



PARLIAMENT OF GEORGIA

ENVIRONMENTAL PROTECTION AND NATURAL  
RESOURCES COMMITTEE OF THE PARLIAMENT  
OF GEORGIA

# GREEN BUDGET PROJECT

Tbilisi  
2021



With funding from



The report is prepared with the initiative of the Environmental Protection and Natural Resources Committee of the Parliament of Georgia.

Work on the document was conducted with the support of the Sustainable Forest Management for *Rural Development Project*, implemented by CENN and funded by the *Austrian Development Cooperation (ADC)*, within the framework of a working group created within Parliament.

The opinions expressed in the document belong to the authors and may not reflect ideas of the donor organization.

In order to develop the document, a working group was created by the Environmental Protection and Natural Resources Committee. The working group consisted of members of the Parliament, Ministry of Environmental Protection and Agriculture representatives and field experts.

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# ABBREVIATIONS

- APA** – Agency of Protected Areas
- ARDA** – Agricultural and Rural Development Agency
- BAU** – Business as Usual operating model
- BDD** – Basic Data and Directions document
- CENN** – Caucasus Environmental NGO Network
- CITES** – Convention on International Trade in Endangered Species of Wild Fauna and Flora
- COVID-19** – Coronavirus pandemic
- DCFTA** – Deep and Comprehensive Free Trade Area agreement with the E
- DMO** – Destination Management Organization
- DRR** – Disaster Risk Reduction
- EBRD** – European Bank for Reconstruction and Development
- ENPARD** – European Neighbourhood Programme for Agriculture and Rural Development
- EU** – European Union
- GCF** – Green Climate Fund
- KFW** – Credit Institute for Reconstruction, German state-owned development bank
- MEPA** – Ministry of Environmental Protection and Agriculture of Georgia
- MoESD** – Ministry of Economy and Sustainable Development of Georgia
- MOF** – Ministry of Finance of Georgia
- MoRDI** – Ministry of Regional Development and Infrastructure of Georgia
- NACE** – Statistical Classification of Economic Activities in the European Community
- NEAP** – Third National Environmental Action Program of Georgia
- NFA** – LEPL National Forestry Agency
- OECD** – Organization for Economic Cooperation and Development
- PET** – Polyethylene terephthalate
- SARS** – Severe Acute Respiratory Syndrome
- SDC** – Swiss Agency for Development and Cooperation
- SDGs** – Sustainable Development Goals of the United Nations
- SMS** – Short Message Service
- UNDP** – United Nations Development Program
- USAID** – United States Agency for International Development
- EIA** – Environmental Impact Assessment
- MHEWS** – Multi-Hazard Early Warning System
- GDP** – Gross Domestic Product
- MIA** – Ministry of Internal Affairs of Georgia
- MOH** – Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia
- MoESCS** – Ministry of Education, Science, Culture and Sport of Georgia
- NEA** – National Environmental Agency

# THE GREEN BUDGET PROJECT

## PURPOSE OF THE DOCUMENT

1. The 2020 Action Plan of the Environmental Protection and Natural Resources Committee of the Parliament of Georgia seeks to implement the Green Budget Project.
2. At the Committee's session on March 11, 2020 – per the initiative of the Chairperson, Nino Tsilosani, and with the support of the organization CENN – the Committee created a working group on the Green Budget Project<sup>1</sup> with the aim of facilitating the Committee's activities. The working group includes MPs, representatives from the Ministry of Environmental Protection and Agriculture, and relevant area specialists.
3. The present document of the Green Budget Project was prepared by the working group. The document identifies challenges in terms of funding environmental programs and aims to create an effective budgeting process at the Parliament. The document analyses the results of fulfilling the State's environmental functions, defines budgetary priorities and, on this basis, offers recommendations for the budgeting process between 2021-2024.
4. The Green Budget Project is the first guiding document for the Parliament of Georgia which assesses the fiscal policies of sectoral and inter-sectoral environmental systems and new legislative initiatives and ascertains the effectiveness of budgeting legislative and institutional reforms implemented in the sector.
5. Due to the high standard of transparency within the Environmental Protection and Natural Resources Committee, the process was carried out with broad public involvement, which implies the participation of stakeholders and invited experts from the very beginning of the project's implementation.

## THE APPROACH AND LIMITATIONS

6. As a result of the working group's analysis of the challenges and opportunities in the sector, the document offers a vision and recommendations that will contribute to the formation of policies and budgets between 2021-2024 in the direction of environmental protection.
7. During the preparation process of the document, the working group analysed information on the environmental aspects of the 2019 budget and determined priorities for short and medium-term budget planning.
8. In the section on evaluation, an emphasis was put on the correspondence of the structural and financial condition of the authorized agencies with the obligations imposed on them in terms of financing the commitments provided for both by the national legislation and international treaties. A particular emphasis was placed on budgeting for new legislative initiatives. In this regard, it was important to

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<sup>1</sup> The Parliament of Georgia, the working group on the Green Budget Project  
<http://parliament.ge/ge/saparlamento-saqmianoba/komitetebi/garemos-dacvisa-da-bunebrivi-resursebis-komiteti/w-groups/mwvane-biudjetis-proeq-ti-samushao-djgufi>

analyse the institutional obligations imposed by the Forest Code of Georgia, the Environmental Assessment Code, and the Waste Management Code with the aim of future budgeting.

9. The working group also considered it necessary to analyse the draft laws on the management of water resources, on environmental liability, and on aquaculture, in order to evaluate the readiness of sectoral agencies to fulfil new state obligations.
10. To some extent, the document goes beyond the competences of the Ministry of Environmental Protection and Agriculture of Georgia (MEPA) and encompasses other agency and inter-agency priorities defined by the Third National Environmental Action Program (NEAP) of Georgia. In terms of inter-sectoral issues, energy efficiency and green energy, green business, ecotourism, and environmental education were developed as separate directions.
11. As part of the process, the working group conducted a complete analysis of the State Budget. In particular, the working group members assessed the environmental aspects of the budget and its Program Annex, the Basic Data and Directions (BDD) document, and the medium-term action plans of relevant sectoral agencies. The analysis also encompassed existing approaches and instruments for planning, executing, and reporting (on the budgeting process) for the environmental budget.
12. The working group elaborated the present guiding document for the Committee to examine the budgets of 2021-2024 and issued important recommendations on the budgetary and fiscal policies to be implemented in order to achieve the environmental goals declared by the State.

## **CHANGES CAUSED BY THE CORONAVIRUS PANDEMIC (COVID-19)**

13. The economic recession caused by the coronavirus pandemic (COVID-19) has had a considerable effect on macroeconomic parameters, which is also reflected in both the revenue and expenditure parts of the budget. In addition, due to the decrease in economic activity as a result of the imposed restrictions, it became necessary to take a number of unforeseen measures with the aim of socially protecting the population and supporting businesses, in addition to coping with the pandemic. As a result, the government elaborated an anti-crisis plan.
14. It became necessary to mobilize additional external credit resources and to make adjustments to the initial budget of 2020 in order to finance the expected deficits and the expenditures of the measures provided for by the plan. As a result, in June, the Parliament made amendments to the Law on the State Budget of 2020, which provide for a 4% decrease of the real GDP, a decrease in revenues by about GEL 1.7 billion, a decrease in the current and capital expenditures by up to GEL 600 million, and raising an amount of GEL 3.4 billion to finance the measures envisaged by the government's anti-crisis plan.
15. As for the aggregate numbers of the budget, despite the fact that tax revenues decreased by GEL 1,486 million, the total amount of budget revenues increased by GEL 3,866 million and reached GEL 18,420 million. This increase is related to taking out an additional loan to finance the deficit. Further-

more, the expenditures part of the budget increased by GEL 1,491 million in total and reached GEL 15,924 million. The increase in the payables was mainly caused by increased social expenditures as a result of the pandemic, which brought about an increase of expenditures by GEL 1,710 million.

16. In parallel with allocating additional expenditures required to finance measures for coping with the pandemic, the resources allocated for measures envisaged by the initial budget decreased by GEL 547 million. The current expenditures were curtailed to a considerable extent. Measures planned in the areas of culture, sports, and tourism and capital projects related to tourism infrastructure were also curtailed.
17. As for the changes according to ministries and other spending institutions, the funding of 27 of 55 of them decreased, while that of 3 increased. Of these, the funding of 7 ministries decreased by GEL 479 million in total, while the funds for 3 ministries increased by a total of GEL 1,734 million. The Ministry of Regional Development and Infrastructure (MoRDI) and the Ministry of Education, Science, Culture and Sport (MoESCS) suffered the biggest cuts in funding: GEL 251 million and GEL 128 million, respectively.
18. The increases in funding are related to financing additional expenditures caused by the pandemic and are mainly directed at the programs of "Social Protection of Population" (GEL 836 million) and "Healthcare of Population" (GEL 238 million) of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (MOH) and at the "Development of Entrepreneurship" program (GEL 419 million) of the Ministry of Economy and Sustainable Development (MoESD). It should be noted that the allocations for the MoESD were decreased by GEL 26.6 million, with the exception of the funds allocated for anti-pandemic measures, although, at the same time, the funding for the project to rehabilitate the Enguri and Vardnili hydropower plants was increased by GEL 10 million.
19. The allocations for MEPA were also subjected to considerable changes; its allocations were decreased by GEL 15.1 million, with the exception of GEL 139 million allocated for anti-pandemic measures.
20. It is noteworthy that, as a result of the amendments to the law on the budget, resources were decreased for most programs pertaining to the ministry's environmental competence, which amounted to GEL 11 million and 14.2% of the resources initially allocated for the programs. The Environmental Supervision program was affected the most with a GEL 4.5 million decrease in funding.
21. The aforementioned amendments are going to slow down the achievement of this year's goals envisaged by MEPA's strategic documents – the Third National Environmental Action Program (NEAP) of Georgia and the Rural and Agricultural Development Strategy – to some extent, as MEPA's resources are limited and often insufficient for the accomplishment of the goals of the strategy. However, it should also be noted that the amendments were caused by the pandemic this year and, at this stage, they do not imply changing medium-term priorities in the direction of environmental protection.
22. In spite of the amendments to the Law on the State Budget of 2020, the revision of this year's priorities, and decreases in the allocations for certain environmental programs, the issues and recommendations discussed in the guiding document of the Green Budget Project do not lose their relevance. The Green Budget Project does not aim to give rise to new financial obligations but rather is more oriented at better distribution of already existing resources both by improving existing processes and introducing new mechanisms provided for by international practice. Accordingly, the recommendations prepared by the working group will contribute to the development of the 2021 budget in an environmental direction even with limited resources, as the holistic approach of the Green Budget ensures a unified vision on environmental issues and fosters the efficient use of resources.



# WHAT IS THE GREEN BUDGET

23. The Green Budget is a guiding document for the Parliament of Georgia, which is designed to align the budget of a given year with the legislative and institutional reforms to be implemented in the sector of environmental protection and natural resources. The Organization for Economic Co-operation and Development (OECD), in its Paris Collaborative on Green Budgeting<sup>2</sup> launched in 2017, defines green budgeting as a tool for budgetary decision-making to help achieve environmental goals. This includes assessment of the environmental impact of budgetary and fiscal policies and of their compatibility with the fulfilment of national and internationally declared commitments.
24. Green budgeting ensures the transparent distribution of public funds allocated for environmental purposes and effective communication with the public and other stakeholders. Therefore, green budgeting contributes to informed, fact-based debates and discussion on sustainable development issues.

Green budgeting aims to overcome the following challenges:

- Unsystematic substantiation of environmental expenditures;
  - Weak connection between the processes of assessment and decision-making;
  - Insufficient inter-agency collaboration in the budgeting process for achieving common, inter-sectoral goals for sustainable development and lack of congruence of economic, fiscal, environmental, and social goals.
25. The complexity and focus of green budgeting depend on political priorities and political will. Green budgeting does not change policy, but rather it brings the totality of activities into conformity through coordinated action and a systemic approach, which contributes to achieving the sustainable development goals.

The following should be assessed and analysed by green budgeting:

Budgetary outcomes caused by distribution of inter-agency efforts and strategic agenda:

- a. Needs analysis of the environmental policy;
- b. Assessment of environmental actions in terms of fiscal sustainability;
- c. Formulation of “Green Goals” in the planning of long- and medium-term budgets.

Environmental impact of state measures:

- a. Identification of budgetary expenditures on actions that are potentially harmful to the environment;
- b. Assessment of the taxation system in terms of environmental impact;
- c. Taking stock of subsidies for fossil fuel;
- d. Prioritization of expenditures, considering factors of climate change.

Relevant budgetary measures:

- a. Ex-ante environmental impact assessment;
- b. Cost-benefit analysis;
- c. Ex-post assessment.

<sup>2</sup> The Organization for Economic Co-operation and Development (OECD), “Paris Collaborative on Green Budgeting”, <https://www.oecd.org/environment/green-budgeting/>

26. As shown by international practice, some countries have already started integrating climate change and other broader analyses of environmental sustainability in the budgeting process:

- The Budget of Norway<sup>3</sup> includes a detailed sub-chapter that reviews the following important issues: analysis of using the taxation system to improve the efficiency of resources, the country's results in the area of climate change, management of renewable resources;
- France includes a comprehensive report on the economic analysis of climate change in its annual budget documents<sup>4</sup> and plans to add data on public and private expenditures in accordance with environmental goals. In addition, France has developed a comprehensive system of classification of expenditures<sup>5</sup> that have a positive, negative, and neutral impact on the environment. The system concerns not only the impact of climate change, but also six different environmental aspects, including biodiversity and the quality of water and air;
- Ireland determines the amount of public expenditures directed at addressing climate change and plans to assess the environmental impact of public expenditures;<sup>6</sup>
- The “well-being budget” of New Zealand<sup>7</sup> brings together social and environmental indicators and goals;
- A study conducted by the Federal Ministry of Finance of Germany in 2009<sup>8</sup> uses different scenarios of socio-economic and climate development in order to study the possible impact of climate change on the fiscal sustainability of Germany. The report includes a qualitative and quantitative assessment that is based on 10 situational analyses and covers the sectors of buildings, agriculture and forestry, energy, water, tourism, transportation, insurance, and healthcare.

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<sup>3</sup> Norwegian Ministry of Climate and Environment (2019), Report from the Technical Calculation Committee for Climate 2019

<sup>4</sup> SF (2009), Grenelle I - Le Sénat, <https://www.senat.fr/dossier-legislatif/pjl08-042.html> (accessed on January 24, 2020).

<sup>5</sup> CGEDD/IGF (2019), Green Budgeting: proposition de méthode pour une budgétisation environnementale

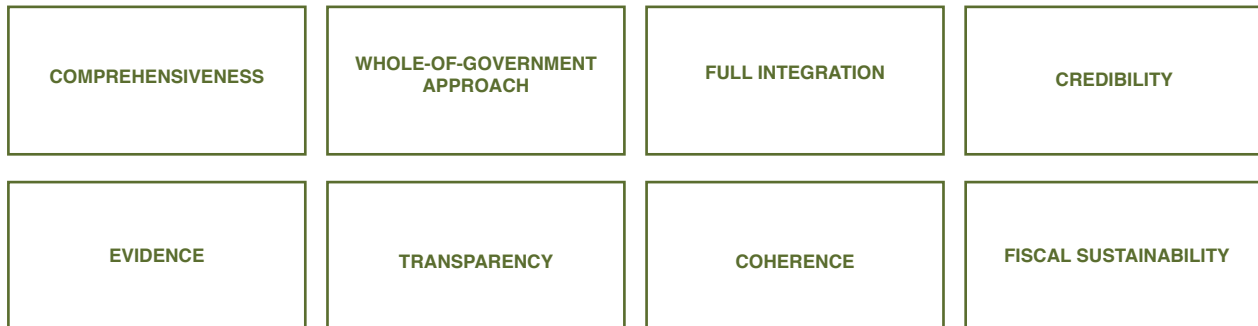
<sup>6</sup> Cremins, A. and L. Kevany (2018), “An Introduction to the Implementation of Green Budgeting in Ireland”, Staff Paper, Climate Change Unit, Department of Public Expenditure and Reform, Irish Government Economic & Evaluation Service

<sup>7</sup> NZ Treasury (2019), Higher living standards

<sup>8</sup> Peter, M. and H. Lückge (2009), Klimawandel: Welche Belastungen entstehen für die Tragfähigkeit der Öffentlichen Finanzen?

## OECD FRAMEWORK FOR GREEN BUDGETING

27. According to the OECD Framework for Green Budgeting, green budgeting<sup>9</sup> has eight major principles:



- **Comprehensiveness** – A country needs to have a comprehensive approach to provide a clear and balanced assessment of how the budget as a whole supports the country’s environmental commitments. This requires the consideration of positive and negative environmental impacts caused by spending and revenue-raising decisions.
- **Whole-of-government approach** – The complexity of environmental issues requires a unified action and close collaboration of the government and sharing experience on issues of strategic planning, policy formulation, data collection, and monitoring and evaluation within the government, across sectors, and internationally.
- **Full integration** – It is necessary to integrate the environmental perspective into existing budget processes, including processes of evidence-generation, financial and performance reporting, and budgetary decision-making.
- **Credibility** – Full integration can be achieved with the participation of partner institutions – such as independent fiscal institutions, auditing bodies, and civil society organizations – so that they verify the quality and completeness of assessment processes and reporting.
- **Evidence** – Evidence-based decision-making is key to ensure efficient, effective, and trusted outcomes.
- **Transparency** – Comprehensive presentation and informational analysis in the budget documentation increases transparency.

<sup>9</sup> OECD (2020), “Key Principles”, OECD Framework for Green Budgeting

- Coherence – A systematic and coordinated approach on how policies are decided and framed in a country's budget process is central to ensure policy coherence. This should involve all central institutional mechanisms that can steer budget decisions in line with the set objectives.
- Fiscal sustainability – The pursuit of environmental objectives should be undertaken within a budget framework that underpins sound fiscal sustainability and is aligned with other long-term social and economic government priorities. This requires a top-down budgetary framework based on fiscal objectives and a strong medium-term dimension in the budgeting process.

# GREEN ANALYSIS OF THE STATE BUDGET

## THE BASIC DATA AND DIRECTIONS (BDD) DOCUMENT

28. The country's Basic Data and Directions (BDD) document mainly discusses environmental issues in the components of "Sectoral Economic Policy" and "Management of Natural Resources". The document discusses the government's environmental policy in an aggregated manner.
29. The BDD document also presents global measures to be implemented as part of the environmental policy, which serve the achievement of the said goals. However, these measures are general in character and do not clearly specify the essence of the formation of an effective system of environmental liability or new regulatory norms that are envisaged to be introduced as part of the policy.
30. It is noteworthy that the presented measures are concentrated on the competence of environmental protection. However, the document does not discuss potential environmental impact in connection with measures to be implemented as part of the unified policy of rural development, whereas there may exist a direct or indirect relationship among the measures. This is especially noteworthy in view of the fact that, according to the Rural and Agricultural Development Strategy, the definition of "agriculture" also encompasses environmental aspects. In addition, the strategy envisages measures in the following directions: 1. competitive agricultural and non-agricultural sectors; 2. sustainable use of natural resources, maintenance of ecosystems, adaptation with climate change; 3. effective systems of food/feed safety, veterinary medicine, and plant protection. As a result, environmental directions are also integrated with the goals of agriculture, which synchronizes both sectors.
31. It should be noted that discussion of potential environmental impact is also missing in other directions of the sectoral economic policy. For example, the subchapter on the implementation of the energy policy<sup>10</sup> does not deal with potential outcomes of interaction with the environment, whereas the directions of the policy include programs that have an impact on the environment: development of the system for safe and stable transmission and distribution of natural gas and electricity; ensuring the supply of natural gas to the population in the regions; utilization of renewable energy sources. A detailed analysis of the outcomes of the environmental impact of the energy sector is given in the subchapter "Energy Sector".
32. Unlike the sectoral economic policy, it is noteworthy that a certain vision on environmental impact is presented in the framework of implementing the policy on managing natural resources, which deals with initiatives planned as part of the policy to ensure the effective management of natural resources.
33. It should be mentioned that the aforementioned sectors do not completely cover all directions of the State's environmental functions. As noted in the subchapter "Environmental Governance", an important role is also played by the MoESD, MoRDI, MoESCS, and MOH in the process of implementing the environmental protection policy. However, the BDD document does not address environmental measures planned in these directions.

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<sup>10</sup> In BDD document

34. Therefore, the country's BDD document is in need of further improvement in order to ensure that it presents a complete picture of the environmental aspects provided for by the medium-term fiscal framework and of the policy of environmental protection. Specifically, the document does not contain complete information about the development of new regulatory norms, concrete systems or mechanisms planned as part of the implementation of the environmental protection policy, and about their possible impact on medium-term goals/outcomes to be achieved. In addition, the BDD document pays little attention to environmental issues in the inter-sectoral context. In particular, it fails to offer a vision on the environmental impact resulting from the implementation of various sectoral policies or on the scale of possible interruption/facilitation in terms of achieving the goals of the environmental protection policy. The aforementioned indicates that the BDD document requires further improvement and more details.

## MEDIUM-TERM ACTION PLANS

35. The MEPA's Medium-Term Action Plan for 2019 presents the goals of the programs to be implemented by the ministry and the information on their expected outcomes/targets. The action plan also includes the cost estimates of large-scale measures to be implemented as part of programs.

36. For programs directly related to the environment (with total allocations of GEL 109 million), the plan contains detailed information about the goals of each program/sub-program, their expected outcomes, targets of assessment indicators, and measures to be implemented for the year planned and for three subsequent years. As for cost estimates, the majority of the programs/sub-programs are broken down according to measures to be implemented as part of them, which covers more than 75% of the total resources. In particular, 60 measures are given for 19 programs/sub-programs (with a total budget of GEL 82 million<sup>11</sup>).

37. Similar to the BDD document, the section on programs in the Medium-Term Action Plan devotes less space to the links with/impact on other programs and only deals with the activities planned in the framework of the programs concerned. Accordingly, the sections on possible risks and margins of error also fail to reflect a possible negative impact of the activities of other programs on the planned expected outcomes.

38. So far, planning for a medium term remains a challenge – in terms of planning both expected outcomes/indicators and financial resources. In a number of cases, in the information on a program, the targets of indicators of three years after the planning are the same as the targets and activities that were used in the case of the year planned (2019). In addition, these targets are also given in those cases where the allocation for the program was changed in the medium term. It should be noted, however, that medium-term planning is a common challenge across the country, and its improvement is constantly on the agenda of developing countries.

39. After the end of the budget year, ministries are obliged to submit an assessment of their medium-term action plan (in terms of activity outcomes).<sup>12</sup> The ministry's assessment of the Medium-Term Action Plan for 2018-2019 mainly provides an overview of the activities implemented and of the state of fulfillment of concrete indicators. However, in order to ensure effective monitoring of the activity outcomes (as determined by the methodology for compiling a program budget), the document requires further

<sup>11</sup> The figures are calculated for the 2019 budget

<sup>12</sup> The form of assessment for the medium-term action plan defined by Ordinance No. 107 of the Government of Georgia

qualitative improvement and integration of assessments of benefits obtained as a result of the policy implemented by means of additional analysis.

40. Currently, ex-ante/ex-post assessments and cost-benefit analyses are seldom conducted with the aim of assessing potential or actual impact of the implementation of the ministries programs, a new or already introduced policy, reform, or development of regulation, which also makes it difficult to measure the benefits obtained as a result of the ministry's activities and to present complete information in reporting documents.

## THE LAW ON THE BUDGET AND THE ANNUAL EXECUTION REPORT

41. Since 2012, the state budget has been prepared in the program format, which implies determining the main directions – the so-called priorities – for the medium term at the time of planning the budget. The state budget is represented by 12 main priorities, one of which is “Environmental Protection and Management of Natural Resources”. “Agriculture” is also a separate priority. Among the priorities, the least resources, in monetary terms, are allocated to the priority of “Environmental Protection and Management of Natural Resources”, which amounted to GEL 114 million in 2019. The allocations from the budget funds were limited to GEL 66 million, while the remaining GEL 48 million were revenues generated by legal entities of public law from their economic activities.
42. Since 2019, the amount of funds both allocated and spent on the priority of environmental protection increased significantly. Specifically, the funds that were actually spent have increased by GEL 17 million. The rise in the allocations for the programs of “Environmental Supervision” and “Formation and Management of the System of Protected Areas” contributed the most to this increase, by GEL 8 million and GEL 3 million, respectively. In addition, the allocations had not been utilized in full in 2018. Specifically, GEL 15 million was allocated for the program of “Formation and Management of the System of Protected Areas”, although only GEL 8.5 million was utilized during the year, which was related to delays in procurement procedures and construction works.
43. It is noteworthy that the priority of environmental protection and management of natural resources only consists of those programs of the MEPA, which the agency implements within the competence of environmental protection. The priority also includes one program of the MoESD – „Management and Coordination of Minerals“, which is not funded by budgetary resources.
44. In addition to the aforementioned programs, the law on the budget also defines other programs that have a direct or indirect impact on the environment, although the law does not identify such programs separately. Accordingly, it is difficult to see a full picture of environmental measures and of resources allocated for them and to analyse the environmental impact of the fiscal policy envisaged by the main financial document of the State. The sub-chapters in the second part of this document include a detailed discussion on state programs defined by various agencies, some of which directly serve the implementation of the environmental protection policy, while some others have a negative impact on the environment. The programs pertain not only to the sector of environmental protection but also those of agriculture, energy, infrastructure, business, ecotourism, and education.

45. In connection with the foregoing, it is also important that the budget-funded organizations responsible for the implementation of each program identify the interrelationships and mutual positive and negative influences that exist between the activities of their own and other programs. The analysis of the character and scale of the influences will ensure that progress achieved in one direction does not damage other sectors, on the one hand, and contribute to sustainable and economic use of resources and integrated and collaborative actions of the responsible agencies in order to achieve synergy.
46. Currently, the agencies do not make systematic and intensive assessments of the character and scale of the mutual influences among environmental programs with the aim of establishing interrelationships among them.

## THE PROGRAM BUDGET ANNEX

47. The state budget is prepared in the program format, which is a result-oriented approach to budgeting. Its point of departure is not the amount of allocated resources, but rather pre-determined outcomes which are planned to be achieved within the limits of existing resources.
48. Regarding the programs within the priority of “Environmental Protection and Management of Natural Resources”, it should be noted that the quality of information presented in the Program Annex is improved gradually. Among other improvements, the targets of assessment indicators are presented better in numerical terms. However, the analysis of the Law on the State Budget of 2019 and of the Program Annex of Budget Execution Report has identified the following noteworthy issues:
- In certain cases, indicators of assessment of outcomes require further improvement in order to ensure the full assessment of achieved outcomes. In addition, it is advisable to develop additional qualitative indicators for programs;
  - In individual cases, the achieved outcomes are not reported on fully;
  - Explanations about differences between the planned and achieved outcomes are not always presented fully;
  - Sometimes the expected outcomes are planned too conservatively, which results in achieved outcomes exceeding the planned targets to a considerable extent.
49. It is noteworthy that, at the time of working on the Law on the State Budget of 2020, the MEPA took initial steps towards aligning information presented in the Program Annex of the budget with the UN Sustainable Development Goals (SDGs). Specifically, relevant targets of the SDGs were reflected in the expected outcomes and assessment indicators of the MEPA’s program “Monitoring, Forecasting and Prevention in the Area of Environmental Protection”.



## THE STAGES OF PLANNING, EXECUTING, AND REPORTING OF THE GREEN BUDGET

50. Planning of the annual budget in Georgia continues for 10 months and consists of many stages. The first stage of planning the state budget starts before March 1 of each year by working on the preparation of the Basic Data and Directions (BDD) document. The process of planning the budget of the MEPA also starts with this procedure. The policy departments of the MEPA, in coordination with the Budget Department, determine the goals of programs, measures to be implemented, and expected outcomes/indicators, which is followed by the preparation of a relevant cost estimate for presenting an estimated volume of the resources needed for the activities to be carried out. According to the MEPA, this process also takes account of the goals/indicators of the strategy documents of the ministry – the Third National Environmental Action Program of Georgia and the Rural and Agricultural Development Strategy – as much as possible. As for allocations, the resources needed for the implementation of the goals of the strategy cannot be fully reflected due to limited budgetary resources.
51. As the documents to be submitted by spending institutions serve the development of the BDD document, the information prepared at this stage on the outcomes of implementing the environmental goals, new/current policy and programs, which is ultimately reflected in the planning of the budget, is also important from the viewpoint of green budgeting.
52. In addition, during the same period, the ministries elaborate an assessment document of medium-term action plans (in terms of activity outcomes).<sup>13</sup> In terms of green budgeting, this information, together with other additional materials, may be relevant for periodic monitoring and assessment of the productivity and effectiveness of measures carried out by the ministry with the aim of achieving environmental goals.
53. At the next stage, as a result of consolidation of information provided by spending institutions, the MOF prepares the BDD document – the main plan for the country's development. The document is submitted to the Parliament by June 1 for the preparation of committee opinions, and the relevant opinions are forwarded to the Government of Georgia by June 20. It should be noted that the Parliament does not take part in the planning process for the budget until this stage.
54. Since the MOF consolidates the information at the time of preparing the BDD document, at this stage, in the context of green budgeting, it is possible to identify how the policy of each sector or ministry is going to affect the environment and, on the basis of this information, determine the goals and expected outcomes of the national environmental policy as part of a unified fiscal policy.
55. In addition, from this stage, the Parliament can exercise its supervisory function by analysing the document from the viewpoint of environmental protection and by providing relevant opinions to the ministries and the government.
56. The verification and execution of the annual budget is followed by reporting on its execution. Despite the fact that the ministries also prepare reports on the execution of sectoral strategies and medium-term action plans, the main and publicly available document of reporting is the Annual Report on the Execution of the Budget, which compares planned and actually achieved outcomes. Accordingly, the completeness, precision, and transparency of the information presented in this report play a decisive role. This stage is extremely important in terms of transparency and accountability, as well as in the context of green budgeting, for all parties involved in the budgeting process.

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<sup>13</sup> The form of assessment for the medium-term action plan defined by Ordinance No. 107 of the Government of Georgia

57. The information on the planning, execution, and other issues related to the environmental budget is not presented in the form of a separate document in the budget documentation. This information is provided in various chapters of the budget and is only addressed at the level of environmental protection priority or in the context of the MEPA.

## RECOMMENDATIONS

### ***The Ministry of Finance of Georgia***

### ***The Ministry of Environmental Protection and Agriculture of Georgia***

- i. The MEPA and the MOF should, as much as possible, ensure the following in the process of budgeting: In order to present a complete vision on the environmental impact resulting from the implementation of various sectoral policies, which is provided for by the medium-term fiscal framework, the BDD document should present full information about the development of a new policy, regulatory norms, concrete systems or mechanisms in the direction of environmental protection and on their possible impact on medium-term goals/outcomes to be achieved;
- ii. In order to present a unified picture of environmental measures and of the resources directed at them, (1) all the programs/measures related to environmental protection should be identified, (2) the relevant financial and non-financial information should be determined and (3) presented as a whole in the form of a separate sub-chapter/annex in the budget documentation.

### ***The Ministry of Environmental Protection and Agriculture of Georgia***

- i. In order to assess impacts of the policies/reforms/programs planned or already implemented by ministries related to the direction of environmental protection, the MEPA should annually select priority directions, conduct ex-ante/ex-post assessments and cost-benefit analyses, and reflect the results in its report on the implementation of the medium-term action plan;
- ii. In order to ensure integrated actions and sustainable and economical use of resources, the agencies responsible for the implementation of all programs related to the direction of environmental protection should regularly identify the interrelationships and mutual positive and negative influences that exist between their own and other programs. If necessary, the human resources of the policy departments of the agencies should be strengthened;
- iii. Work should continue towards the integration of the indicators defined by commitments taken as part of international collaboration, sectoral strategies, and policy documents into the Program Annex and the ministries' medium-term action plans, in order to ensure that the indicators are taken into consideration in the budgeting process and resources needed for the achievement of outcomes are determined. Information on steps taken in this direction should be submitted to the Committee on an annual basis.

## ENVIRONMENTAL PRIORITIES OF GEORGIA

58. The environmental direction of sustainable development is based on two major conditions – decreasing the negative impact on the environment and reasonable use of natural resources. In relation to historical problems, it is also important to identify priority actions and to make short-, medium-, and long-term plans of processes, in which green budgeting plays an important part.
59. Georgia's environmental protection policy implies taking account of environmental, social, and economic challenges to ensure sustainable development in equal measure. Accordingly, the State's function of environmental protection involves the minimization of the negative environmental impact caused by socio-economic activities.
60. At the same time, environmental protection and sustainable management of natural resources are important parts of the country's economic policy. They create conditions for the reduction of poverty and development of the green economy. Green jobs prompt society to change its consumerist attitude towards the environment with a cautious attitude to this essential factor for welfare and quality of life.

Therefore, the environment is an essential component for the country's sectoral and regional development, and environmental priorities are reflected in all strategic documents.

## THE THIRD NATIONAL ENVIRONMENTAL ACTION PROGRAM OF GEORGIA

61. The Third National Environmental Action Program (NEAP) of Georgia is the main strategic framework document determining the environmental policy. It aims at achieving four major goals:
- Improving the status of the environment, ensuring the protection/sustainable use of natural resources, and preventing/minimizing risks that threaten human health and the welfare of the population;
  - Ensuring compliance with international commitments in terms of harmonization with the political and legislative requirements of the regional and global agenda, especially those provided for by the Association Agreement with the EU;
  - Increasing the capacities of administrative structures required to ensure efficient environmental governance and the enforcement of environmental legislation;
  - Promoting sustainable development through the integration of environmental aspects into social and economic sector policies.
62. The NEAP gives a clear and concise evaluation of the situation in terms of the main environmental directions and challenges whose resolution is vital for the realization of issues in both national and international agendas. The program is accompanied by an action plan that determines competent and partner agencies, as well as information regarding access to required resources.

## INTERNATIONAL ENVIRONMENTAL COMMITMENTS

63. The environmental reforms implemented since 2013 have accelerated a new understanding of the legal framework of environmental governance that is in accordance with international practices. In this regard, the process of harmonizing legislation, which is provided for by the Association Agreement with the EU, assumes particular importance. In particular, the Parliament adopted the Waste Management Code and the Environmental Assessment Code, which are in compliance with international practices and the EU legislation and meets contemporary requirements. In addition, the adoption of the new Forest Code will ensure the sustainable management of forests, which meets the requirements of the Deep and Comprehensive Free Trade Area (DCFTA) agreement with the EU.
64. It should be noted, however, that, due to weak institutional capacities, the formation of a system of environmental governance that would be adequate for effective exercise of the function of environmental protection remains a challenge. It is necessary to develop systems of environmental protection that will be adequate for the declared policy and applicable regulations (allocation of financial resources; recruitment, retraining, and technical equipment of staff in accordance with new requirements; etc.), which will make it possible to enforce the new regulatory framework. With the aim of introducing new regulations, it's necessary to prepare relevant action plans and gradually develop the enforcement mechanism. In order to increase the effectiveness of their work, the agencies that carry out environmental supervision and issue permits are in need of recruitment/retraining of staff, which is impossible at this stage with the current budgetary resources allocated to them.
65. For example, the Waste and Chemicals Management Department of the Ministry of Environment Protection and Agriculture of Georgia receives little funding for implementing the requirements of the Code. As a result of adopting the new Forest Code, it is important to provide the agencies that manage forests (the National Forestry Agency (NFA), the Agency of Protected Areas (APA), etc.) with adequate resources, without which they won't be able to create the material-technical base (acquisition of equipment, development of storage facilities – the so-called “Business Yards” – with full scale) for establishing an operational and sustainable system of producing timber and its sale. The foregoing should create the basis for the sustainability of the sector and for accumulating the resources that will later help the forest management agencies in fully implementing forestry measures.
66. Yet another problem is the postponement of adopting laws and subordinate acts, which interrupts the fulfilment, within relevant time frames, of necessary actions. For example, the implementation of large infrastructure projects (interruption of building storage facilities for hazardous waste and regional disposal facilities for non-hazardous waste, etc.) – by the same or other agencies.

## RECOMMENDATIONS

### *The Government of Georgia*

- i. To harmonize national and sectoral strategies and action plans related to environmental protection and management of natural resources. Specifically, it is necessary to elaborate a sustainable development strategy/policy at the national level, which will take account of aspects of international environmental commitments determined by sectoral environmental strategies and those of declared national aspirations. The said harmonization is going to further strengthen sectoral collaboration on environmental issues and bring about an increased support at the international level;

- ii. For the introduction of an integrated system of inspection of hazardous production facilities, it is recommended to accelerate the adoption of the Law on Control of Hazards of Large-Scale Accidents.

### ***The Ministry of Environmental Protection and Agriculture of Georgia***

- i. With the aim of putting the Law of Georgia – Environmental Assessment Code into full operation, it is important that the Espoo Convention on Environmental Impact Assessment in a Transboundary Context and its Protocol on Strategic Environmental Assessment enter into force for Georgia, which requires gradual implementation of relevant actions;
- ii. With the aim of ratifying the Minamata Convention on Mercury, it is necessary to elaborate a full legislative package and ensure the process of adopting and ratifying relevant legislation;
- iii. It is important to adopt the draft Law on Management of Water Resources, which implies the introduction of a system of basin management in Georgia;
- iv. Ensure the timely implementation of unfulfilled measures of the sustainable system of management of chemical substances envisaged for the years 2018-2019 (drafting of a new framework law and a subordinate act “on the classification, labelling, and packaging of substances and mixtures”, creation of a unified state register of hazardous chemical substances and a unified mechanism for identifying objects contaminated by chemical substances).

## **ENVIRONMENTAL GOVERNANCE**

- 67. The main competences for the development and administration of the environmental protection policy and the relevant regulatory framework are concentrated in the MEPA. This agency regulates the issues of environmental protection and the use of natural resources, coordinates Georgia’s involvement in regional and global agenda, and manages the development of sustainable agriculture.
- 68. One should mention the function of the MoESD as the agency steering sustainable and inclusive development, its role in the management of state property, and taking account of environmental aspects in them. In order to achieve sustainable development, it is vitally important to integrate environmental factors in planning and implementation of policies of energy, mining and processing industry, construction, transportation, and other sectors, as well as in mechanisms for supporting business.
- 69. The MoRDI also plays an important role in terms of minimizing the negative environmental impact of relevant infrastructure projects, the use of natural resources, and improvement of environmental conditions, by means of implementation of projects of relevant public utilities systems and other large-scale infrastructure.
- 70. The MIA plays a key role in the management of disasters caused by natural hazards/natural phenomena. The Ministry also plays an important role in the protection of human life and ensuring people’s security.
- 71. The MOF plays a major role in ensuring the funding of systemic environmental initiatives. Its competences also include the development and introduction of practical tools for green public procurements.

72. The MoESCS plays an important role in terms of integrating an environmental aspect into learning programs at the relevant level of education, as well as facilitating scientific research. The ministry takes account of the environmental factor by introducing energy efficiency and the use of renewable energies in the process of the renewal of the educational infrastructure.
73. The role of the MOH is noteworthy in terms of adopting standards of healthcare that are in accordance with environmental protection and supporting environmental activities (e.g. involvement in the process of strategic environmental assessment).
74. Self-government bodies play a particular role in the enforcement of the environmental policy, which is manifested in the exercise of their competences in the following areas: utilities services (water supply, waste disposal, sewage and drainage services); municipal transport; construction and municipal improvements; greening; services related to economy/business, culture, and social affairs; prevention of disasters caused by natural hazards/natural phenomena; supplying the population with timber resources; management of municipal forests (in the cases of Akhmeta and Tbilisi); etc.
75. The role of each public agency in the area of environmental protection is expressed by their organization of procurements of goods or services, which does not have a systematic character at this stage.

## **MONITORING OF THE STATE OF THE ENVIRONMENT AND MANAGEMENT OF ENVIRONMENTAL INFORMATION**

76. The recording and monitoring of the state of the environment is being gradually improved, although its fragmentary character fails to ensure the credibility of obtained information and does not make it possible to conduct a complete analysis of the environmental situation. Accordingly, in a number of cases, the environmental information is not enough for making necessary decisions. It is necessary to improve the quality of reports on the environmental impact and strategic environmental assessment and to develop systems of current (including automatic) and periodic recording of information on water, air, soil, minerals, flora and fauna, geological and meteorological processes, and other areas. Credible and relevant information and analysis prepared on its basis are pre-requisites for effective environmental governance.
77. The LEPL National Environmental Agency (NEA) plays an important role in orderly functioning and development of systems of environmental monitoring. The main functions of the agency are as follows: the creation of systems of monitoring of meteorological, hydrological, and geological processes underway in the territory of Georgia and of the quality of the environment (atmospheric air, surface and ground waters, sea, soil) and ensuring their functioning; processing of data of observation on the environment; assessment of the state of the environment and dissemination of relevant information.
78. The NEA is seeing a considerable increase in the number of environmental impact assessment (EIA) reports, on which geological expert opinions are to be prepared, and the agency organizes expeditions to a number of the sites, for which the resources allocated to the agency are not sufficient.

79. Despite the fact that the recent years have seen an improvement in the activities of the NEA, expansion of the monitoring network, and partial renewal of the material-technical base with tools and devices that meet contemporary standards (including with the financial support of donors), the agency still experiences a lack of financial and human resources.
80. In this regard, it is planned to strengthen the NEA to a considerable extent in the short and medium term, which is supposed to ensure:
- development of the systems of monitoring and assessment of the quality of atmospheric air;
  - improvement of monitoring the Black Sea;
  - improvement of the system of monitoring water quality and biodiversity;
  - improvement of monitoring the quality of soil;
  - geological monitoring and compilation of state geological maps.
81. With regards to environmental monitoring, it is important to steadily carry out the measures of national registration of forest and forest management, one of the goals of which is to obtain credible information on the processes underway in the forests and to control them.
82. It is also necessary to improve the regulatory framework of the harm inflicted on the environment. In this respect, it is important to adopt the Law on Environmental Liability, which introduces a new “contaminator pays” system of environmental liability in which where the damaged environment is restored to its previous condition.

## INTERNATIONAL COLLABORATION AND SUPPORT

83. Important environmental measures are taken on the basis of efforts of international organizations. With the joint efforts of the Environmental Protection and Natural Resources Committee of the Georgian Parliament and the MEPA, it is becoming possible to attract the best international environmental experience while taking account of Georgian reality. One should mention the considerable support of the international community both in policy planning (assessment of existing situation, elaboration of strategies, concepts, legal framework, etc.) and implementation (registration and monitoring, arrangement of demonstration enterprises, financial support of environmental measures, acquisition of clean technologies/retooling, fund-raising, etc.). Thanks to their efforts, it became possible to commence the process of elaboration and introduction of the Rural Development Strategy, the Waste Management Code, the Environmental Assessment Code, and the new Forest Code. A number of sectoral strategies and reports have been prepared regarding environmental protection. Currently, a number of draft laws/initiatives are being elaborated or have been submitted to the Parliament for consideration. All of this indicates the important role of the international community in the development of Georgia's environmental sector. Moreover, if the ongoing reforms supported by the international community are implemented successfully, this may create examples of best practice in sustainable development and environmental protection in Georgia.



# THE USE OF RESOURCE-SAVING AND CLEAN ENVIRONMENTAL TECHNOLOGIES

84. According to the current legislation, the amounts of fees imposed on natural resources are significantly lower than the value of their real ecosystem services and often have a token value (e.g., fees on the use of water resources, stone and rubble, etc.). This leads to an inadequate perception of natural riches and, accordingly, to their irrational use. Consumers are not inclined to spend the natural resources reasonably and to take their real value into account, as they are allowed to use them almost free of charge, for a token price.
85. In this regard, it is necessary to introduce/revise the policy of regulation of the use of wood and non-wood forest resources, as well as objects of the animal world, and to set an optimal price for the use of natural resources.
86. For example, the fee for 1 kg. of fir cones amounts to 60 tetri, which is an inadequately small amount and does not contribute to rational use of this resource and to increasing local or state revenues. It is noteworthy that, with the aim of effective management of the unique resource of fir cones, after a long break, the study of seed yield of fir groves and the establishment of the annual harvesting quota has already started, which is supposed to subsequently reflect on the licensing process. The fee is also small for the use of bulbs of snowdrop and/or glomerules of cyclamen included in the Appendices to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which amounts to 10 tetri per 1 kg. On the basis of the new pricing policy, it is necessary to change the existing system of auctions, which will give more financial benefit to both the State and the local population.
87. It is necessary to define mechanisms for the payment of the fee for species that yield non-wood forest products (sweetbrier, crab apple, blackberry, currant, redcurrant, blueberry, liquorice, crab-apple, wild plum, nettle, flat-leaved ragwort, barberry, primrose, butcher's broom, hawthorn). Forest areas should be selected on the basis of the forest management plan and the annual action plan, by an agency that manages forests.
88. For this purpose, it is necessary to mobilize additional funds to strengthen the NFA, the Agency of Wildlife, and the NEA.
89. With regards to fish resources, as of today, the regulation fee has not been determined for the harvesting of any fish species, except the anchovy. In order to set the regulation fee, it is necessary to conduct relevant studies to determine both the reserves and markets. In this regard, it's also necessary to revise the adequacy of the already existing regulation fee and regular fee for the anchovy resources.
90. Economic activities are not always accompanied by the introduction of resource-saving clean technologies. Accordingly, systemic cases of water, air, and soil pollution are frequent. For example, the practice of using technologies for decontamination of waters polluted as a result of economic activities and the repeated use of water is less common. The same is true for the current practice of air pollution (pollution with transport, pollution resulting from industrial or agricultural activities and emissions).



91. The use of resource-saving and clean technologies is one of the major directions for achieving rational use of natural resources. Improving the systems of registration, management, and monitoring of natural resources and stimulation of clean technologies is going to create a better environment for businesses and push the local population towards development. Business environment based on the principles of sustainable development will ensure the transformation of attitudes towards the environment from consumer-driven to sustainably-minded.
  
92. One should also mention the stimulation of the purchase of motor transport that is based on clean technologies. The current regulation on the customs clearance of vehicles which provides for privileges for electric and hybrid vehicles has significantly stimulated the purchase of vehicles based on clean technologies, resulting in a considerable increase in imports of hybrid vehicles. However, despite full exemption of electric vehicles from the customs duty, their imports are relatively small, which is caused by inadequately developed services for such vehicles (small number of fast charging stations, lack of service centers).

# SECTORAL AND INTER-AGENCY PRIORITIES

## THE RURAL AND AGRICULTURAL DEVELOPMENT STRATEGY OF GEORGIA 2021-2027 AND THE ACTION PLAN

93. The Rural and Agricultural Development Strategy of Georgia has introduced a totality of views in Georgia that form a new framework for the country's socio-economic development and need to be taken into account in the budgeting process.
94. The creation of a unified system of coordination was named as one of the positive factors of the merger of the Ministry of Agriculture and the Ministry of Environmental Protection and Natural Resources in 2018, due to which the implementation of the strategy should be regarded as a direct indicator of the successful functioning of the new ministry.
95. Discussion of the recommendations given below is especially important in the process of eradication of the damage caused to the sectors of agriculture and tourism as a result of COVID-19 and at the time of planning/implementation of programs of support.

### MAIN FINDINGS

96. In the Rural and Agricultural Development Strategy, the term "agriculture" is defined according to the European classification (NACE Rev. 2), which is also used by Geostat (NACE Rev. 2. Section A): Agriculture, forestry, and fishing. This section [A] includes the use of natural resources of plant and animal origin, cultivation of crops, animal breeding, harvesting of wood and cultivation of plants, animal and fish farming, and obtaining of products of animal origin in agricultural enterprises or in the natural environment.
97. The introduction of forests as a major component of rural development should be regarded as a transformational change for Georgia, where forest resources lead to agricultural potential. The document gives the MEPA a concrete task of developing economical models for forest management, on the basis of which new jobs will be created.
98. The projected budget for the implementation of the Rural and Agricultural Development Strategy 2021-2027 amounts to no less than GEL 2.0 billion for the period of 2021-2027. The activities, indicators, and budgets of 2021, which are envisaged by the Action Plan for 2021-2023, will be specified in 2021.
99. The main part of the recommendations prepared for the budget of 2021 concern strengthening the research and the institutional component, which, in subsequent years, is supposed to be followed by the introduction of scientifically substantiated and prescribed programs. It is especially important to mobilize human resources for the relevant policy departments.

100. The role of the Interagency Coordination Council is decisive for the implementation of not only the Rural and Agricultural Development Strategy and Action Plan, but also the programs of the country's regional and economic development, in coordination with the MEPA, MoRDI, and relevant municipalities.
101. This refers to implementation of 4th priority of Regional Development Program for Georgia: "promoting local development and support to specific areas based on their endogenous development", with approximate budget of GEL 851 million. The program provides for the arrangement of small-scale technical and social infrastructure, increasing the investment capacities of local companies, and developing local tourism (with sustainable use of cultural and natural heritage).
102. The effective work of the Department of Agriculture, Food and Rural Development of the Ministry of Environmental Protection and Agriculture of Georgia as well as the inter-agency coordination should also lay the groundwork for increasing the effectiveness of the GEL 655 million activities for the development of high-mountain regions, which aims to develop small and mid-sized enterprises and farms in high-mountain settlements.

## RECOMMENDATIONS

### *The Ministry of Environmental Protection and Agriculture*

- i. The State, in partnership with research institutions, should create an environment conducive to local green business, develop mechanisms for stimulation, create new start-up models, ensure the diversification of programs of supports, and maintain a balance in the programs of support according to the order of priority of sectors on the ground.
- ii. The implementation of the foregoing requires the integration of strategic goals and approaches with the Action Plan at the level of objectives and activities; in particular, new key directions of agriculture should be included in those programs of support of the local population and business that have already been implemented successfully for years now, including by the Agricultural and Rural Development Agency (ARDA). In the beginning phase, it is necessary to make adjustments to tens of specific programs in the areas of grants, stimulation, education, marketing and other directions, expand them to include the sustainable use of forest resources, and prepare relevant documentation regarding permits (the NFA).
- iii. Below we give a list of programs provided for by the 2021-2023 Action Plan of the Rural and Agricultural Development Strategy whose expansion – in particular, integration of non-agricultural and forestry directions envisaged by the Strategy – would have a fast economic and ecological result:
  - Provision of effective extension services for farmers;
  - Implementation of programs of vocational education;
  - Equipment of agricultural cooperatives with processing installations;
  - Facilitation of cultivation of modern orchards;
  - Facilitation of production of Georgian tea;
  - Co-funding of acquisition of harvesting equipment for farmers;
  - Development of quality schemes at the national and regional levels;
  - Introduction of international standards and popularization of products;
  - Supporting the popularization of Georgian agricultural products/implementation of measures;
  - Co-funding of the interest on credits/leasing in the direction of industries;
  - Development of small tourism infrastructure (see additional detailed information in the section on ecotourism);

- Improvement of infrastructure in protected areas;
  - Equipment of protected areas with infrastructure;
  - Facilitation of the introduction of energy-efficient and renewable energy technologies and practice (see additional information in the section on energy);
  - Conducting studies on local species and populations of the fauna;
  - Spraying of plants against harmful insects.
103. The issues of energy and tourism are also broken down in the relevant sections – Energy Sector and Ecotourism.
104. For example, it is recommended to change the name of the program of “Equipment of agricultural cooperatives with processing installations” to “Equipment of agricultural and rural development cooperatives with processing installations”, which will also gradually bring together cooperatives specializing in the activities related to the use of resources of plant and animal origin, harvesting and processing of wood, farming of fish in the natural environment, arrangement of nurseries for decorative varieties and forest varieties with valuable wood, production of non-wood forest resources, cultivation of energy plantations, introduction of energy-efficient and renewable energy technologies, and tourist and recreational use of forests.

## THE ENERGY SECTOR

105. As part of the Georgia-EU Association Agreement and membership in the Energy Union, Georgia is supposed to take considerable measures in the direction of energy efficiency and development of sources of renewable energy. Between 2020-2030, the country is supposed to develop concrete targets on the share of renewable energies in the consumption of final energy and on the volume of energy saved by energy efficiency.
106. Firewood is an important local renewable energy resource,<sup>14</sup> however there is no action plan which would envisage comprehensive measures for mitigating its unsustainable consumption. Accordingly, with regards to renewable energies, the goal of the Green Budget Project is to assess the budgetary provision for the effective development and implementation of the renewed regulatory framework for supporting sustainable consumption of firewood as an energy resource in Georgia.
107. In order to reduce the excessive demand for wood resources of forest and to overcome the practice of unsustainable extraction and consumption of wood, a unified policy of action has been developed, which was reflected in the National Forestry Concept and the new Forest Code approved by the Parliament.<sup>15</sup>

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<sup>14</sup> In 2018, firewood accounted for 22% of locally produced energy supply and 6% of the total internal energy supply. Energy Balance of Georgia 2018, Geostat.

<sup>15</sup> <https://info.parliament.ge/#law-drafting/17315>

## MAIN FINDINGS

108. The analysis of the state policy shows that there is little coordination between the MEPA and the MoESD with the aim of contributing to sustainable consumption of firewood as an energy resource. Despite the fact that both agencies have a good understanding of the essence of the problem, they do not have a jointly elaborated vision and program (together with an action plan) to resolve it.
109. Limited access to alternative energy resources and technologies remains a challenge for Georgia. In this respect, the use of energy-efficient technologies – including energy-efficient stoves and solar water heaters, as well as alternative fuels (briquettes, pellets) – for saving firewood has great potential in Georgia. The mechanisms for stimulation provided for by the Law on Promoting the Generation and Consumption of Energy from Renewable Sources mainly concern large-scale projects of development of hydro, wind, and solar energy. However, the law clearly defines biomass as a source of renewable energy, and mechanisms stimulating its sustainable production and consumption should also be developed. The laws and action plans that contribute to energy efficiency and renewable energy do not envisage concrete measures for facilitating sustainable consumption of firewood or its alternatives. In the regions, energy-efficient and renewable energy technologies for heating, supplying of hot water, and preparation of meals are so far only introduced/developed as part of small-scale donor-funded programs.
110. In addition, an effectively planned gasification program is one of the alternative ways of reducing the unsustainable consumption of firewood. Between 2019-2021, GEL 209 million has been allocated from the state budget with the aim of gasification of an additional 58,894 subscribers in 223 settlements of the country. Accordingly, more than 1.3 million subscribers (85% of subscribers of the residential sector) will have a natural gas supply by 2021. At the beginning of 2020, a feasibility study<sup>16</sup> was prepared on the gasification of an additional 966 high-mountain settlements, according to which it is not economically justified to gasify any of them. According to the study, due to social goals of the State, gasification is only recommended in those settlements where the costs of gasification are relatively low, while the resource of biomass is difficult to access. The number of such settlements is very small. The feasibility (costs and benefits) of gasification is especially hard to substantiate in those municipalities where the population density and the number of actual residents is very small.
111. It should also be taken into consideration that even in the settlements that already have a natural gas supply, the gas consumption for heating is very low, which is mainly caused by the low price of firewood compared to gas. Accordingly, it is important that mobilization of large budgetary resources for future gasification be replaced by a program that will stimulate gas consumption for heating in the settlements that are already supplied with gas.

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<sup>16</sup> Cost Estimation Study of Gas Pipeline Network and Alternative Systems for High-Mountainous Settlements of Georgia, USAID Energy Program, 2019

## RECOMMENDATIONS

### *The Ministry of Economy and Sustainable Development*

- i. The MoESD should ensure the introduction of effective financial and non-financial mechanisms for stimulating the increase of the residential sector's access to alternative energy resources and energy-efficient and renewable technologies and for raising public consciousness;
- ii. In accordance with the analysis of the efficiency of the gasification program (2019-2021), it is recommended to revise the priorities at the time of programming for the coming years. As the natural gas consumption for heating is very low even in the settlements that are already supplied with gas, it is desirable to mobilize large budgetary resources in a new program to stimulate gas consumption for heating in the regions that have already been gasified; it is also recommended to direct the freed up resources towards funding of measures of renewable energy and energy efficiency. As part of these measures, the MoESD should facilitate the production and certification of energy efficient stoves;
- iii. In accordance with Article 206 of the Georgia-EU Association Agreement, which provides for the analysis of subsidies,<sup>17</sup> it is recommended that the MoESD prepare a report on subsidies in the energy sector (especially in the subsectors of extraction, production and consumption of fossil fuel) every second year and make it publicly available.

### *The Ministry of Environmental Protection and Agriculture*

- i. Prepare and include in the budget concrete programs in the direction of facilitation of sustainable management of forests and raising the population's consciousness;
- ii. Ensure the correspondence of the price of wood, including commercial firewood (firewood used for commercial purposes), with its real value. The Department of Environmental Supervision should exercise strict control on unlawful consumption of commercial firewood by commercial entities. Private companies should be given more flexible opportunities of purchasing firewood at the commercial price. The private sector's demand for firewood may become one of the components of sustainability of the business yards;
- iii. The tariff for biomass waste, which is now more expensive than live trees that have far greater economic value, should change. This creates a barrier for business initiatives and compels the population to fell trees instead of using biomass waste found in forests, which accumulates in large amounts every year and creates risks of forest fires and pests. For this purpose, it is recommended to set an optimal price for taking solid biomass out of the territories of the forest fund, which will contribute to the utilization of this resource and improvement of the ecological condition of forests;
- iv. Ensure the modification of current programs of ARDA and integration of energy components (forest and production of energy products of biomass) with them by the years 2021-2022; in particular, with the aim of expanding the direction of energy, the following programs should be revised: Provision of effective extension services for farmers; Implementation of programs of vocational education; Equipment of agricultural cooperatives with processing installations; Facilitation of cultivation of modern orchards;

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<sup>17</sup> The Association Agreement between Georgia, on the One Hand, and the European Union and the European Atomic Energy Community and Their Member States, on the Other Hand, 2014, <https://matsne.gov.ge/ka/document/view/2496959?publication=0>

Co-funding of acquisition of harvesting equipment for farmers; Co-funding of the interest on credits/leasing in the direction of industries; Management of wood resources; Facilitation of the introduction of energy-efficient and renewable energy technologies and practice;

- v. On the basis of analysis of the energy component of the Rural Development Program implemented by the ARDA – a program implemented with the co-funding of the European Neighbourhood Programme for Agricultural and Rural Development (ENPARD) and in the framework of the United Nations Development Program (UNDP) – and the lessons learned, the MEPA should prepare its analogue for the entire country and start its implementation in other regions as well from 2022;
- vi. Contribute to the development of forest plantations and stimulate energy cooperatives together with the MoESD;
- vii. Create a standard for forest roads, which will ensure that the risks of natural phenomena and safety risks are taken into account in the process of construction and restoration. The NFA, which plays an important role in the energy supply of the population, should be given adequate financial resources for the arrangement and management of roads, including for closing and remediation of forest roads leading to closed felling areas.

#### ***Local self-government bodies***

- i. With the aim of facilitating green energy initiatives in the municipalities and fulfilling international agreements, self-government bodies, in cooperation with the central authorities (MoESD, MRDI, MEPA, MOF), should prescribe programs of institutional strengthening of self-government bodies in municipal budgets, as part of which specialized structural units working on issues of climate change and energy will be created.

#### ***The Government of Georgia***

- i. With joint coordination of the MEPA, MoESD and MoESCS, it is necessary to ensure that public institutions (including local municipalities) that consume firewood give priority to alternative fuel produced from waste biomass when they make procurements;
- ii. Elaborate and approve a program of provision of the population and public agencies with heating resources, which will provide for concrete measures and financial resources; contribute to the sustainable development of the entire chain of production and consumption of solid biomass as a heating resource, which involves collection and processing of waste biomass and production of energy products (pellets, briquettes, chips, etc.).

## ECOTOURISM

112. The current pandemic has significantly impacted the tourism sector. The SARS pandemic of 2003 had already shown that the tourism sector can be restored very quickly. However, supporting actions carried out by the State – in terms of both taxation and ensuring liquidity, as well as procurement of services – are extremely important to save the sector. .

### MAIN FINDINGS

113. Among various types of tourism, ecotourism is one of the best means for popularizing a country's regions, local culture and enhancing its image. It has the potential to include a large part of Georgia's territory in this process. The current state budget mainly mentions ecotourism in the section on the APA. Due to the content of ecotourism, which mainly implies economic support of local communities and their full integration in tourism, it is recommended that the budget funds designed to develop ecotourism products be directed to all public agencies involved in the development of tourism.

114. Both the Georgian National Tourism Administration (GNTA) and the NFA, as well as local self-government bodies and the Destination Management Organizations (DMOs), play an important role in the development of the sector that is oriented at the improvement of the socio-economic situation of rural population. DMOs already operate in a number of regions (Kakheti, Samegrelo, Svaneti, Samtskhe-Javakheti, and Imereti). Their success also brings about the replication of the initiative in the remaining regions. The processes have already got underway in Mtskheta-Mtianeti.

115. The role of the NFA in the development of tourism is brought about by several factors:

- 70% of pedestrian trails identified and marked by the MoESD in recent years pass through forests. Accordingly, for the management of tourist routes, it is necessary to strengthen the body that manages the said territories. We also consider it necessary to distribute the said competences to the DMOs;
- Inclusion of the main component of resorts – forests – in the process of implementation of high-budget programs for the development of resorts is going to increase the potential for development, create infrastructure for high-value tourism, and ensure that one of the main conditions for the existence of resorts – maintenance and management of natural ecosystems – is met;
- In the forest fund, there are tens of places of rest that are now so-called brownfields<sup>18</sup> of infrastructure that was well-developed as little as 20 years ago (spa and climate resorts, "pioneer camps", boarding houses for mothers and children, elite houses of rest). The said territories have large investment potential;
- Management (leasing or transfer of management rights) of forests as state-owned land creates new opportunities for the development of mountain tourism in the country and is going to bring fiscal results for the managing body;
- Successful programs of state and international support have had a considerable effect on the quality of life of the population living near the protected areas; however, they also created certain differences in relation to other settlements, which also have a great potential for the development

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<sup>18</sup> Former industrial or commercial territory which is abandoned or ineffectively used and can be used again



of ecotourism. According to latest surveys, 23% of respondents living near the protected areas say that their families are involved in tourism-related activities, while only 3% of respondents living in other territories say the same. The effect of the programs is also highlighted by differences in other sectors that create an added value for tourism. For example, 31% of those living near the protected areas say that they collect non-wood forest resources, while only 16% of the respondents living in other territories say the same.

## RECOMMENDATIONS

- i.** Develop regulations required for the arrangement of ecotourism trails, which will also include a plan for their management, taking account of international standards (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- ii.** Develop and re-plan existing pedestrian and educational trails, taking account of safety standards (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency, the Ministry of Regional Development and Infrastructure);
- iii.** Discover and design new ecotourism trails and arrange relevant adventure and educational infrastructure (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- iv.** Post information about ecotourism resources on the online platform of the Georgian National Tourism Administration (the Georgian National Tourism Administration);
- v.** Develop a plan for taking stock of ecotourism resources (lakes, waterfalls, caves, mountain peaks, etc.), according to municipalities; determine the powers and time frames (the Government of Georgia);
- vi.** Prepare a unified municipal program with the aim of assessing spontaneous recreational zones near water bodies and categorizing them into recommended and prohibited zones; implement infrastructure projects for the arrangement of both recreational and prohibitive infrastructure; allocate zones of particularly high risk at such sites and arrange relevant infrastructure until 2022 (local self-government bodies, in cooperation with central agencies (MIA, MoRDI, MoESD, MEPA));
- vii.** Approve the Ordinance of the Government of Georgia on the Protection of Human Lives and Ensuring Human Safety on Water and on the Procedure for Ensuring People's Safety, in order to define the competences, as well as measures, restrictions, and responsibilities, relating to the observance of safety in the sector; budget responsibilities defined by the ordinance and include them in the BDD document (MIA, the Government of Georgia);
- viii.** Create a location-based SMS system at tourism locations to send an early warning about predicted natural hazards; introduce the system and implement the services (MIA – Public Safety Command Center 112, the Emergency Situations Management Agency);
- ix.** Retrain fire and rescue divisions in the field of planning and implementation of rescue operations, as well as in the direction of exercise of safety control at recreational sites and high-risk travel zones across Georgia (MIA);
- x.** Prepare a safety manual for providers of tourism services which concern recreation on bodies of water – use of beaches at the sea, lakes and rivers, white-water rafting, canyoning, kayaking, etc. (the Gov-

ernment of Georgia, the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia);

- xi.** Create branded ecotourism routes with active participation of local communities (routes existing in the Machakhela Gorge, which are covered by one brand – My Green World, can be used as a model) (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- xii.** Carry out the works needed for the creation of geoparks envisaged by the Georgian Tourism Development Strategy, specifically: determine relevant geographic areas for the creation of geoparks, study the areas, and start design works in areas with high potential until 2022 (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- xiii.** Identify resort and recreational forests; prepare lease agreements and mechanisms for monitoring; approve the technical regulations on the identification, leasing and monitoring of tourist/recreational forests (the National Forestry Agency);
- xiv.** With this aim, the National Forestry Agency should be guided by the successful experience that the Agency of Protected Areas has accumulated in terms of leasing recreational areas and attracting private investments. With the aim of creating legal grounds, approve the Guiding Document on the Identification and Management of Tourist/Recreational Forests in Georgia, which, in its functions, will be analogous to Ordinance No. 125 of the Government of Georgia on Determining the Starting Auction Price of Transferring of Immovable Property in the Protected Areas into Use and Approval of the Regulation on Holding the Auction;
- xv.** Involve forested territories in resort development programs and spatial arrangement plans (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- xvi.** Organize a conference on ecotourism at local and regional levels; establish the practice of holding an annual conference (the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- xvii.** Develop educational services on ecotourism by means of learning materials with ecotourism interpretation; create educational products; integrate components of ecotourism with programs of pre-school and secondary education – as part of relevant subjects and/or in the form of an independent learning module (LEPL Environmental Information and Education Center, the Georgian National Tourism Administration, the Agency of Protected Areas, the National Forestry Agency);
- xviii.** Stimulate the private sector to introduce ecotourism standards; support eco-entrepreneurs, especially masters of traditional crafts in the regions, transform them into tourism service providers, and integrate them with the unified ecotourism product (the Government of Georgia, the MEPA, Produce in Georgia, the Georgian National Tourism Administration).

## GREEN BUSINESS

116. Support for green business on the part of the state is becoming increasingly tangible on the international agenda year by year. With the aim of introducing the conditions of the Association Agreement with the EU and the DCFTA agreement, business is given an opportunity both to attract technical assistance (clean and resource-saving technologies, retooling, new production lines, expertise) and to improve its access to funds from financial institutions and other donor organizations.
117. In this regard, it is important to implement the regulations adopted in various sectors in recent years and to develop programs for the introduction of mechanisms stimulating the production and use of green technologies.
118. Inadequate level of the business sector's consciousness of the principles of green business remains a challenge, including for the transition to the green practice of the BAU model already operable by business. There are problems with regulation of environmental liability and eco-labelling of green business, as well as with development/improvement of enforcement mechanisms.

## RECOMMENDATIONS

In order to facilitate green business, it is recommended to create a working group at the Parliament of Georgia which will work in the following directions:

- i.** Elaboration of a policy document on the development of green business;
- ii.** Improvement of the legislative framework relevant for conducting green business and ensuring its enforcement;
- iii.** Activation of information campaigns on the practice of green business and on its auxiliary (financial-technical) instruments;
- iv.** Minimization of risks related to transformation into a green business using various insurance mechanisms;
- v.** Development of mechanisms stimulating the formation of a business culture with high environmental responsibility.

## ENVIRONMENTAL EDUCATION

119. New legislative initiatives that have recently entered into force in Georgia have expanded environmental requirements; moreover, they have created new professions (environmental manager) or, in a number of cases, increased the demand for a number of professions (the new Forest Code has increased the demand for foresters), which requires specific environmental knowledge. In addition, the role and responsibility of the public in the area of environmental protection is increasing more and more clearly.

### MAIN FINDINGS

120. The current system of formal education, due to its limited resources, fails to meet the increased requirements of environmental education (both in qualitative and quantitative terms), although certain activities can also be observed in this direction.

121. Therefore, the activities of the MoESCS and LEPL Environmental Information and Education Center are not sufficient, and it's also important to stimulate institutions of pre-school education, schools, and the sector of vocational and higher education to enhance environmental consciousness and knowledge. It is important to develop the system of both formal and informal environmental education and to allocate the required financial resources.

### RECOMMENDATIONS

#### ***The Ministry of Environmental Protection and Agriculture***

- i. Support information campaigns for the popularization of environmental professions, including meetings, lectures, and events;
- ii. Obtain the right to implement programs for vocational training and retraining in the area of environmental protection, on the basis of Ordinance No. 131 of the Government of Georgia of March 15, 2019. The regulation provides for accreditation of short-term learning programs conducted on the premises of legal entities or authorized educational institutions and issuance of a certificate acknowledged by the State, which will be an additional incentive for individuals interested in this sector to get training in the field of environmental protection.
- iii. Retrain teachers of the beginner level of general education on the basis of the auxiliary manual titled Environmental and Agrarian Education, which covers such topics as sustainable management of forests; reduction of the risk of disasters caused by climate change; biodiversity; climate change; goals of sustainable development; etc.;
- iv. Create an electronic environmental library: In the framework of the project, it is planned to digitalize materials dating back from the 19th century to the present day which are kept in the depository of the National Library of Georgia. Resources with more than 20,000 titles in the areas of ecology and agriculture – which are kept at the National Library and most of which are in the print format and are unavailable for the general public – will be brought together on a unified electronic portal.

## GREEN PROCUREMENTS

122. The practice of green procurements is being gradually introduced in Georgia. Examples of green procurements include the following: renewal of fleets of municipal transport; renewal of technologies; energy efficiency in the construction of public infrastructure; improvement of construction requirements in general (introduction of systems of insulation, central heating/cooling/aeration and contemporary lighting, effective management of construction waste).

The process is also facilitated by efforts of international organizations that aim to ensure that clean technologies are given priority in the procurements of various goods and services.

123. However, the main part of public procurements is still made on the basis of the lowest offered price of goods and services. Only in individual cases do procurers take into account such criteria as the product lifespan, operating expenses (on energy efficiency, resource efficiency, repairs), and damage to the environment. The only systemic example of green procurements today is the procurement of paper.

## RECOMMENDATIONS

- i. The Government of Georgia, taking account of national and international best practice, should present its vision on the regulation and introduction of green procurements, both at the local and central levels, with the aim of elaborating a document on the unified policy of green procurements;
- ii. Prepare instruments for the implementation of the policy of green procurements at the central and local levels.

## CLIMATE CHANGE

124. Climate change has sharp negative economic effects in Georgia. According to experts, without adaptation measures, the estimated economic losses during 2021-2030 could be about GEL 25-30 billion, while adaptation measures could cost up to GEL 2.5-3 billion.<sup>19</sup>

125. Forest ecosystems and mountainous and high-mountainous regions are especially vulnerable to climate change. For example, between 1960 and 2010, summer temperatures in the Borjomi-Bakuriani region increased by about 1°C, while precipitation fell by 14%.<sup>20</sup> Such changes in climate conditions increase the risks of forest fires as well as of dissemination of pests and degradation.

126. Understanding and introducing mechanisms for adaptation with climate change is especially important in the management of the following sectors: agriculture and management of natural resources (increased demand for water resources, implementation of climate-friendly agricultural activities, loss resulting from frequent natural phenomena); energy (decreased hydropower potential, the need to accelerate the production of solar, wind and other alternative types of energy, introduction of

<sup>19</sup> 2018. "Climate Change: Problems and Priorities". Third National Environmental Action Program of Georgia, the Ministry of Environmental Protection and Agriculture, pp. 98-99

<sup>20</sup> 2019. "Causes and Consequences of Climate Change". National Report on the State of the Environment of Georgia 2014-2017, the Ministry of Environmental Protection and Agriculture, pp. 138-139

energy efficiency); healthcare (prevention and effective management of expected increased morbidities); and transportation (requirements/obligations to make a transition to clean technologies).

127. Georgia is a member of several international commitments in the area of climate change, which involves matters related to the achievement of the goals of the Framework Convention on Climate Change, the Kyoto Protocol, the Doha Amendment, and the Paris Agreement and conditions with concrete time frames, including in the direction of mitigation. By acceding to the Paris Agreement, Georgia committed itself to limit emissions, without any conditions, by 15% in comparison with the basic level, and, in the case of international support, increase the share of restriction up to 25%. In addition, the Association Agreement with the EU requires fulfilling a number of commitments compatible with the international agenda in terms of climate change.

## RECOMMENDATIONS

Identify, classify, and mobilize budget resources related to climate according to the following directions:

- i. **Transport** – Activities for developing municipal transport and engineless means of transportation (e.g. bicycles), together with the arrangement of relevant infrastructure;
- ii. **Energy** – Activities that improve the electricity network and provide the possibility of obtaining renewable energy resources, in accordance with the Ten-Year Network Development Plan of Georgia (2019-2029); activities that contribute to the utilization of solar energy, including the construction of a solar power station;
- iii. **Energy consumption in buildings** – Activities to develop a plan to certify buildings, with the aim of providing thermal insulation for buildings, which corresponds with various climate parameters existing in the territory of Georgia; activities for the elaboration of standards, norms, and properly labelling appliances, with the aim of enhancing consumers' level of information at the time of purchasing or replacing household appliances; activities for initiating amendments to the legislation on public procurements, which will introduce the practice of purchasing energy-efficient materials and appliances; activities supporting/facilitating the instalment of energy-efficient lighting of public and non-public buildings, with the aim of replacing incandescent and halogen light bulbs;
- ix. **Waste management** – Closing official landfills that are not in compliance with standards and illegal landfills; activities necessary for the arrangement of regional landfills for non-hazardous waste;
- v. **Forest management** – Development of plans for sustainable management of forests and projects of restoration of degraded territories (including fire-affected forests).

# NEW LEGISLATIVE INITIATIVES

## THE ENVIRONMENTAL ASSESSMENT CODE

128. The Environmental Assessment Code of June 1, 2017 has regulated the legal issues related to the environmental impact assessment, strategic environmental assessment, transboundary environmental impact assessment, public participation in decision-making, and procedures for conducting expert examinations. The Code establishes new requirements in relation to issues related to strategic documents and state or private activities which may have significant effects on the environment, human life and/or health.
129. Now it's important to address the issue of institutional capacities needed for the implementation of the Code. The Code establishes new requirements for multi-agency efforts, due to which the capacities of the competent agencies fail to meet the established requirements at this stage.
130. The Environmental Assessment Code takes full account of the principles of the Espoo Convention on Environmental Impact Assessment in a Transboundary Context, the Protocol on Strategic Environmental Assessment of the same Convention, and the Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters, which creates legal grounds for acceding to the Espoo Convention. Georgia has already declared its commitment to accession to the Espoo Convention, although, considering the transboundary matters, this commitment has yet to be fulfilled.

## MANAGEMENT OF DISASTERS CAUSED BY NATURAL HAZARDS/NATURAL EVENTS

131. According to the Regional Development Program of Georgia 2018–2021, the estimated budget provided for the improvement of infrastructure protecting from disasters caused by natural hazards/natural events amounts to GEL 521 million. With these resources, the Government of Georgia is planning to eliminate threats to economic development, increase the competitiveness of the country and its regions, and modernize the system of disaster risk management. Main activities include building hydro-technical embankments and cleaning river beds; other activities include monitoring and forecasting of natural hazards and developing recommendations for adaptation measures.
132. The analysis and recommendations provided below aim to achieve a positive fiscal outcome and imply the rational distribution of existing financial resources with the aim of saving resources, freeing up additional expenditures, and reducing the harm caused by disasters.
133. The recommendations are based on the National Disaster Risk Reduction Strategy of Georgia 2017-2020, according to which “disaster risk management should be based on an understanding of disaster risk in all its dimensions”, including “hazard characteristics and the environment”. The strategy also refers to the Sendai Framework for Disaster Risk Reduction 2015-2030 and considers close coordination among sectors as the mechanism for successful implementation.

## MAIN FINDINGS

134. The current system of managing disasters caused by natural hazards/natural events does not take account of the risk factors associated with natural events, and the state budget is mainly oriented at the outcomes of natural events. The absolute majority of adaptation measures cover a narrow geographic area. The agencies responsible for building embankments and cleaning river beds operate only within the limits of their own powers and administered areas (in the vicinity of populated areas and infrastructure facilities), while the structures that administer and manage natural disaster zones (the MoESD and NFA) do not have the mandate and resources for disaster risk reduction.
135. Accordingly, the budgetary resources are constantly spent in one and the same places, the so-called risk zones, within the boundaries of municipal lands and fail to extend to natural disaster zones where triggers of natural events are located. Thus, natural processes intensify even more because of a constant failure to intervene. Building hydro-technical embankments and cleaning river beds decreases proportionally in the lower reaches of rivers. The situation is made even worse by the fact that the bodies managing forested territories and state-owned hay meadows and pastures are unable to fully assess the risks of disasters in exercising their powers and create additional factors that increase the risks.
136. The draft Law on Management of Water Resources establishes the procedures for the development of plans for the advance assessment of risks of floods in river basins, preparation of maps of hazards and risks, and management of risks of emergency situations in the process of developing the system of basin management in the country. The procedures are to be approved by the Government of Georgia.
137. The role of the NEA in the process of ascertaining the risk factors of natural events (including anthropogenic pressure on natural ecosystems) and development of risk management plans is increasing significantly. This creates a need for additional expert services on the part of the NEA at the time of planning activities to be carried out by various state structures.
138. In 2019, works to be carried out in the framework of the project „Scaling-up multi-hazard early warning system and the use of climate information in Georgia” – which is funded by the Green Climate Fund (GCF) and the Swiss Agency for Development and Cooperation (SDC) – were added to the activities of the Department of Geology. These works involve a geological assessment of 11 river basins and preparation of zoning maps of geological hazards (landslides, mountain torrents, etc.). Installation of automatic monitoring stations on large landslide bodies is also envisaged. Due to this, the volume of work to be done by the Department of Geology is increasing even more, which requires the mobilization of additional human and material-technical resources.
139. According to the recommendations provided below, targeted use of small budgetary funds for the creation and strengthening of the mechanism for research, coordination and monitoring is supposed to ensure the introduction of the principles of landscape management in the Disaster Risk Reduction (DRR) system and rational distribution of the expenditures for prevention to both the zones of disaster risk and those of formation of disasters. In particular, in the event of budgetary support for research, coordination and monitoring, the structures that carry out preventive measures will retain their mandate and expand the area of their operation to natural disaster zones.



140. In order to fulfil the recommendations, it is necessary to increase the annual funding of the NEA with the aim of mobilizing and developing human resources, so that it carries out the monitoring of rivers across the entire basins, prepare risk maps, and create the basis for DRR plans, as well as collaborate with relevant agencies in the process of preparation and implementation of projects concerning preventive measures.

## RECOMMENDATIONS

- i.** The NEA should ensure the provision of expert support/consultation to responsible agencies in the process of planning and implementation of DRR projects, which implies the following:
  - a. Collaboration with local self-government bodies and the MoRDI in the preparation of preventive projects on the basis of identification and complex analysis of risk factors on the ground;
  - b. Analysis of the development process of tender proposals and bids; monitoring of the implementation of DRR projects.
- ii.** In turn, local self-government bodies, together with the MoRDI, should collaborate with the agencies that manage state-owned lands and natural resources located in river basins (the NFA, the MoESD) in the process of preparation, implementation and monitoring of projects concerning preventive measures. With this, people located within the entire perimeter of river basins, rather than only on municipal lands or near infrastructure facilities, have an understanding of the opportunities related to implementing preventive measures.
- iii.** The NFA should ensure zoning to reduce the risk of natural processes in forested territories. In particular, by modelling major provoking factors of natural events, the agency should determine the exact locations of "hot spots" where felling will be prohibited without conducting in-depth hydrological and geological studies. The NFA should also develop projects to restore forests and build staff capacity in order for them to be able to assess the interaction of natural and anthropogenic processes and to participate in the management process of disasters caused by natural hazards/natural events.
- iv.** In addition, the Ministry of Justice of Georgia, the local self-government bodies, and sectoral agencies should exercise strict control on the registration of land, issuing construction permits, and unlawful construction in river beds and in the territories of the forest fund.
- v.** The beds of rivers and ravines should be cleaned of domestic and construction waste.

## THE MANAGEMENT OF SOLID MUNICIPAL WASTE

141. In recent years, a number of important reforms have been implemented in the area of waste management. In 2014, Georgia and the EU signed the Association Agreement which provides for a number of requirements to introduce a modern practice of waste management in the country. On January 15, 2015, the Waste Management Code, which is based on the Association Agreement and the best international experience, entered into force in Georgia. In accordance with the requirements of the Code, the Government of Georgia elaborated and approved, in 2016, the National Waste Management Strategy for 2016-2030, which sets goals and objectives for the next 15 years, and the National Waste Management Action Plan for 2016-2020, which includes the measures necessary for the implementation of the goals and objectives defined by the strategy. A part of the requirements of the Code have been fulfilled, although it is recommended to fulfil the remaining requirements within the set time frames and to put in place an effective system of waste management in the country. It is necessary to take additional measures and allocate relevant financial resources for the formation of a system that meets modern standards.

### MAIN FINDINGS

142. Since 2014, the EU started moving towards the introduction of circular economy, an approach that contributes to the maintenance of the value of products and materials for as long as possible. The amount of generated waste and the use of resources are minimized, and after the expiration of a product's term of use, it is used for another purpose to create new value. To introduce this approach, the EU created the so-called Circular Economy Package/Waste Framework Directive, for the introduction of which the member countries developed their own action plans for circular economy. At this point, Georgia does not have its own action plan or road map for circular economy, which would ensure the gradual introduction of these approaches in the country.
143. In accordance with the Code, since February 1, 2019, municipalities were supposed to ensure the gradual introduction and proper functioning of a system of separate collection of municipal waste, while by the end of 2019, they were supposed to introduce the extended producer responsibility for specific waste. At the same time, the National Waste Management Strategy and the National Waste Management Action Plan establish minimum targets for the collection and recycling of municipal and specific waste, which are to be achieved by 2020, 2025, and 2030.
144. It should be noted that systems of separation in individual regions were only created in the framework of projects funded by international donors. Among them, one should mention the waste management program of the CENN/USAID,<sup>21</sup> by whose assistance the local city halls established 47 waste separation corners in Tbilisi, Batumi, Kobuleti, and Khelvachauri, where the population can dispose of paper, glass, PET bottles, and aluminium waste. It is important to note that there are about 30 municipal waste recycling companies operating in the country.
145. MEPA, with the assistance of international donor organizations, has elaborated normative acts on extended producer responsibility for six types of specific waste: packaging, batteries and accumu-

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<sup>21</sup> The program "Waste Management Technologies in Regions" which was implemented by CENN, with the financial support of the USAID, from 2014-2020

lators, electric and electronic appliances, oils, tires, and decommissioned motor vehicles. On May 25, 2020, four of the subordinate acts (on the management of: batteries and accumulators, electric and electronic appliances, oils, and tires) were approved by the government, although two subordinate acts (packaging waste, decommissioned motor vehicles) have not yet been approved and the system hasn't been put in place.

146. There are 34 active municipal landfills in Georgia.<sup>22</sup> Except for the landfills in the City of Tbilisi and the Autonomous Republic of Adjara, they are managed by the Solid Waste Management Company of Georgia LLC, which has conducted improvement works of the landfills and closed a part them in compliance with relevant standards. As the existing landfills fail to meet international standards, it is planned to close them, too, and to build disposal facilities for non-hazardous waste. For this purpose, funds were raised from financial institutions (EBRD, KFW), and the implementation of the relevant projects is underway in the regions. However, the process of building landfills has been interrupted due to various reasons, and it is necessary to take effective measures to implement the planned projects. The rehabilitation of the landfill in the City of Tbilisi is planned with the financial assistance of the EBRD. The project to build a landfill in the Autonomous Republic of Adjara is also being implemented with the EBRD's funding. One should also mention the challenges posed by the lack of official landfills for construction waste, which is the prerogative of municipalities and needs to be addressed in a timely manner.
147. The competence of municipalities also includes closing/remediation of illegal landfills, which, according to the National Waste Management Strategy, was planned for 2020. However, one or more illegal landfills can still be found in almost all settlements. They are often located on river banks or close to the population, which, accordingly, poses a threat to people's health and the environment.
148. The Code establishes a fine in the case of littering the environment with municipal waste. The imposition of the fine for the administrative offence is the prerogative of the Patrol Police, the municipality concerned, and the Department of Environmental Supervision of the MEPA. However, this requirement of the Code is not enforced effectively (except for the cities of Tbilisi and Batumi) – fines are almost never imposed. The municipalities name the lack of relevant staff and equipment as the reason.
149. In accordance with the requirement of the Code, all the municipalities have developed and approved five-year plans for the management of municipal waste. In many cases, these documents have a general character and do not clearly prescribe an action plan and the funds required for the performance of activities determined by the plan. The monitoring of the performance of the activities provided for by the plan does not take place either. The municipalities also have a shortage of qualified staff in this component. In addition, there is a lack of proper communication and coordination among the central, regional, and local government bodies that are responsible for waste management.
150. The country's system of waste collection has been improved. With this purpose, in the years 2015-2019, the MoRDI provided aid to the municipalities and transferred to them 157 special waste collection vehicles and 21,000 waste collection bins. In addition, the MoRDI, in cooperation with donor organizations, works actively to introduce a system of management of the municipalities' exercise of powers – in particular, the management of municipal waste and provision of the service of cleaning of streets, parks, squares, and other public places in the territory of the municipality – which, among other things, will be based on the research and assessment of the existing situation. However, in

<sup>22</sup> There are 56 landfills across the country in total, including closed landfills, 54 of which are managed by the Solid Waste Management Company of Georgia LLC

order to increase their coverage areas, the municipalities need to purchase additional vehicles or, in some cases, to renew them. At the same time, the system of waste collection in the municipalities is often non-optimal, which implies non-optimal arrangement of bins and non-optimal route of the waste-disposal vehicle. All this increases the expenditures for waste collection and decreases the effectiveness of the process.

151. International practice shows that the sector of waste management should be financed with the fee (tariff) paid by the population and industrial and commercial entities, and this requires that the tariff be calculated correctly and collected effectively. In Georgia, the establishment of the amount of the tariff is the prerogative of municipalities, and its amount ranges from GEL 0.15 to GEL 2.5 per person, according to municipalities. The established tariffs are unsubstantiated and do not take account of the real expenditures needed for waste management. As a result, a big part of the expenditures on waste management is subsidized by municipalities.
152. Today, the public is not properly informed about the modern approaches to waste management and about their significance and benefit for the environment, people's health, and the country's sustainable and inclusive development. Awareness raising campaigns are conducted as part of individual donor-funded projects. The Environmental Information and Education Center of the MEPA also works in this direction. Such measures do not have a large scale, a systemic character, and a broad thematic or geographic coverage.

## RECOMMENDATIONS

### *The Ministry of Environmental Protection and Agriculture*

- i. It is recommended to assess the implementation of the National Waste Management Action Plan for 2016-2020 and, on its basis, to elaborate the corresponding document for the years 2021-2025, which will prescribe measures corresponding with the National Waste Management Strategy for 2016-2030 and their estimated budget;
- ii. In accordance with the Waste Management Code, the National Strategy, and the Action Plan, it is necessary to develop a strategy for the management of biodegradable waste and an action plan for the management of hazardous waste; approve the two subordinate acts on extended producer responsibility;<sup>23</sup> and achieve the minimum targets for collection and recycling of waste and management of specific waste. It is also necessary to create an effective system of monitoring of the fulfilment of obligations (objectives, measures, indicators, etc.) provided for by the Code, the National Strategy, and the Action Plan;
- iii. As Georgia aspires to European integration and considers it necessary to introduce the modern principles of waste management, it is necessary to elaborate an action plan/road map for circular economy and to gradually introduce these approaches in the country. The said plan may also become a part of the National Waste Management Action Plan for 2021-2025, and relevant changes may be made to the National Waste Management Strategy;
- iv. Creation of a system for the separate collection of municipal waste and introduction of a system of extended producer responsibility in the country requires financial support. At the same time, it is nec-

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<sup>23</sup> The MEPA has elaborated six subordinate acts. Four of the subordinate acts were approved on May 25, 2020

essary to stimulate the participation of the private sector in the process of waste management and, accordingly, to facilitate Public-Private Partnership initiatives;

- v.** It is recommended to complete, together with the MoRDI, the arrangement of regional landfills and the closing of official landfills that operate without a permit/remediation of the territory, as well as to resolve the issue of landfills for construction waste, in the years 2021-2024. In parallel, it is necessary to take stock of illegal landfills and close/remediate them in compliance with standards, as well as to put in place an effective system of imposition of fines in the case of unlawful disposal of waste in the environment;
- vi.** It is important to strengthen the capacities of the municipalities in terms of planning and implementation of waste management systems. The municipalities should update the five-year plans for waste management developed by them and carry out the activities envisaged by the plans. For the monitoring of the process, it is necessary to create a national system and to improve coordination among the central, regional, and local agencies responsible for waste management;
- vii.** It is recommended to support the municipalities in the direction of renewal/procurement of vehicles necessary for the collection and removal of waste;
- viii.** For sustainable development of the sector, it is vital to create a unified policy of recovery of expenditures on waste management at the central level, which includes the approval and introduction of a modern methodology of calculation of the tariff for waste management in the municipalities. With this aim, the self-government bodies should ensure the development of new tariffs, taking account of real expenditures and improvement of services, while the relevant ministries (MOF, MoESD, MoRDI, MEPA) should assist the municipalities (provision of methodologies, consultations, training sessions, etc.) and prepare proposals for political decisions;
- ix.** The relevant agencies should expand the measures for raising the consciousness of the public, which implies the facilitation of both formal and informal education, implementation of information campaigns, conduct of training sessions and discussions, and ensuring media support.

## THE LAW ON AQUACULTURE

153. The Law of Georgia on Aquaculture is an important incentive for individuals interested in the conduct of aquaculture to use both state-owned and private land plots, as well as state-owned water bodies, which will bring them income. This, in its turn, is going to bring about an increase in employment, as well as the payment of the income and profit taxes to the state budget and of the property tax to local budgets, and, hence, a rise in budgetary revenues.

## MAIN FINDINGS

154. The law has a financial effect on interested individuals. Individuals who fish in water reservoirs will be restricted from fishing without a permit, while those interested in the conduct of aquaculture will be able to develop their aquaculture activities at private or state-owned water bodies, which will bring

them income. As of today, there is no system of issuing fishing permits in sea waters, and, in the absence of regulations, there is only one functioning fish farm of this type.

155. The law provides for the replacement of the current ineffective practice of issuing fishing licenses with permits for extensive aquaculture, which will be issued to local agricultural cooperatives. It is also planned to create zones of aquaculture in sea waters where the construction of fish farm will be placed and the marine environment will be monitored strictly, in full compliance with international standards.
156. As the law enters into force from 2021, it will have an effect on the expenditures part of the budget of 2021. From 2024, the fee for aquaculture permits will also be introduced, which will additionally have an effect on budgetary revenues.

## RECOMMENDATIONS

### *The Department of Environmental Supervision*

- i. Eight staffing positions should be added to the Department of Environmental Supervision. For financing the remuneration of the said staffing positions and other administrative expenditures, GEL 196,720 should be allocated from the State Budget. Out of this, GEL 111,600 is needed for remuneration;
- ii. In 2021, GEL 32,800 should be allocated for other expenditures (equipment and other necessary supplies) and GEL 52,320 for service costs. As other expenditures are incurred on one occasion, the funds for these expenditures will no longer be needed for the years 2022-2024;
- iii. In the medium-term period of 2022-2024, it will be necessary to allocate GEL 163,920 for the Department in the expenditures part of the State Budget;
- iv. The Department should ensure the monitoring of the introduction of the practice of mechanical and biological filtering of water used in fish farms, which is an important condition for maintaining ecological balance.

## THE NATIONAL ENVIRONMENTAL AGENCY

- i. Five staffing positions should be added to the NEA, for which it will be necessary to allocate GEL 123,600 annually from the budget of the NEA as additional remuneration. From this amount, GEL 24,720 will be paid to the State Budget as income tax;
- ii. In 2021, GEL 9,000 should be allocated for other expenditures (equipment and other necessary supplies). As other expenditures are incurred on one occasion, the funds for these expenditures will no longer be needed for the years 2022-2024;
- iii. In the medium-term period of 2022-2024, it will be necessary to allocate GEL 123,600 for the NEA in the expenditures part of the State Budget.

## THE MINISTRY OF ENVIRONMENTAL PROTECTION AND AGRICULTURE

- i. The MEPA should stimulate the arrangement of greenhouses based on aquaponics, as a result of which the water flowing from fish farms will be filtered from organic waste and, on the other hand, it will become possible to grow crops with minimum expenses (the said water contains quite a lot of organic substances that can be used in plant-growing).

## THE FOREST CODE OF GEORGIA

157. On May 22, 2020, the Parliament of Georgia approved the Forest Code of Georgia. The document covers all important parts of reform in the forestry sector and introduces the principles of sustainable management of forests. Its main goal is to introduce sustainable and multi-purpose use of forests and to ensure the maintenance of the forest ecosystem and reasonable use of socio-economic benefits of forests.

### MAIN FINDINGS

158. The Forest Code introduces changes of reformist character in the area of environmental protection as well as in the directions of economy, energy, and social security. In particular, the Code provides for:
  - Increasing the scale of forest farms, improvement of infrastructure, and arrangement of business yards, which simplifies citizens' access to firewood and wood materials;
  - Free personal use of non-wood forest products and, in addition, introduction of the practice of commercial use, which increases the number of legal jobs together with that of business yards, develops local industry, and reflects on the incomes of village residents;
  - Facilitation of the production of biomass, which stimulates energy efficiency;
  - Introduction of categorization of forests according to their functional purpose, which increases the recreational/resort potential of forests; development of ecotourism;
  - Introduction of a system of registration, updating of information, and planned management, in compliance with international standards and technologies, which creates the basis for making correct strategic and local decisions;
  - Mandatory participation of foresters and specialists of forestry in forest management (not fewer than 1 forester for an area not larger than 3,500 hectares);
  - Creation of conditions for the protection and restoration of ecosystems, fighting pests, and effective implementation of fire-prevention actions.

The systemic changes provided for by the Code are related to new financial obligations, in accordance with which adjustments need to be made to the budget plan prepared by the NFA.



## RECOMMENDATIONS

- i. Between 2021–2024, it is very important that the forest management bodies renew the material-technical base and strengthen their capacities. The amendments to the budget that we propose are a necessary pre-condition for the implementation of the Code.
- ii. With this purpose, it is recommended to satisfy an additional requirement proposed by the MEPA, which envisages infrastructure support of forest farms with a value of GEL 10.9 million for 2021.
- iii. In addition, from 2021, it is necessary to allocate funds for ensuring mandatory number of foresters provided for by the Forest Code.

# THE GENDER DIMENSION OF THE GREEN BUDGET

159. The mechanisms for green budgeting have been introduced by many countries of the world, including Georgia. On the basis of the 2018-2020 Action Plan of the permanent Gender Equality Council of the Parliament of Georgia, the Budget Office of the Parliament has developed the Gender Importance Index<sup>24</sup> and conducted a gender analysis of the State Budget of 2020.<sup>25</sup> According to the document, nine budget programs are considered as being “of essentially high gender importance” and 17 programs as being “of high gender importance”. Unfortunately, these don’t include a single program that corresponds with the 10th (Agriculture) and 12th (Environmental Protection and Management of Natural Resources) priorities of the State Budget.
160. Contrary to this, the UN Sustainable Development Goals (SDGs) establish a clear interrelationship between gender and environmental issues. Environmental protection is integrated into the goal of Gender Equality (SDG 5). In their turn, the SDGs that are directly connected with Green Budget<sup>26</sup>, also include clear directives in terms of gender. For example, the 2<sup>nd</sup> target of the 6<sup>th</sup> goal implies “paying special attention to the needs of women and girls”,<sup>27</sup> while the agenda on gender equality states that women and children are 14 times as likely as men to die during a natural disaster.<sup>28</sup>
161. International environmental agreements put a special emphasis on gender. The UN Framework Convention on Climate Change (UNFCCC) acknowledges that climate change has a particular effect on women, as they are more dependent on natural resources, are more vulnerable to natural disasters, and represent the majority of the population living below the poverty line. The Paris Agreement includes concrete directives on the need of gender-responsive approaches in adaptation actions.<sup>29</sup> A special manual has been created for the Aarhus Convention, which identifies essential links between environmental security and gender.<sup>30</sup>

<sup>24</sup> 2019. The Budget Office of the Parliament of Georgia, the State Budget in Gender Perspective

<sup>25</sup> 2019. The Budget Office of the Parliament of Georgia, the Gender Analysis of the State Budget

<sup>26</sup> Goal 6 – Clean Water and Sanitation; Goal 11 – Sustainable Cities and Communities; Goal 13 – Climate Action; Goal 15 – Life on Land

<sup>27</sup> <http://sdg.gov.ge/goals-details-inner/6/5>

<sup>28</sup> 2018. UN Women. Gender Equality in the 2030 Agenda for Sustainable Development

<sup>29</sup> 2015. The Paris Agreement. Introduction, Articles 7:5 and 11:2

<sup>30</sup> 2012. Gender Mainstreaming in Aarhus Activities: A Guideline for Practitioners



162. International instruments on gender equality also put a clear emphasis on environmental issues. The strategic objectives of the Beijing Platform call on the states to involve women actively in environmental decision-making at all levels; integrate gender concerns and perspectives in policies and programs for sustainable development; and strengthen or establish mechanisms at the national, regional and international levels to assess the impact of development and environmental policies on women.<sup>31</sup>
163. Introduction of international principles, first of all, implies taking account of expected impact on gender equality at the time of development and implementation of sectoral programs and prescribing corresponding expenditures in the budget.
164. The analysis of legislative and strategic documents on environmental protection shows that the approach to gender equality is superficial and, in a number of cases, does not include concrete measures or indicators of their fulfilment. For example, the Strategy for Agricultural Development in Georgia (2015-2020) provides for the facilitation of women's membership in cooperatives, although this approach is not found in the Law on Agricultural Cooperatives. The objective of building 70 kindergartens, which is determined by the plan of implementation of the Rural Development Strategy for 2017-2020, should be assessed as a successful example. The said program meets the strategic goal of facilitation of women's employment and creates the conditions for women to find jobs and become economically active.
165. Georgia has introduced the institution of persons responsible for gender equality in ministries and local self-government bodies. For example, the MEPA employs the Gender Equality Officer(s) who fulfil these obligations together with performing their regular work without receiving additional remuneration. At the same time, the resources spent on the enhancement of the qualifications of the Gender Equality Officer(s) are inadequate, which, naturally, reflects on the quality of their work.
166. According to Geostat, the employment rate of women in Georgia is considerably lower than that of men.<sup>32</sup> Women are less represented in business activities. The studies show that women's economic participation is impeded by lower access to credits and other assets.<sup>33</sup> The extension services that are effective for farmers do not reach women.<sup>34</sup> According to Geostat, girls and women are less represented in agricultural professions and relevant educational programs.<sup>35</sup>
167. Systems of waste disposal have a considerable gender impact. Currently, waste bins in non-urban settlements are often located two or three kilometres from places of residence. Accordingly, the existing system puts the segment of the rural population who don't own motor vehicles in a difficult situation, and this segment mainly consists of women. The National Waste Management Strategy for 2016-2030 does not contain a clearly formulated objective of gender equality and is limited to the recommendation to include the activities of women's empowerment in waste management plans.<sup>36</sup>
168. The rural population uses the social system of firewood production, which is problematic for households headed by women. Non-wood resources (mushrooms, berries) are mainly collected by poor and elderly women. In a degraded environment, this activity requires more time and efforts from them. In addition, the local population, especially women, lack the knowledge of sustainable collection and processing of non-wood forest products.<sup>37</sup>

<sup>31</sup> 2019. Georgia, National-level Review of the Implementation of the BPfA Beijing +25

<sup>32</sup> 2018. Geostat. Labor Force Survey

<sup>33</sup> 2020. UN Women office in Georgia. Country Gender Equality Profile of Georgia

<sup>34</sup> 2018. UN Women, SDC, ADC. Gender Assessment of Agriculture and Local Development Systems

<sup>35</sup> Geostat. Number of students in institutions of higher education

<sup>36</sup> 2017. CENN, USAID. Waste Management Technology in Regions, Phase II (WMTR II). Gender Strategy

<sup>37</sup> 2019. CENN, ADC. Final Baseline Study Report – Promoting Sustainable Forest Management for Climate Resilient Rural Development in Georgia

169. The National Disaster Risk Reduction Strategy of Georgia 2017-2020 and the Action Plan take account of the special needs of women (e.g. pregnant women) to some extent and consider it necessary to involve them in the processes of management of natural disasters. However, the Action Plan does not provide for any activities in this direction.<sup>38</sup>
170. Access – or lack of access – to public transport has a particular effect on poor rural population who do not own individual motor vehicles. And the majority of such population consists of women.

## RECOMMENDATIONS

### ***The permanent Gender Equality Council of the Parliament of Georgia and the Budget Office of the Parliament of Georgia***

- i. Ensure that the close interrelationship between gender and environmental issues are taken into account in the gender analysis of the budget and in measures planned on its basis;
- ii. Revise the legislative and strategic documents on environmental protection, in cooperation with relevant agencies, for a deeper integration of the gender equality perspective;
- iii. Ensure that, at the time of drafting of non-technical amendments to legislative acts regulating environmental issues, as well as in the process of elaboration and amendment of strategic documents, the analysis of the gender impact of the amendments is prepared and relevant recommendations are taken into consideration;
- iv. Improve the unified, shared system of collection of gender-segregated data in cooperation with relevant agencies.

### ***The National Environmental Agency***

- i. Create mechanisms, together with the MoESD and MoRDI, for the protection and stimulation of gender equality in programs for supporting local business;
- ii. Develop mechanisms for access during its efforts directed at the creation of new jobs for women, for example, at the time of establishment of business yards and DMOs;
- iii. Take account of different needs of men and women and make separate plans for the stimulation of women's involvement in the programs of provision of effective extension services for farmers;
- iv. Together with local self-government bodies – plan and implement the reform of the system of residential waste management on the basis of the assessment of its impact on women, and, with this purpose, take account of expenditures for relevant studies in the budgeting process;
- v. Ensure the assessment of impact on rural women in the process of planning and implementation of the forest reform; put an emphasis on women's access to wood and non-wood forest resources. For example, the MEPA should assess the impact that the project of business yards is going to have on women and the poor population that does not own motor vehicles;

<sup>38</sup> 2020. UN Women office in Georgia. Country Gender Equality Profile of Georgia

- vi.** Ensure the gender analysis of data to establish a distinct impact of disasters on women and girls, in order to assess their vulnerability, in accordance with the Sendai Framework;
- vii.** Revise legislative and strategic documents on environmental protection with the aim of integrating gender issues, together with the Parliament of Georgia;
- viii.** Plan environmental campaigns taking into account additional methods that are necessary to inform women.

#### ***The Ministry of Education, Science, Culture and Sport of Georgia***

- i.** Take special measures with the aim of improving women's involvement in agricultural professions and educational programs.

#### ***The Government of Georgia***

- i.** Take account of the remuneration of the person(s) responsible for gender equality and the funding of activities aimed at achieving gender equality in the process of budgeting of the ministries;
- ii.** Ensure the coordinated work of relevant ministries, agencies, and departments in the process of resolving various issues. For example, local self-government bodies and the Emergency Situations Management Agency should carry out a gender-segregated assessment of social vulnerability in a coordinated manner;
- iii.** It is important to plan and implement, in cooperation with local self-government bodies, the reform of the public transportation system taking into account the expected impact on women. Green budgeting should involve the provision of funds for assessing such impacts and implementing relevant reforms in the public transportation system.

