



Annual Report
2007



GREEN
Alternative

Foreword

The Year 2007 was crucial year for Georgia. The Government was increasingly criticized and accused of consolidating power, tightening control over the media and failing to push through much-needed judicial reforms. Such criticisms resulted in the massive rallies throughout the country in October-November last year, forceful dispersal of protesters in the capital city and a subsequent early presidential election which was offered to defuse political crises. Now, after January elections, reelected president and renovated government are facing a challenge of recovering Georgia's political system and embracing both genuine reform and democratic openness. The government is called by both national and international community to give substance to the democratic rhetoric and indicate that democratic procedures are finally taking root in the country's political culture.

The field of environmental protection and governance that we believe serves as the indicator for democratic development of the country is also challenging. To foster economic development of country the government chose the "fast economic modernization practice" which envisages full minimization of state intervention through complete deregulation and liberalization in a number of the sectors. Unfortunately, within the overall fast economic modernisation reforms, there are a number of reforms which include the liberalisation and deregulation of sectors, where through minimisation of its control functions the government risks the health and safety of its own population and the environment. Meanwhile the problems of the environmental protection and consumer safety are put off till later periods of Georgia's development. As a result, environment, protection of which is recognised as only a last priority by the Georgian government, is overridden by the exploitation of the natural resources, without taking into account the environmental and social consequences of those measures.

The link between citizen rights and improving environmental trends has much to do with the power that democracies give to citizens to affect decision-making processes and hold government officials accountable. Democratic freedoms encourage access to information that can help citizens protect their environmental interests. Indeed, an informed and educated public is better able to take part meaningfully in decision-making that affects the environment; Informed and meaningful public participation is an effective instrument for integrating social and environmental concerns in decisions on economic policies and management of natural resources; Public access to justice is a way to hold decision makers accountable for the decisions they make.

Taking into the account all above-mentioned, Green Alternative applies every effort affords to empower local communities and vulnerable groups in exercising their rights to live in safe environment and to participate in the decision-making processes. At the same time, Green Alternative increasingly applies to the judicial and administrative proceedings on national level and recourse mechanisms available at international level. Whatever the outcomes of proceedings are, we believe that, on the one hand, these cases will be useful precedents for others (civil society groups, state authorities) and on the other hand, cases will illustrate the areas where appropriate changes shall be made (changes in policies, legislation, practices).

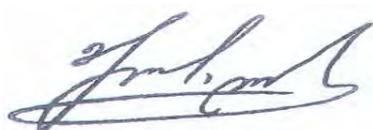
May be it is naïve, but we hope that it's echoed with the Winston Churchill famous speech "Never give in. Never give in. Never, never, never, never--in nothing, great or small, large or petty--never give in, except to convictions of honor and good sense. Never yield to force. Never yield to the apparently overwhelming might of the enemy."

Winston Churchill, Never Give In, speech 1941

On Behalf of Green Alternative

Manana Kochladze

Chairwoman



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 carried out by organization are largely the continuation of previous work.

Mission Statement

The mission of Association Green Alternative's is to create framework for economically viable and socially desirable alternatives to protect environment; to protect Georgia's unique biological and cultural heritage; and to advocate for social justice and public participation in decision - making.

It pursues this mission through the public awareness raising campaigns, resistance to environmentally and socially destructive programs and project, promotion of the principles of equity and justice in the society and support to local industry and community development.

Association tries to increase public participation in decision-making process through the capacity-building of local NGOs and grassroots, help in "know how" transfer and developing easily replicable and visible pilot projects benefiting local communities.

Since its foundation, 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.

Main Program Areas

- Monitoring International Financial Institutions and International financial flow in Georgia;
- Trade, Environment and Sustainability;
- Energy/Climate Change Program;
- Biodiversity;
- Poverty Reduction Program



Our positive impacts in 2007

We lead, so called, policy and political dialogue between the Georgian Government, the Parliament, the opposition and the civil society on the matters that directly affect human health and environment;

We worked with different governmental offices, including ministry of Environmental Protection and Natural Resources and Parliament of Georgia in order to ensure compliance of environmental impact assessment law with EU directives. With the efforts of the Green Alternative the law adoption was suspended.

Our work with the number of political parties resulted in closer look on environmental problems in platforms of the several parties.

We conducted the series of environmental awareness activities, including radio shows that included debates between all major stakeholders. The Radio Show “Environmental Protection, Economic Development and society” at channel “Green Wave”, discussed the issues of sustainable energy, mining, privatization impacts, waste, water pollution and etc.

We elaborated series of the policy papers addressing the issues as energy, mining, forestry, water, transport infrastructure problems in Georgia and related legislation and policy compliance with relevant EU directives and International Environmental Laws. The policy papers also addressed some particular cases and projects that clearly demonstrated deficiencies of Georgian Environmental law.

We successfully lobbied the elaboration of forest policy document and new forest legislation.

We challenged the governmental decisions on long-term licensing of forest use in the courts: the first long-term license for forest use issued in 2006 is canceled, the case on other three licenses (issued in 2007) is pending at the court, and auctions for the new licenses are suspended.



We participated in High level workshop organized by WB and Ministry of Environmental Protection and Natural Resources on envisaged forest reform. The Bank and other donors backed the Green Alternative requirements with regard to necessity of inventory, elaboration of state policy and law packages, and socio-economic assessment of undertaken steps in forestry sector.

We start to lobby the World Bank to suspend the Forestry Development Project until the Georgian government would not meet World Bank forest policy requirements.

The letter to President of Georgia to stop the poorly planned forest reform has been signed by civil society representatives, as well as academia.

We organized the scientific seminar “Georgia’s Forests: Importance, Reality and Perspectives” attended by around 40 people in May 2007. Special declaration “Save Georgian Forest”, subsequently signed by more than 1000 representatives of civil society and Academia, was drafted at the seminar. Outcomes of the seminar were used for targeting Georgian officials and the World Bank.

We provide the trainings to local stakeholders (local self-governance and civil society representatives, officials) on Forest decentralisation processes.

Together with our partner group, NGO - Article 42 of the Constitution, we submitted appeal to Chamber of Administrative Cases of City Court against the Ministry of Economic Development. We requested examination of the lawfulness of classification of the agreement on sale-purchase of the 100% of shares owned by state in Vartsikhe 2005 between the Ministry of Economic Development of Georgia and G.M. Georgian Manganese Holding Limited and provision of the publicity of document. In October 2007 Chamber of Administrative Cases of Tbilisi City Court satisfied claim of Green

Alternative against Ministry of Economic development and obliged Ministry of Economic Development to declassify and provide us with copy of the privatization agreement.

Following a formal complaint of Green Alternative representatives, the US Overseas Private Investment Corporation – a funder of the controversial BTC pipeline – issued a report which essentially admitted that both, it and project sponsor BP were grossly negligent in their responsibility to protect the environment of local communities from flawed anti-corrosion pipeline coating and future oil leaks.

Green Alternative continued to extensively monitor the construction of the Baku-Tbilisi-Ceyhan/South Caucasus Gas Pipelines and the compliance of activities on the ground with IFC/EBRD policies and guidelines. As a result of our work on monitoring the BTC pipeline in Georgia and Azerbaijan, a number of instances of the project implementation's non-compliance with IFC and EBRD Safeguard Policies and the BTC Loan agreement were discovered.

We played a significant role in formation of EU-Georgia Action Plan monitoring coalition, based on the Greening the ENP concept. The informal coalition of Georgian civil society representatives unities: OSGF, Eurasia Partnership Foundation, Heinrich Boell Foundation, Georgian Young Lawyers Association, Transparency International and Green Alternative. The coalition monitors implementation of EU Georgia Action Plan under the Neighborhood policy, provides comments and recommendations to national and EU decision-makers.

We continue work to prevent the construction of the Khudoni Dam. For that purposes guides for communities affected by High Dam's and guide how to act if affected by World Bank project (Inspection Panel, Safeguard policies application) was been prepared and published.

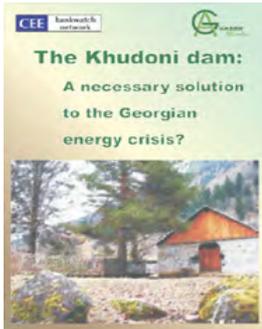
We advocated successfully for the development of the Strategic Environmental Impact Assessment Study for Georgian Energy Power sector under the World Bank Infrastructure pre-investment facility grant and creation of Independent Panel of Expert for Khudoni dam construction.

Green Alternative assisted reporters of TV5 (France) in preparation of documentary examining environmental protection and concrete challenges of sustainable development in the South Caucasus. Green Alternative assisted filmmakers in arrangement of field study to Bolnisi (Madneuli) and in examining local and trans-boundary threats to the environment; also provided with necessary materials, contacts and interviews.

We called on the EBRD to undertake a social assessment to identify adequate mitigation measures for low-income households in Tbilisi and to obtain a commitment from the government on the implementation of the mitigation measures. As result, EBRD committed to develop a mitigation plan and install individual metering in new water projects in Georgia following Green Alternative demands

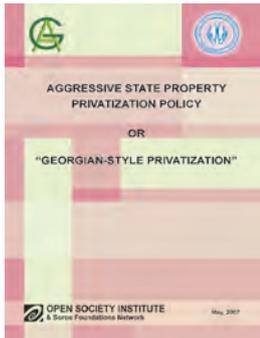


KEY OUTPUTS IN 2007



The Khudoni dam - A necessary solution to the Georgian energy crisis?

Highlighting the likely severe negative impacts of the Khudoni dam's construction on people in Georgia, the report questions whether the dam (being considered for financing by the World Bank) is the right solution for the troubled Georgian energy sector.



“Aggressive State Property Privatization policy or “Georgian-Style Privatization””

This report concludes that in order to fully support Georgia the donor community should encourage the Georgian government to improve the country's business environment, safeguard and improve Georgia's environment, protect human rights and the rule of law. The assessments carried out by IFIs should be based on the realities of the implication of ongoing projects, cost efficiency of programme carried out and the actual number of people who benefit, rather than nicely written laws and programmes, where it is questionable in which direction they will be implemented.



“After the Rose revolution: trends of economic development and its on Georgia”

After “Revolution of Roses”, aggressive privatization of state property represents substantial part of the economic reforms in Georgia. Aggressively privatizing state-owned property Georgian government hopes to attract private capital to state owned assets in order to introduce efficient management, increase investment and boost economic growth. It has been established that economic globalization brings benefits and at the same time increases environmental and social costs in the countries where the level of democracy is low and the environmental governance system is weak. The aim of the presented research is to identify gaps and deficiencies of Georgian legislation to ensure transparency and provide opportunities for public to participate in and influence the decision-making process during the privatization process.

Conference on Environmental Governance

The conference was dedicated to discussions on environmental governance related issues in the country, such as transparency, public participation in the decision-making and accountability and problems that non-governmental sector is facing during last years and the role of civil society actors in promoting good environmental governance in the country. It was underlined that good governance cannot be ensured without strong civil society which is able to advocate on behalf of constituents. It was also noticed that to be effective in influencing decision-making processes non-governmental organizations, especially environmental, shall put more efforts in increasing cooperation within the sector. It was proposed to establish email network of environmental advocacy groups with primary aim of exchanging information on ongoing or planned campaigns, planning joint strategies and/or acting jointly. In total more than 40 representatives of non-governmental organizations, state authorities, political parties and media participated in the conference.



Income and Expenditure Account in 2007

Income	GEL	EURO
Grants	124696 GEL	55053 EURO
Private contributions	0GEL	0 EURO
Expenditures		
Salaries, honorariums	80549 GEL	35562 EURO
Communication (internet, phone, post)	6710 GEL	2962 EURO
Meeting, Workshops, outreach activities	5795 GEL	2558EURO
	5615 GEL	2479 EURO
Travel within the country	13776 GEL	6082 EURO
Travel outside of the country	10989 GEL	4852 EURO
Services (film, legal services and etc)	14921 GEL	6588 EURO
Publications	29492 GEL	13021 EURO
Operation Costs (administrative, bank costs, cleaning ups, tree plantings)	3558 GEL	1571 EURO
Purchasing of main assets		

Balance Sheet, December 2007 in GEL

Assets	31 December, 2006	31 December, 2007
Cash in desk	68	1266
Money in Bank	66579	18672
Claims to personnel		
Claims to state budget	16946	5996
Prepayment to suppliers	0	0
Current assets	83593	25934
Office equipment	42926	36191
Other basic assets	6311	6091
Fixed Assets	49237	42282
Total Assets	132830	68216

Liabilities		
Prepayment received due salaries	0	0
Liabilities to personnel	27378	20815
Short term loans due income tax	11114	0
Due excise-duty social taxes	396	0
Current Liabilities	38467	20815
Authorized capital stock	4256	4256
Other reserves and targeted financing	89686	43145
Total Equity Capital	93942	47401
Total Liabilities and Equity Capital	132830	68216

From auditors report

“In Our opinion, the financial statements give a true and fair view of the expenditures and financial position of the “Green Alternative” of December 31, 2007”

Audit report is designed by **Gss Audit**

Representative of DFK International in Georgia

Main Donors:

Open Society Institute - Budapest;

OSCE mission to Georgia;

VROM;

CEE Bankwatch Network;

Global Green Grants;

European Comission DG Environment;

Sigfrid Rausing Trust

Eurasia Foundation;



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