Socio-economic indicators

<table>
<thead>
<tr>
<th>Income and poverty</th>
<th>2002</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>• GDP (million, constant 2000 USD)</td>
<td>3 380</td>
<td>4 345</td>
</tr>
<tr>
<td>• Annual GDP growth rate 2002-2005 (%)</td>
<td>8.7</td>
<td></td>
</tr>
<tr>
<td>• GDP per capita (PPP, constant 2000 international dollars)</td>
<td>2 183</td>
<td>2 842</td>
</tr>
<tr>
<td>• Poverty rate (% of pop. below USD 2/day)</td>
<td>25.8(\text{a})</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demography</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Population (million inhabitants)</td>
<td>4.61</td>
<td>4.47</td>
</tr>
<tr>
<td>• Urban population (%)</td>
<td>52.5</td>
<td>52.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic structure (as % of GDP)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agriculture</td>
<td>20.6</td>
<td>16.7</td>
</tr>
<tr>
<td>• Industry</td>
<td>24.3</td>
<td>27.4</td>
</tr>
<tr>
<td>• Services</td>
<td>55.1</td>
<td>55.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports (% of total exports)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Agricultural products</td>
<td>37.0</td>
<td></td>
</tr>
<tr>
<td>• Fuels and mining products</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>• Manufactures</td>
<td>38.7</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial flows</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• FDI (inward flows as % of GDP)</td>
<td>4.9</td>
<td>7.0</td>
</tr>
<tr>
<td>• ODA (% of GNI)</td>
<td>9.0</td>
<td>6.1</td>
</tr>
</tbody>
</table>

\(\text{a})\) or closest available year. Data based on PPP, constant 1993 international dollars.

Note: An international dollar has the same purchasing power over GDP as the USD has in the United States. The poverty rate is the percentage of the population living on less than USD 2.15 a day at 1993 international prices.

Source: UNCTAD, World Bank, WTO.

Environmental priorities

The current NEAP does not reflect Georgia’s environmental priorities. A new NEAP is currently being developed. For 2006-2007, the Georgian Ministry of Environment has the following priorities:

- Finalisation of licensing and permission system reform.
- Strengthening of environmental inspectorate.
- Forest management system reform.
- Replacement of existing water management system by integrated river basin management system.
- Development of protected areas system and ecotourism.
- Implementation of the waste management policy.
- Institutional strengthening of the Centre for Monitoring and Prognostication.
- Institutional strengthening of the Spatial Informational Centre.
- Development of tools for “debt-for-environment swaps”.

The 2000 Economic Development and Poverty Reduction Strategy (EDPRS) identifies environment as one of the priorities to achieve the Strategy’s wider objectives. It identifies 10 areas of environmental action:

1. Reform of environmental monitoring and enforcement systems.
2. Elaboration of a National Strategy for Sustainable Development aligned with the EDPRS.
3. Reform of economic instruments and environmental finance mechanisms.
5. Improvement of environmental planning systems (including public participation and monitoring plan implementation).
6. Development of legislation for territorial-spatial development planning, including protection and conservation of biodiversity and sustainable management of land resources (forest, water, minerals).
7. Setting up of a modern waste management system.
10. Clarification of rights and responsibilities of central, regional and local government bodies on environmental planning and implementation of environmental actions.
International co-operation

Georgia’s main environmental co-operation partners include the European Commission, GEF, KfW, OSCE, USAID, the World Bank and the governments of Germany, Japan and the Netherlands and Norway.

**Number of registered partnerships**

**Georgia**

- Number of partnerships with sub-national/national focus
- Number of partnerships with multi-country focus

1. Environmental policy
   - 2.1 Air pollution
   - 2.2 Water supply and sanitation
   - 2.3 Waste and chemicals
   - 3.1 Water resources
   - 3.2 Biodiversity
   - 4.1 Integration
   - 4.2 Energy
   - 4.3 Transport
   - 4.4 Agriculture
   - 4.5 Forestry
   - 5. Finance
   - 6.1 Information management
   - 6.2 Public participation
   - 6.3 Environmental education
   - 7. Transboundary issues

**Note:** The chart includes only the partnerships registered in the EECCA Partnerships Database as of 31 March 2007.

**Source:** EECCA Partnerships Database.

**International assistance for environment**

**Environment-related ODA/OA to Georgia, 2003-05**

Million USD

<table>
<thead>
<tr>
<th>Environment-related area</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use licences</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>Activity licences</td>
<td>34</td>
<td>7</td>
</tr>
<tr>
<td>Permits</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Activities under EIA permits</td>
<td>318</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>382</td>
<td>50</td>
</tr>
</tbody>
</table>

**Source:** Ministry of Environmental Protection and Natural Resources of Georgia.

Implementation highlight

**PERMITTING AND LICENSING REFORM**

Georgia has embarked on a drive for public administration reform. One major element of the reform is the simplification of administrative procedures. In June 2005, a licensing and permitting law introduced the principles of “one stop shop” and “silence gives consent”. Within this context, the Ministry of Environment has streamlined the environmental licensing/permitting system, going from 318 types of licenses/permits to 50 (see table). Equally important is the change in procedures. Under the new legislation, licenses are issued through auctions, and can be divided, sold or inherited. This reduces the scope for corruption in the allocation of licenses and increases their economic value. The net effect is an increase in economic efficiency as well as an increase in income for the State.

**Policy matrix**

The following two pages summarise actions taken by the Government of Georgia that contribute to achieving the objectives of the EECCA Environment Strategy. Unless otherwise stated, information is taken from the EAP Task Force Questionnaire. Accordingly, the period covered is June 2003-June 2006 for qualitative information and 2002-2005 for quantitative information.

The other sources referred to in the matrix are:
2. Main text of this report (see thematic chapters for sources consulted).
3. Additional information provided by the Ministry of Environmental Protection and Natural Resources.

Considerable efforts were made to bring out relevant information, but the policy matrix is not exhaustive.
### GEORGIA ENVIRONMENTAL

<table>
<thead>
<tr>
<th><strong>Institutional strengthening</strong> (re-organisation, system creation, staffing, training, equipment)</th>
<th><strong>Planning</strong> (SoE monitoring, analyses, targets, action plans, performance monitoring)</th>
<th><strong>Command-and-control instruments</strong> (bans, direct regulation, permitting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air pollution  - Air Protection Division incorporated into the Integrated Environmental Management Department of the Ministry of Environment (3)  - Rural EMEP monitoring station rehabilitated (3)</td>
<td>- Action plan and programme for sustainable urban transport developed (3)</td>
<td></td>
</tr>
<tr>
<td>Water supply and sanitation</td>
<td>- Inventory of chemicals carried out (3)  - Strategy and national action plan regarding chemicals developed (3)  - Waste management law developed (3)</td>
<td>- Permits on export and import of chemicals introduced (3)</td>
</tr>
<tr>
<td>Waste and chemicals</td>
<td>- Concept of water resources basin management developed (3)</td>
<td>- Permitting system for water abstraction and wastewater discharge in place</td>
</tr>
<tr>
<td>Water resources</td>
<td>- Biodiversity strategy formulated (1)  - PEEN pilot project carried out (2)  - Management plan for Kolkheti protected area developed (1)</td>
<td></td>
</tr>
<tr>
<td>Biodiversity</td>
<td>- Energy and environment working group established  - Forestry and environment working group established  - Environmental training for energy staff introduced  - National JI/CDM agency designated</td>
<td>- Montreal Protocol Action Plan under implementation (3)  - Wind energy potential mapped (2)</td>
</tr>
<tr>
<td>Integration into key economic sectors</td>
<td>- MoE budget multiplied by 40  - Salary for department heads and senior specialists multiplied by 13  - Inspectorate created (2)  - Enforcement law passed (2)</td>
<td>- The effectiveness of environmental programmes is now assessed  - Legal basis for self-monitoring established (2)</td>
</tr>
<tr>
<td>Cross-cutting</td>
<td>- The effectiveness of environmental programmes is now assessed  - Legal basis for self-monitoring established (2)</td>
<td>- Administrative fines for non-compliance increased (2)</td>
</tr>
</tbody>
</table>
## POLICY MATRIX

<table>
<thead>
<tr>
<th>Market-related instruments (property rights, tariffs, charges, taxes, deposit-refund schemes, trading)</th>
<th>Information-related instruments (labelling, information disclosure, public participation, education, technical advice)</th>
<th>Direct provision of services (investment programmes, funding)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air pollution</td>
<td>Water supply and sanitation</td>
<td>Waste and chemicals</td>
</tr>
<tr>
<td>Water resources</td>
<td>Biodiversity</td>
<td>Integration into key economic sectors</td>
</tr>
<tr>
<td>Cross-cutting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Air pollution
- Air Protection Division incorporated into the Integrated Environmental Management Department of the Ministry of Environment (3)
- Rural EMEP monitoring station rehabilitated (3)
- Action plan and programme for sustainable urban transport developed (3)

### Water supply and sanitation

### Waste and chemicals
- Inventory of chemicals carried out (3)
- Strategy and national action plan regarding chemicals developed (3)
- Waste management law developed (3)
- Permits on export and import of chemicals introduced (3)
- New labelling rules for chemicals introduced (3)

### Water resources
- Concept of water resources basin management developed (3)
- Permitting system for water abstraction and wastewater discharge in place

### Biodiversity
- Biodiversity strategy formulated (1)
- PEEN pilot project carried out (2)
- Management plan for Kolkheti protected area developed (1)
- Public awareness action plan developed for Kolkheti wetlands (1)
- Specialist dealing with environmental education appointed in MoE
- Agricultural advice programmes piloted (2)
- Environmental compliance promoted through mass-media (2)
- Aarhus Centre established (3)
- Funding for biodiversity agreed with BMZ, GEF, KfW, UNDP, UNEP and World Bank (3)
- New labelling rules for chemicals introduced (3)

### Integration into key economic sectors
- Energy and environment working group established
- Forestry and environment working group established
- Environmental training for energy staff introduced
- National JI/CDM agency designated
- Montreal Protocol Action Plan under implementation (3)
- Wind energy potential mapped (2)
- Specialist dealing with environmental education appointed in MoE
- Agricultural advice programmes piloted (2)

### Cross-cutting
- MoE budget multiplied by 40
- Salary for department heads and senior specialists multiplied by 13
- Inspectorate created (2)
- Enforcement law passed (2)
- The effectiveness of environmental programmes is now assessed
- Legal basis for self-monitoring established (2)
- Administrative fines for non-compliance increased (2)
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- Aarhus Centre established (3)