

»» Project Information

Energy Network Improvement Programme (ENIP) – Georgia

In the context of German Financial Cooperation, KfW's activities on behalf of the German Ministry for Economic Development and Cooperation (BMZ) in Georgia started already in 1993 with investments in energy, financial, municipal, environment and health sectors. In the energy sector around EUR 600 Mio. have already been invested. The Energy Network Improvement Programme (ENIP) forms a next step in the improvement of the energy transmission grid in Georgia.

Context

By the former Financial Cooperation Programmes, Georgia's energy infrastructure has been decisively improved. The Georgian economy has been given a vital boost by the improved stability of its transmission network and additional power transmission capacities to Turkey. On 1 July 2016 the Association Agreement between the EU and Georgia entered into force. As part of the agreement Georgia reinforces its energy infrastructure further, especially its electricity grid. Georgia shall also improve its energy efficiency and develop the use of renewable energy sources. It moves also towards integration of its energy market with that of the EU and to strengthening energy security and convergence with EU-regulations.

The electricity sector is of central importance of the Government of Georgia and crucial for the economic development as well as the satisfaction of the population's basic needs. About 80% of electricity is generated by hydro power plants, which means that during winter electricity has to be imported and in summer exported (mainly to Turkey, Russia and Armenia). To meet growing demand for electricity the Government of Georgia aims at a significant extension of power generation

(mainly hydro power), extension of the transmission grid and stronger integration of the regional grid with the south Caucasus countries and beyond.

Energy Network Improvement Programme (ENIP)

ENIP – an extensive investment programme into Georgia's transmission infrastructure - will be implemented during the period 2017-2022. The total investment is EUR 234.9 Mio., funded by EBRD and KfW, including

Project name	Energy Network Improvement Programme
Commissioned by	
Funded by	KfW, EBRD, EU NIP, Government of Georgia
Country/Region	Georgia
Lead executing agency	Georgian State Electrosystem JSC





Transmission lines in Georgia. Source: KfW photo archive, photographer: Rendel Freude

EUR 9.9 Mio. grant funding from the EU Neighbourhood Investment Platform (NIP), partly intended for investments and for financing Technical Assistance. GSE (Georgian State Electrosystem JSC) is responsible for the implementation of several sub-projects, with Technical Assistance of international consultants. KfW is additionally preparing a complementary programme with the Georgian government, comprising a Loan of up to EUR 100 Mio.

The infrastructure components of ENIP are located across all of Georgia – in the regions of Imereti, Guria, Raja, Svaneti and Kakheti. Under ENIP, amongst others, more than 475 km of transmission lines and ten substations will be constructed, extended or rehabilitated. For more details about the Sub-projects, see <http://www.gse.com.ge>.

Implementation according to the highest environmental and social standards

Infrastructural projects can impact the environment and people's lives considerably. To limit these impacts the lead executing agency, Georgian State Electrosystem JSC (GSE), undertakes an Environmental Impact Assessment in accordance with Georgian law. Beyond this an Environmental and Social Impact Assessment (ESIA) is undertaken in accordance with international guidelines, including EBRD Performance Requirements and KfW's Sustainability Guideline and European Union directives. The ESIA identifies measures that need to be adopted by the programme to avoid or reduce environmental impacts. The ESIA includes also a process of actively engaging stakeholders by meaningful consultation on the basis of which measures need to be adopted by the programme to minimize social impacts: for ex-

ample, design and routing of transmission lines that minimize impacts on local population and a framework for compensation of limitations on land use, actual land loss or – if unavoidable – physical resettlement. Thus, programme planning and implementation are based on the highest international environmental and social standards.

Benefits of the Programme

ENIP supports Georgia to develop a stable, reliable, cost-effective and efficient transmission system, ensuring network security, sufficient transfer capacity for the integration of renewable energy sources into the network and power exchange with neighbouring countries. The resulting improved conditions for economic development will boost tourism, industrial and agricultural activities and business in general, which means more jobs and higher incomes for the people in Georgia. Georgia's role in the region as energy hub will be strengthened. Cross-border cooperation in the energy sector increases which helps to improve the relations between the countries in the South Caucasus.



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