoiding similar cases in the future.

"The study of the issuance of the permit reveals the loyal attitude of the representatives of the agency towards the company. Moreover, in issuing a conditional construction permit, the agency exceeded its authority and offered the permit seeker a way to obtain a construction permit in a simplified manner, with specific conditions and for the submission of mandatory documentation in the future," the statement said.

## NEWS IN BRIEF

PREPARED BY THE MESSENGER STAFF

### Putin's War to Reverse Economy by 15 Years

According to the International Finance Institute (IIF), Russia will lose the economic growth it has achieved for 15 years by the end of 2023. The economy is expected to shrink by 15% in 2022, followed by a 3% decline in 2023. This will return the country's GDP to its previous level of 15 years. Economists Benjamin Hilgenstock and Elina Rybakova also point out that additional sanctions may change their views. Russia's invasion of Ukraine last month has led to the collapse of the ruble, the chaos of global supply chains, and commodity prices. Foreign companies have left the Russian market en masse.

Even after an instant blow to the Russian economy, the so-called 'brain drain' (the departure of educated, middle-class Russians from the country) will hit the country's economy for years. At the same time, according to the IIF, export control from the US and the EU on technologies, including microelectronics, will hinder technological development in Russia for years. At the same time, 'self-sanctioning' by foreign companies that no longer want to do business in Russia will weaken important sectors of the country's economy.

## Are Georgian cities ready to introduce recycling?

UNDP ACCELERATOR LAB UNVEILS RESULTS OF A SOCIAL EXPERIMENT SUPPORTING PLASTIC WASTE COLLECTION

**TBILISI.** 23 March 2022 – Residents of Georgia's two biggest cities, Tbilisi and Batumi, would welcome recycling if there was better access to municipal infrastructure and services, a behavioural experiment proved. Initiated by the UNDP Accelerator Lab in Georgia, the experiment studied household waste behaviour to find out what measures would stimulate people to separate waste and how municipal authorities could support this process.

The experiment was carried out from September 2021 through January 2022, in partnership with the Tbilisi and Batumi City Halls, municipal cleaning services

and a consortium of civil society organizations - 'Speqtri', 'Parki ar Minda' and 'Chaobi'.

On 23 March, UNDP invited representatives of several Georgian municipalities, the private sector, civil society and international organisations to discuss the experiment results and look into the ways to increase plastic waste separation among the households.

"We have grounds for cautious optimism if, with a small experiment, we could sort and recycle nearly 2 tons of plastic waste. The Tbilisi and Batumi City Halls have been great partners. I am looking forward to seeing ways to scale up this work, so together we can find practical and affor-

dable solutions to plastic waste recycling in Tbilisi and other municipalities," said UNDP Head Nick Beresford.

The social experiment in Batumi and Tbilisi kicked off in September 2021 when 40 transparent collection bins were installed in the residential areas of the two cities. This was followed by a targeted educational campaign in several pilot districts that aimed to check whether awareness-raising helps increase plastic waste collection. The results obtained in the pilot districts were compared to the other sites where no additional information was provided to the residents. The experiment revealed important behavioural

patterns and provided ground for practical recommendations.

It showed that adequate infrastructure and public awareness could have a notable impact on waste management practices. It also suggested that the use of transparent containers improves the quality of collected material as people can see the contents of the bins. In addition, the experiment revealed that visibly branded collection trucks could help overcome the popular notion that collected plastic waste ends up in a landfill. The probe on the awareness-raising aspect of the experiment proved that more educational activities are needed to reinforce the recycling

habits among the citizens. Around 900,000 tons of waste is generated annually in Georgia and more than 75 percent ends up in landfill sites, increasing pollution and posing long-lasting threats to the environment and human health. Georgia's 2016-2030 National Strategy on Waste Management outlines concrete steps to lead the country to sustainable waste management policies and practices. Georgia is committing to recycling 50 percent of its plastic waste by 2025 and 80 percent by 2030. UNDP will continue working with Tbilisi, Batumi and other municipalities to help introduce effective plastic waste separation practices and promote sustainable lifestyles.

**FRIDAY MARCH 25**  
 Day Partly cloudy High: 9°C  
 Night Partly cloudy Low: 1°C  
**SATURDAY MARCH 26**  
 Day Partly cloudy High: 10°C  
 Night Partly cloudy Low: 0°C

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