



Association Green Alternative

Annual Report

2004

Foreword

In 2005 Association Green Alternative will celebrate the five year of foundation. We are still small organisation with committed members fighting to challenge negative impacts of globalisation on Georgia's nature and cultural heritage, protect socio-economic rights of population and facilitate public participation in decision-making.

The year 2004 was crucial year for Green Alternative. The chairwoman receives the Goldman Environmental Prize as the recognition of organisation's incredible work for environment protection, social justice and equity. From one side, all our predictions and warnings around the BTC pipeline started to be realized in life. Now we are regretting that we have been right, we achieved number of changes in BTC pipeline project but do not feel satisfied with improvement achieved, because it is still not enough to safeguard our nature and population. From another said, we see the increased awareness within the number of local communities, whom we teach how to protect their rights and members of those communities are working hardly to protect their social-economic rights, nature and cultural heritage.

We believe that knowledge and education has massive power to defeat the evil. We will continue our work to mitigate the risks of huge destructive infrastructural projects and provide sustainable alternatives, fight with corruption and eradicate poverty, to challenge the government and corporations to protect Georgia's unique environment. This is our on-going commitment to our country.

On behalf of the Board we would like to thank all our members, funders, supporters and just friends for their extensive support in 2004.

Sincerely Yours

Manana Kochladze,
Nino Gujaraidze,
Nino Akhobadz

We would like to express our gratitude to the following organizations for supporting Green Alternative activities in year 2004: CEE Bankwatch Network, OXFAM GB, Global Greengrants Fund, US Embassy in Tbilisi, CottonWood Foundation.

We would like to thank the USAID for supporting the project "Development of local capacities and public awareness for better energy governance" developed by Caucasus Environmental NGO Network, Green Alternative and Eco-Vision.

We would like to express our gratitude to the Goldman Environmental Foundation and Mr. Goldman personally for supporting the fight for environmental rights around the world. Established in 1990, the Goldman Environmental Prize is awarded each year to environmental grassroots activists from six continental regions. This prize rewards grassroots activists for their outstanding work in protecting the environment and campaigning to preserve vulnerable natural habitats. We are proud that Ms. Manana Kochladze receives Goldman prize for Europe in 2004, as the recognition of Green Alternative Campaign on BTC pipeline.



History

Association “Green Alternative” was registered in 31 July 2000. As the membership organization Green Alternative includes 19 active members nowadays and eight staff person. The organization was formed from the group of leading campaigners of Friends of the Earth Georgia and accordingly activities carrying out by organization are continuation of previous work.

The group tries to become one of the leading pressure group in Georgia, using expertise and experience of members, through research and lobby for action to be taken at all levels of society, from grassroots to government and international. Integrated approach for solution of Environmental, Social and Economic problems is essential for us.

Mission Statement

The mission of Green Alternative is to create a framework for economically viable and socially desirable alternatives to protect the environment and Georgia’s unique biological and cultural heritage, and to be an advocate for social justice and public participation.

Green Alternative pursues this mission by working to prevent environmentally and socially destructive projects, establish principles of equity and justice in society, and by supporting local industry and community development.

Green Alternative is a part of the CEE Bankwatch Network, one of the most effective environmental campaigning organizations in Central and Eastern Europe. The CEE Bankwatch Network is an international non-governmental organization (NGO) with member organizations from Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Lithuania, Latvia, Poland, Slovak Republic and Ukraine. The basic aim of the network is to monitor activities of International Financial Institutions (IFIs) in the region, and to propose constructive alternatives to their policies and projects in the region. The Network is focusing mainly on energy, transport and EU enlargement, while working to promote public participation and access to information about activities of IFIs in the CEE region.

Our Goals:

- Creation of broader social alliances (social, health, human rights, environment) working on issues of Sustainable Development, promote conservation and renovation, advocating government, International Financial Institutions, World Trade Organization to shift investments and policies to environmentally and socially equitable programmes and projects;
- Preparation of economic and political frame for sustainable development, stimulate the involvement of relevant authorities, businesses, industries, organizations and individuals in the protection of the environment and sustainable use activities;
- to change or stop environmentally and socially destructive policies and projects on local and national levels and promote alternatives.

Main Program Areas

- Monitoring International Financial Institutions in Georgia
- Trade, Environment and Sustainability
- Energy/Climate Change Program
- Prevention of illegal logging/wildlife trading in Georgia
- Poverty Reduction Program

BTC Pipeline Campaign

The Azerbaijan-Georgia-Turkey pipeline system (The Baku-Tbilisi-Ceyhan main export oil pipeline along with the Baku-Tbilisi-Erzrum Gaz pipeline), represents implementation of US Energy Security Strategy and strategic vision for the future of the Caspian region. The 1,770-km long Baku-Tbilisi-Ceyhan (BTC) pipeline would, starting in 2005, transport up to one million barrels per day (bpd) – 50 million tonnes per annum – of crude oil from an expanded Sangachal terminal near Baku in Azerbaijan, through Georgia to a new marine terminal at Ceyhan in Turkish Mediterranean.



Construction of AGT pipeline system closely connected with the expansion of Azeri-Guneshli-Chirag oil fields. The overall costs are around 10 billion USD, where from only 3.7 billion USD need for Baku-Tbilisi-Ceyhan Oil pipeline. The project design and construction is lead by the group of oil companies known as the BTC owners, where British Petroleum (BP) holds the leading position. The shareholders of the BTC pipeline other than BP are: the State Oil Company of Azerbaijan (SOCAR), Unocal, Statoil, TPAO, Agip, TFE, Itochu, Inpex, Delta Hess and Conoco Philips.

Green Alternative, together with a number of national and international NGOs, was calling on the IFC and EBRD to refrain from funding the Baku-Tbilisi-Ceyhan (BTC) oil pipeline project until a number of political, social, development and security concerns are adequately resolved. Among the unresolved issues that NGOs have seen crucial, was the questions of transparency, corruption, the uncertain impact of the Host Government Agreements on the affected countries' further development, and the pipeline's environmental, health and social impacts.

The decision to finance BTC pipeline was taken at the end of the 2003 by IFC and EBRD. Totally International Financial Institutions committed themselves to finance up to the 500 Million USD of 3.6 billion USD project. Number of the ECAs, including US Ex-Im (160 Million USD) and UK ECDG (150 Million USD) followed decision of IFC and EBRD. Pipeline construction is carried out by BTC Co, leaded by British Petroleum.

Facts about Pipeline

- Pipeline length in Georgia is 248 km;
- Pipeline cross the following seven regions in Georgia: Gardabani, Marneuli, Tetrtskaro, Tsalka, Borjomi, Akhaltsikhe and Adigeni, as well as part of the administrative boarder of Rustavi City;
- Construction of pipeline in Georgia started in May 2003;
- Project affects around 3 000 private and leased land plots;
- Pipeline affects 72 settlements in Georgia.

Since 2002 Green Alternative follows the progress of the pipeline construction and monitors compliance of IFC/EBRD policies and guidelines, the impact of the pipeline on the fragile human rights situation and environment in the region.

Green Alternative aims to support BTC affected communities to gain a tools for protection of socio-economic rights and facilitate the implementation of corporate responsibility principles during the BTC/SCP construction and exploitation, increase transparency and public participation in decision-making process, introducing the US EPA standards for BTC pipeline.

Campaign Activities 2004

Public Participation in Decision Making:

- Four local BTC/SCP supervisory committees of affected communities have been established and are fully functional in Rustavi, Borjomi, Akhaltsikhe and TetriTskaro regions;
- Green Alternative provided the Committees with equipment and funds to monitor the pipeline construction, as well as assisted in capacity building (trainings, information sharing, participation in various workshops, seminars, contacts with different international groups, media);
- Green Alternative organized two trainings for around 25 regional and national groups, and community representatives on how to provide support to affected communities and people through the grievance mechanism; what are the commitments of BTC Co under the ESIA, RAP and Management Plans; EBRD/IFC policies and BTC Co performance compliance;
- Organising lobby trips in Washington.D.C , USA for Supervisory committee representatives, to raise their concerns in front of IFC , US Ex-IM. OPIC, CASpain Development Panel and other relevant bodies

Legal Consultation to affected people

Green Alternative provided free legal consultations regarding the problems raised due to the BTC construction to 256 physical people and 36 communities;

The main problems include:

- Land Compensation issues for individuals;
- Land Compensation procedures for communities;
- Failure to compensate "Orphan" Land;
- Violation of BTC Co Grievance mechanism;
- Failure to compensate damage to private property caused by construction activities;
- Violation of World Bank Information Disclosure Policy;
- Violation of World Bank Resettlement Policy requirement on Expropriation

Support to citizens and groups to submit complaints to IFC Ombudsmen

Green Alternative supported citizens of number settlements (Rustavi, Sadgeri, Tba, Tsemi, Tsalka, Tetrtskaro, Dgvari, Tsikisdjvari, Tabatskuri) to submit the 14 complaints to IFC ombudsmen regarding the violations of World Bank Operational Directive 4.30 on involuntary resettlement, Operational policy 4.01 on environmental assessment, World Bank disclosure policy, as well as management plans and obligations of Environmental Impact Assessment undertaken by BTC Co.

Problems around pipeline

- Pipeline crosses several protected areas - Ktiatabaskuri managed reserve in Georgia, Buffer zone of the Borjomi-Kharagauli National Park, Tsalka Lake area;
- Pipeline does not solve existing energy demand and mitigate unemployment in region;
- Around 30% of the land parcels within the pipeline corridor are disputable;
- Project development impact is very low and even could restrict development of local business opportunities e.g. Borjomi mineral waters industry; problems raised by village Tsemi and Tba on loss of the holiday season;
- Non-compliance with obligations undertaken within ESIA and RAP, approved by IFC and EBRD, in case of application of Highest International Standards for construction (like coating and welding under the hearings in House of Common), violation of Information Disclosure Policy (Rustavi case), failure of Grievance mechanism;
- Violation of International Labor standards and Georgian Labor Code (one-month contracts, low-quality food, overtime hours, national discrimination);
- Local corruption (land compensation, employment issues)
- Increased ancillary damage with poverty growth

Monitoring of the social and environmental performance of BTC Co

In Georgia Green Alternative monitored the implementation of obligations undertaken by BTC Co in front of the lender community in the ESIA documentations, Resettlement Action Plan and Management Plans. There have been a number of violations of World Bank policies including: the O.P. 4.1 on Environmental Assessment (in the case of Dgvari Village, the design of the pipeline route, Tkhratskaro-



A special guide on "BTC Co grievance mechanism and IFC Ombudsmen procedures" was prepared and distributed in Georgian and Russian Languages. The guide as the annex contains the commitments from the BTC Co.'s commitments register. The guide was widely used by the population and local groups, especially since BTC Co. did not provide any official explanation and introduction of the grievance mechanism until mid-summer 2004.

Kodiana pass and so on); the violation of committed technical standards of pipeline (e.g. 26 percent of unburred coated joints in Georgia experienced cracking, a number of reported cases of cracks in already buried pipes, corrosion of "non-corrosive pipes", the pollution of drinking water sources for village Sadgeri and Tsemi); the violation of O.P. 4.30 when BTC Co refused to use Eminent Domain law in order to avoid an independent assessment of private property, as well as violations of the land compensation procedures described in the Resettlement Action Plan; violation of obligations regarding the effective grievance mechanism undertaken in order to mitigate damages and losses of affected communities; violation of Information Disclosure Policy and IFC guidelines for good practice on public participation (based on the case of Rustavi when residents discovered that the pipeline will be constructed close to their houses (200 m) only when actual construction started; or the Tetrtskaro case when explosion works started without notification of the affected people).

As a result of the discovered violations, discrepancies between IFC/EBRD policies and the loan requirements, the report "Baku-Tbilisi-Ceyhan Pipeline, BTC Company and Social and Environmental Undertakings" was published in cooperation with CEE Bankwatch Network and Georgian Young Lawyers Association in May 2004.

Commission on BTC Environmental condition's implementation in Georgia

Green Alternative has been elected by number of environmental groups to represent the views of the NGO community in governmental Commission created to assess the implementation conditions of Environmental Permit by BTC Co. The commission played important role as the advisory body of Government. The number of cases raised through Green Alternative got continuation on the discussions and resolutions of Cabinet of Ministers that gives possibility to increase the governmental leverage on pipeline construction. E.g. the case of village Dgvari, permanently raised by Bankwatch in front of the International Financial Institutions, has been discussed and special commission to assign the problems has been set up by Georgian government.

As the result of the commission's recommendation government allocated the funds for independent assessment of security and safety measures of 17 km long section of pipeline in Borjomi Gorge. The findings of the assessment was presented to BTC Co. As the result of initial refusal of BTC Co to implement additional conditions, the Minister of Environment has halted the pipeline construction for more than two weeks in Borjomi area.

By August 31, 2004 BTC Co has been forced to publish additional reports required according to the environmental permit.

Coordinated efforts with Workers in Georgia



Another important achievement was deepening of the collaboration with the Trade Unions of workers employed by BTC Co for construction of BTC pipeline. The joint demands regarding the improvement of the working conditions, compliance of contract agreements with International Labor standards and the Georgian legislation has been formulated. Several joint press-conferences and letters to BTC Co have been addressed issues above. The joint direct action took place on February 4th 2004.

As the results there is some improvements in contracts signed by BTC Co and workers since April 2004, however, number of the issues still contradicts Georgian legislation and is the subject of negotiation and several court cases.

The new problems with some of BTC Co subcontractors regarding the Labor rights protection (including sexual harassment, corruption, prob-

lem of receiving salaries) has been revealed and reported to BTC Co and EBRD/IFC project staff in order to improve situation.

Independent social survey

BCG Research - Business Consulting Group carried out Independent Survey in May-June 2004 based on order of Green Alternative. The survey has been done in Kvemo Kartli and Samtskhe-Javakheti through quantitative research methodology - 600 respondents (220 in Kvemo Kartli, 380 in Samtskhe-Javakheti) were interviewed with specially developed questionnaires. The survey was done through the strict application of selection and research procedures, that provides the high reliability of data (2-3% of error level with 95% of reliability level).

The Research aimed to run independent assessment of living conditions of local communities affected by the BTC construction through evaluation of current social and economic conditions of the livelihood in Kvemo-Kartli and Samtskhe-Javakheti region. The research was designed to fulfill the following main objectives:

- Evaluate current social and economic characteristics in selected regions;
- Gather information about past and current attitudes and expectations of the local community from BTC project implementation;
- Gather information about current benefits of the local population from the BTC project implementation.

Research revealed that the most vulnerable problems for the towns and settlements in the regions are unemployment, damaged road infrastructure, energy crisis. The overwhelming expectations are related to BTC pipeline to override problems above. Meanwhile, the survey also proved the creation of the new problems in BTC affected communities as increased damage of roads, invasion of vast number of unknown people in settlement and related problem of prostitution, noise, water pollution and ancillary damage due to the intense traffic.

The vast majority of interviewers (85%) believes that construction of pipeline will have negative impact on regions environment, however, the 2/3 of the same group thinks that pipeline should be constructed due to the existing high level expectation on personal benefit, like increased employment opportunities, attraction of investments in region. 80% of interviewers hope that they will get employment on pipeline construction.

1/3 of population has no hope that during the operation phase would be taken necessary measures to avoid oil spill. The Majority of population does believe neither local nor central government, neither International Financial Institutions.



Georgian NGOs meeting with IFC&EBRD staff on BTC Project

Media work

The main attention in 2004 was given to media campaign, in order to keep the public in regions and outside of country informed regarding the on-going development around the BTC pipeline, problems that affected communities are experienced due to the project.

Due to our previous activities and the problems that the BTC project sponsors experienced with their formal application for public funding from the EBRD and the IFC, there was significant media interest based on materials published by Bankwatch. Different media agencies started to take serious interest in following the pipeline issues more closely and in making serious investigations into BTC case. Among such media were: BBC (UK) Transitions Online (Czech Republic), Georgian TV, Christian Science Monitor, Financial Times, Caspian Business News, Azeri Newspaper Echo and Zerkalo, Eurasianet, Frontiers in Ecology, as well as a number of leading Georgian media (24 Hours, Mtavari Gazeti, The Messenger). The articles prepared by Green Alternative were published in 24 Hours, "Caucasus Environment" Magazine of Caucasus Environmental NGOs Network, "Russia Conservation News"

magazine and Emerging Market, (EBRD AGM official newspaper).

Green Alternative initiated writing of response of Georgian NGOs to IFC vice President Mr. Piter Woicke. The statement was published in Financial Times, 11 June, 2004.

Documentary Films

In 2003 Green Alternative and Bankwatch shoot the film which clarifies already existing problems with the BTC pipeline. The film "**BTC - Project or Promise of Century**" is devoted to problems that BTC pipeline brought to Georgia, showing the unprecedented violation of law in order to justify the pipeline project, problems that local communities faced with land compensation and pipeline threat to houses alongside, as well as the problems of the workers employed for pipeline construction. The film was presented in January 2004 and got quite attention from Georgian media.

Green Alternative continues the documentary film production activities. In 2004 materials for documentary film "**Working for the Oil**" was shoot in Azerbaijan. The film is a joint product of Green Alternative, CEE Bankwatch Network and Bionaut Films, Prague based Production Company producing feature, documentary and animation films.

As result of the mission to Azerbaijan about 50 hours of rough footage with a lot of interesting and unique shots in Baku and regions was shoot. The 60 minutes long film describes the real situation regarding the Oil development and problems of ordinary Azeri people. The film is available in Russian, English and Czech languages. The Premiere is envisaged at April 29, 2005 One World Human Rights Film Festival in Prague, Czech Republic.



Problems with pipeline?! Documents submitted to a Trade and Industry Select Committee , UK House of Common, reveal that 26% of pipeline joints in Georgia had problems with cracking due to the difficulties with coatings used.



International Fact Finding Mission

Green Alternative, Bankwatch, Friends of the Earth UK, Les Amis de La Terra France and National Ecological Centre of Ukraine, took part in FFM to Azerbaijan and Georgia during 9-17th October . The FFM traveled along the pipeline route meeting with landowners, community members and local governments. In Azerbaijan the FFM met with OSI Azerbaijan, BTC NGO monitoring group, Human Rights groups, in regions, affected local landowners and municipality representatives. In Georgia, the group met with the Georgian Minister of Environment and Georgian representative in BTC project, Association for Protection of landowners Rights – BTC Co.'s subcontractor, WWF Caucasus. The group also met with number of local government officials, spoke with affected people and BTC workers.

Aarhus Convention in life

Green Alternative actively fights for implementation of provisions of Aarhus Convention on public participation during decision-making on environmental matters, setting precedents on application of articles on access to justice due to the violation public participation provision.

Court cases regarding the Baku-Tbilisi-Ceyhan (BTC) main Export Oil Pipeline construction

On March 22, Green Alternative lost a court case against the BTC Co and the Georgian Ministry of Environment regarding the restriction of public rights during the BTC pipeline consultation in the regional court. The claim requires to repeal environmental permit #0011 issued by the Ministry of Environment of Georgia on November 30, 2002 [for transportation of oil through the territory of Georgia]; and To oblige the Ministry of Environment of Georgia to ensure full public participation in the decision-making process on granting of environmental permit to Baku-Tbilisi-Ceyhan Pipeline Company (BTC Co. Georgia). An appeal was submitted to the Supreme Court. On November 24th, 2004 Supreme court after two weeks discussion came with decision that Environmental Permit was issued according to Host Country Government Agreement (HGA).

At the same time, on March 25, Green Alternative won its case against the Georgian Parliament in district court, since the BTC Intergovernmental Agreement and Host Country Government Agreement were never officially published. It should be mentioned that the Georgian Parliament preceded the publication of the BTC Intergovernmental Agreement and Host Country Government Agreements in July 2004.

Case against the Spie Capag - Petrofac and the Ministry of Environment

In May 2004, Green Alternative initiated another case against the Ministry of Environment of Georgia (MoE), Spie Capag - Petrofac International (SPJV - BTC Co.'s subcontractor) and Georgian International Oil Corporation (GIOC).

In its claim GA alleged that the MoE violated the requirements of the Law on Environmental Permit, the Law on State Ecological Expertise, the Regulation on Environmental Impact Assessment, the Regulation on State Ecological Expertise, as well as Host Government Agreement and the Aarhus Convention, since MoE granted the environmental permit to SPJV without requesting from SPJV submission of project documentation as required by law and also did not ensure public access to information and public participation in the decision-making process.

Green Alternative requests from the Regional Court of Tbilisi (a) to repeal the environmental permit granted by the MoE to SPJV; and (b) to require from the MoE to ensure public access to project related information and public participation in the decision-making process.

During the first court hearing, the MoE presented the decree on canceling of the environmental permit given to Spie Petrofac for construction of incinerator on 23 December 2003. The second part of decree argued that environmental permit 0011, issued for BTC Co includes activities regarding the waste management and therefore incinerator construction does not need additional permit. According to the position of MoE,, it gives permission to SPJV to use the permit issued for BTC Co, that represents the clear violation of Administrative law of Georgia. Green Alternative started preparation for court case to abandon the second part of Ministerial Decree.

International Financial Institution Program activity 2004

World Bank Inspection Panel Workshop in Georgia

Green Alternative is engaged in follow up work to increase the understanding of the World Bank's role and structure among the Caspian Groups. The World Bank Inspection Panel was invited to Central and Eastern Europe and Central Asia to become more acquainted with the situation and with local NGOs. Green Alternative organised and facilitated the World Bank Inspection Panel member Mrs. Maartje van Puten and secretariat trip to Georgia to hold a workshop for around 26 national and local groups in Georgia working on environmental, social, economic and human rights issues.

Monitoring the implementation of Economic Development and Poverty Reduction Programme (EDPRP) of Georgia in energy and environment field

On 25 June, 2003, the Georgian government adopted Economic Development and Poverty Reduction Program of Georgia for the period 2003-15. The program, which will cost an estimated 3.8 billion laris (\$1.74 billion), is aimed at reducing the percentage of the population living below the poverty line from 55 percent to between 20-25 percent. It is also intended to raise GDP by a factor of two or three from 7.28 billion laris in 2002 to more than 21.8 billion laris in 2015.

At present, due to the extended post revolution period, overall changes in government and continuous restructuring process in Georgia the implementation of EDPRP goes in extremely chaotic manner – having no targeted policy to ensure the reduction of poverty and plan of utilization of the results of the economic growth for the establishment of adequate social-economic conditions for the population of Georgia, the government is trying to achieve rapid economic growth through the aggressive privatization of the state-owned property.

Green Alternative maintains the intensive communication with Ministry of Economic Development that coordinates the process of EDPRP implementation, as well as with World Bank/IMF staff and Executive Directors. In December 2004, Green Alternative prepared comments on Draft Progress Report of EDPRP, criticizing government of Georgia for the inadequate estimation of the result achieved during the reporting period, unjustified and inappropriate plans for future development on environmental protection and energy fields and lack of transparency and public participation monitoring of the programme implementation.

Energy

Country Renewable Energy Position

Green Alternative intensively collaborates with the Ministry of Energy of Georgia in order to prepare the Country position on Renewable Energy. Together with staff of Ministry was drafted country position and presented it to stakeholders for revision. Two public discussions has been arranged around the issue. The country position paper has been adopted by Cabinet of Ministers, and the future plan for preparation of Georgian renewable energy strategy has been developed. As the result, one of the main priorities of the Georgian government is the rehabilitation of small hydropower stations. The paper adopted in May 2004 by the Georgian Government lay foundation for country position for high level International Conference on Renewable Energies.

Power Sector

Green Alternative and Bankwatch continue its work on energy field with the main goal to prevent increase tariffs on electricity consumption in order to service and repay the immense debt of the energy sector of Georgia as it was required by IMF. In order to facilitate the public debate on problems of electricity tariff and methodology of its calculation number of interviews has been given to the Georgian media around the issue. Green Alternative together with its partners (Caucasus Environmental NGOs Network (CENN) and Heinrich Boell Stiftung) arranged several public debates with Tbilisi Electricity Distribution Company, United Distribution Company – serving regions of Georgia, Georgian National Energy Regulatory Commission, Ministry of Energy and Energy Ombudsman around the tariff calculation methodology problems, energy accessibility and fuel poverty.

To increase the transparency and efficiency in the energy sector Green Alternative in coalition with Caucasus Environmental NGO Network and Eco-Vision is making effort to increase public awareness on rights, responsibilities and obligations of the State, Municipality, the electricity distribution company and the consumers and citizen's right to participate in the decision-making processes at all levels of the energy sector governance. Series of trainings were conducted and special guide covering above-mentioned issues was published for citizens of Tbilisi.

Problems related to the energy sector debt, impact of energy sector restructuring on services and poverty rate has been addressed on detailed analysis of Poverty Social Impact Assessment (PSIA) energy sector of Georgia prepared by World Bank. Comments regarding the insufficiency of PSIA and recommendations of areas needs to be revised, as well as problems with PSIA process has been sent to IMF and World Bank staff, Georgian desks and Executive Director.

The PSIA analysis has been also used by Oxfam International in briefing paper 2004 "From Donorship to Ownership? Moving towards PRSP, Round Two"

Green Alternative also starts to work with the Ministry of Energy to provide comments/recommendations on its strategic Action Plan, that would be financed by the international donor community (EU, EBRD and World Bank mainly), as well as to identify the list of the environmentally and socially unsustainable projects that should not be financed.

Forestry

Green Alternative continues to monitor the World Bank forests development Project in Georgia with aim to support sustainable forestry and stop forest destructive activities.

The Association believes that the first priority developed within the project should be development of National Forestry Policy based on public participation and stakeholders consensus. Together with leading environmental conservationist group NACRES, Green Alternative prepared and submitted commentary regarding the National Forestry Policy preparation process and its content. As well as the concerns regarding already implemented activities that fall out from the overall sustainable Forestry management plan.

The number of activities have been developed due to the possibility of rapid privatization of Georgian forests underlined in Georgian EDPRP and World Bank forestry project, and incentives of new government of Georgia.

Green Alternative initiated appeal to the President of Georgia regarding the negative consequences of rapid privatization of Georgian forests and necessary measures to combat the corruption and illegal logging within the sector. Appeal was signed by 10 leading environmental groups in Georgia.

Participation in GMO law drafting

Green Alternative participated (prepared comments and recommendations) in drafting process of the Proposed Governmental Bill of Georgia on GMOs "Genetically Modified Organisms Act". The Act lays down the legal requirements in the field of use of GMOs and genetically modified products in Georgia.

Save Small Lakes – the Dying Pearls of Tbilisi

The urban style of life nowadays is greatly connected with existence and further development of Green Areas of Cities. Tbilisi represents the one of the largest urban area in South Caucasus with 1,5 million population, with increased traffic and pollution, that has great impact on public health. The city already started to experience the lack of the Green areas that supply the city with fresh air, as well as giving possibility of recreation and rehabilitation to citizens. In this context the watershed management of the Turtle and Lisi Lakes of Tbilisi, gains more and more importance.

Green Alternative has established the working committee with participation of NGOs, decision-makers, scientists, industry and media representatives and all relevant stakeholders, to create sustainable management framework for urban watershed use in Tbilisi. Special bylaw on "hygienic-ecological requirements for watershed recreational zones" was prepared and submitted to the appropriate structures responsible for supervision and protection of watershed recreational zones. The bylaw sets up hygienic requirements for recreational zones of Georgia, rules for proper arrangement of recreation zones and water object's bottoms, determines requirements for water quality to avoid dissemination of water born diseases, protect water and soil as from permanent as well from occasional contamination.

Recommendations for municipality structures as well for the business how to manage the urban watershed based on examples of Turtle and Lisi lakes were prepared. Different direct actions, planting of trees, beach-clean up activities, children's exhibition and other relevant activities to involve the public and especially youths in solution of the Turtle and Lisi lakes were arranged.



Public Outreach activities

Green Alternative fully recognizes that there is close correlation between poverty and environmental degradation. Poverty alleviation that is not environmentally sustainable can lead to the further decline of environmental conditions, which then negatively affect the public.

In full recognition of these problems, we contribute, within our capacity, to the mitigation of poverty in Georgia. Within our possibility each year we are carrying the fundraising activities to improve the conditions of particular groups. This year through the generous support of CottonWood Foundation we purchased the text books for Akhaldaba Boarding school in Borjomi, collected children fiction literature books (fairy tales, classic literature, children journals). Group will continue to work with boarding school through environmental curriculum development, carrying environmental lessons and organising tree planting activities in year 2005. The long-term goal is to improve conditions and quality of education for patient-children and helps to educate and involve them in normal life, encourage the local communities, government and other stakeholders to take more care about the vulnerable children.

Publications 2004

- œ "Comments on Draft Progress Report of Economic Development and Poverty Reduction Programme of Georgia" December, 2004 (in Georgian);
- œ "Electricity Services Consumers' Guide for Tbilisi" December, 2004 (in Georgian);
- œ Report of Social survey of population alongside of BTC pipeline, July 2004, (implemented by BCG research, Georgian)
- œ "Baku-Tbilisi-Ceyhan Pipeline, the BTC Pipeline Company and Social and Environmental Protection Obligations" May, 2004 (in Georgian and English);
- œ "Grievance Mechanisms for population living in Baku-Tbilisi-Ceyhan oil pipeline adjacent area" March, 2004 (in Georgian and Russian);
- œ "Small lakes – Intersectorial management", February, 2004 (in Georgian).

Income and Expenditure Account in 2004

Income	GEL	USD
Grants	177 037	96 741,53
Private contributions	3 678	2 059,02
Expenditures		
Salaries, honorariums	54 845	29 970
Workshops, Meetings, outreach activities	17 384	9 500
Communication (internet, phone, post)	6 549	3 579
Resources for local supervisory groups	10 352	5 657
Travel within the country	2 162	1 181
Travel outside of the country	17 014	9 297
Services (film, legal services and etc)	10 304	5 631
Publications & Films	13 231	7 230
Operation Costs (administrative, bank costs, cleaning ups, tree plantings)	18 565	10 144
Purchasing of main assets	9 021	4 929
Total Expenditures	159 427	87 118

Balance Sheet 2001, December 2004 in GEL

Copies of audited report for 2004 are available from Green Alternative Office.

	31 December, 2003	31 December, 2004
Assets		
Cash in desk	165	119
Money in Bank	19	17 491
Claims to personnel	72	1 436
Claims to state budget	2 368	5 026
Prepayment to suppliers	2 368	0
Current assets	4 171	25 775
Office equipment	17 419	19 730
Other basic assets	4 017	4 937
Fixed Assets	21 436	24 667
Total Assets	25 607	50 442
Liabilities		
Prepayment received due salaries	478	0
Liabilities to personnel	1 317	0
Short term loans due income tax	585	4 835
Due excise-duty social taxes	60	484
Current Liabilities	2 440	5 319
Authorized capital stock	0	2 291
Other reserves and targeted financing	23 167	42 832
Total Equity Capital	23 167	45 123
Total Liabilities and Equity Capital	25 607	50 442

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 Nino Dadalauri – IFI's Monitoring Program Coordinator
 Manana Kochladze – CEE Bankwatch Regional Coordinator for Caucasus
 Kety Kvinikadze – Lawyer
 Nato Guledani – Office Manager
 Lia Ksovreli - Financial Manager

Invited Experts of the association:

Lawyers- Merab Barbakadze, Pavle Abaidze
 Biologists – Manana Grdzlishvili, Marina Lashkhauri
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