

Development cooperation between Germany and Georgia

An overview of key projects and players



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Important facts:

Start of development cooperation	1992
Financial support to date	Almost 1.5 billion euros
Amount of funding in 2021 (ODA statistics)	approx. 108 million euros
Comparison with other donors	Germany was the largest bilateral donor in 2021
Fields of action	Sustainable urban development
	■ Renewable energy and energy efficiency
	■ Vocational education and training
	■ Private sector and financial system development
	 Good governance with a focus on good financial governance

A look back - how it all began

Development cooperation has been a centrepiece of German-Georgian relations from the very beginning. When the war in Abkhazia broke out just a few months after diplomatic relations were established in 1992, Germany provided rapid and visible support.

Georgia has been an important partner country for German development cooperation since the 1990s. Germany has been supporting Georgia in its political and economic transformation process and on its path towards rapprochement with the European Union. The main German implementation partners on the ground are the Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Kreditanstalt für Wiederaufbau (KfW), both of which have had offices in Tbilisi since 2006. The Physikalisch Technische Bundesanstalt (PTB) has also been active at regional level for many years and has been active at bilateral level in Georgia since 2024 with a project in the field of quality infrastructure.

As examples of the extensive support totaling almost 1.5 billion euros since 1992, two key reform areas should be mentioned below: One of the earliest and most extensive reforms that Germany has supported in the context of development cooperation in Georgia is the reorganisation of the Georgian legal and judicial system after the end of the Soviet Union. With German advice, fundamental components of today's Georgian legal system were adopted, such as the Civil Code and the Administrative Procedure Act. Germany also supported the drafting of the current constitution. The new laws were flanked by a comprehensive reform of legal education, which tens of thousands of prospective lawyers have taken advantage of over the years.

Another key support that began in the 1990s was the reconstruction of the electricity supply that fell apart after the collapse of the Soviet Union - a crucial prerequisite for economic development. Transmission lines were built, and Georgia was integrated into the continental European electricity grid. Since 2017 alone, 470 km of transmission lines and 4 transformer stations have been newly constructed or rehabilitated, enabling (small) hydropower plants with a total capacity of more than 400 MW to be connected to the Georgian power grid.

In addition to the organisations already mentioned, there are numerous German institutions such as the Sparkassenstiftung, the German Adult Education Association (DVV) and the political foundations, which are established partners of German development cooperation and have been active in the South Caucasus for many years.

A small ABC of development cooperation

In development cooperation (DC), a distinction is made between **governmental** and **non-governmental** DC.

In **non-governmental DC**, the Federal Republic of Germany supports projects of (mainly German) non-governmental organisations through grants from the federal budget.

Governmental development cooperation takes place on behalf of the Federal Republic of Germany and is implemented in Georgia by the implementing organisations GIZ, KfW and PTB. A distinction is made between **Technical Cooperation (TC) and Financial Cooperation (FC).** Through the close cooperation and coordination of the various development cooperation instruments, German development cooperation achieves a broad impact.

Over 90 per cent of the development cooperation budget comes from the budget of the Federal Ministry for Economic Cooperation and Development (BMZ). The following priorities relate to funding from this budget.

Bilateral state development cooperation

Georgia is a bilateral partner country of the BMZ and, in addition to many years of bilateral financial cooperation, has also had bilateral technical cooperation with Germany since 2021. The country is also benefiting from regional projects as part of the Eastern Partnership (EaP).

Development cooperation for the implementation of sustainable development measures is divided into Financial Cooperation (FC), implemented by KfW through loans or grants and by the KfW subsidiary company Deutsche Investitions- und Entwicklungsgesellschaft (DEG), and Technical Cooperation (TC), which consists of advisory services provided by the Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Physikalisch-Technische Bundesanstalt (PTB).

Kreditanstalt für Wiederaufbau

KfW is one of the world's leading development banks. As part of KfW Banking Group, KfW Entwicklungsbank implements Financial Cooperation with developing countries and emerging economies on behalf of the German Federal Government. The employees at the headquarters in Frankfurt am Main and in the approximately 70 regional offices cooperate with partners all over the world. Their aim is to fight poverty, secure peace, protect the environment and climate and make globalisation fair.

In addition to KfW Entwicklungsbank, the two KfW subsidiaries KfW IPEX-Bank and DEG also promote projects abroad. KfW IPEX Bank is active in the field of export and project finance. DEG supports companies investing in developing and newly industrialising countries with financing and advisory services.

www.kfw-entwicklungsbank.de



Deutsche Investitions- und Entwicklungsgesellschaft

DEG, a member of KfW Banking Group, finances investments by private companies in developing and transition countries and is one of Europe's largest development finance institutions. DEG invests in profitable projects that contribute to sustainable development in all sectors of the economy. DEG also focuses on investments in the financial sector to provide reliable local access to capital. To this end, DEG offers equity capital, mezzanine financing, loans and guarantees and advises on the structuring of investments. The conditions are in line with the market and tailored to country and project-specific risks.

<u>www.deginvest.de</u>

Deutsche Gesellschaft für Internationale Zusammenarbeit

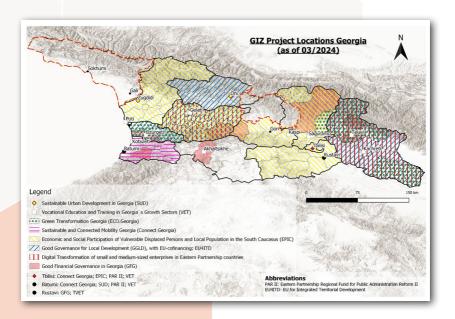
As an implementing institution, GIZ is responsible for technical cooperation, i.e. advising Georgian partners, on behalf of the German government.



Capacity development has been one of the core tasks of the company and its predecessor organisations for over 30 years. GIZ advises people and organisations around the world on learning and change processes.

GIZ supports people in acquiring expertise as well as action and management skills. Organisations, authorities, and companies receive advice on how to make their organisational, management and production structures more efficient. Finally, GIZ advises governments on anchoring goals and change processes in laws and strategies and implementing them throughout the country.

<u>www.giz.de</u>



Physikalisch-Technische Bundesanstalt

The Physikalisch-Technische Bundesanstalt (PTB), based in Braunschweig and Berlin, is Germany's national metrology institute. PTB carries out technical cooperation projects on behalf of the Federal Ministry for



Economic Cooperation and Development (BMZ). PTB promotes the development and expansion of infrastructure in the fields of metrology, standardisation, testing and quality assurance in accordance with internationally recognized standards and technical regulations. The aim is to increase the competitiveness of locally produced goods in world trade and to improve consumer protection in the partner countries.

PTB is carrying out several regional projects in Georgia, supporting the regional metrology organisation and strengthening the quality infrastructure in the food and construction sectors.

www.ptb.de



Employees of the National Metrology Institute in the mass laboratory, © Georgian National Agency for Standards and Metrology (GEOSTM)

FIELDS OF ACTION OF THE FEDERAL MINISTRY OF ECONOMIC COOPERATION AND DEVELOPMENT

Within the framework of the following core topics

- Climate and energy, Just Transition
- Sustainable economic development, vocational education and training and employment
- Good governance

Germany is active in the following fields of action:

Sustainable urban development

Since 2007, the German government has been supporting the renewal and expansion of Batumi's drinking water and wastewater systems. Around 200,000 inhabitants of the city on the Black Sea benefit from this.

By building a modern waste and recycling infrastructure, waste in Georgia is to be processed more efficiently and in a more environmentally friendly way in future. This will also help to improve the health of the local population.

Innovative systems for efficient traffic management, the upgrading of local public transport and the expansion of the cycle and pedestrian network are the elements for promoting climate and environmentally friendly urban mobility in Tbilisi and Batumi. The aim is to reduce global greenhouse gas emissions and improve air quality and living conditions for the urban population.



Cycling in Batumi - sustainable urban development, © GIZ/Mobility4Cities



Wastewater treatment plant in Batumi, © KfW Picture Archive/Rendel Freude

Renewable energy and energy efficiency

As part of a policy-based loan (PBL), Germany is working with France and the EU to reform the Georgian energy sector, which is gradually being brought into line with EU requirements. The aim is to create a transparent and regionally integrated energy market. Through the PBL, central legislation and national development plans, e.g. on **energy efficiency or the establishment of an energy market**, have been initiated. Renewable energies and energy efficiency play an important role in this context. In addition to climate protection, the aim is also to achieve greater energy security and independence from Russian energy supplies. The PBL 2.0 is much broader and encompasses in total eleven reform areas ranging from energy, in particular green hydrogene, over sustainable finance to waste.

The infrastructure for the expansion and rehabilitation of the **electricity transmission grid** is an important prerequisite for a reliable electricity supply and a basic requirement for economic development. Germany is the largest bilateral donor in the Georgian electricity transmission sector.

As part of the **energy efficiency programme**, public buildings, in particular schools and kindergartens, are to be modernised or newly built in an energy-efficient manner.



Back to Back Station in Akhaltsikhe, © KfW Image Archive/Rendel Freude

Vocational education and private sector development

Dual vocational education and training is a hallmark of German-Georgian cooperation. Cooperation in VET creates prospects for young Georgians and provides the labour market with urgently needed skilled workers.

Since 2016, GIZ has been committed to supporting practical vocational education and training in the wine, construction, tourism, transport and logistics and information technology sectors. Thirteen vocational schools and around 80 companies are already involved in the endeavour. 16 dual vocational training programmes and 40 certification courses have been introduced. The content and focus of the curricula are organised in close cooperation with the private sector.

KfW Entwicklungsbank is implementing the construction of three centres of excellence in the construction and logistics, tourism, and viticulture sectors. The centres of excellence contribute to the high-quality, labour market-oriented and practice-oriented vocational education and further training of qualified specialists.

The private sector development scheme promotes small and medium-sized enterprises in Georgia. These are supported in increasing their competitiveness and gaining access to new markets. Quality assurance measures and harmonisation with international standards via the PTB are intended to help export Georgian products. In particular, the economic sectors of clothing, construction materials and tourism were promoted jointly with the EU.



Private sector development and vocational education and training in the construction sector, \circledcirc GIZ



Establishment of a wine laboratory in Georgia supported by GIZ, © GIZ

Good governance

GIZ supported the reform of public finances, the improvement of services for citizens and the introduction of citizen participation. Among other things, 35 citizens' offices have been set up and a digital data management system has been introduced in 63 municipalities. The focus is now on the reform of public finances (Good Financial Governance) with a focus on the creation of gender-sensitive and participatory budgets at the municipal level.

Other commitments

Environment and biodiversity

German development cooperation is laying the foundations for environmental protection and the reduction of greenhouse gas emissions through the implementation of a new forestry law, the introduction of sustainable forest management methods and the distribution of energy-efficient stoves.

Furthermore, **protected areas** in Georgia are actively promoted. Since 2014, the development and establishment of 16 biodiversity conservation areas with a total area of 690,411 hectares has been promoted and supported in their operation. The facilities and management of existing national parks are being improved through the Caucasus Nature Fund (CNF), a nature conservation foundation co-founded by the BMZ, and new protected areas are being created. The use of natural resources by the local population is also to be organised sustainably and alternative income opportunities are to be created, for example in ecotourism.

The additional networking of protected areas through the establishment of corridors for genetic exchange and the migration of species will strengthen biodiversity conservation inside and outside the protected areas.



Forest sector reform and sustainable climate-adapted forest management, © GIZ/Benedikt Ibele



Kazbegi National Park, © KfW Office Tbilisi



Shaping migration for development

Thanks to the support provided to returning experts since 2007, the expertise acquired abroad has also been utilised in Georgia and a network of almost 200 experts has been established at the same time. Currently, the main focus is on advising institutions on issues relating to migration and diaspora engagement.



Returning expert at work as a senior researcher at the Eliava Institute © GIZ / Irma Tsereteli

Town twinning

The Service Agency Communities in One World (SKEW) at Engagement Global supports German municipalities in initiating municipal development processes together with their partner cities, for example in the areas of vocational education and training, local agriculture, and tourism. The service agency supports the long-standing municipal partnerships in Georgia between Saarbrücken and Tbilisi, Rostock and Batumi and Biberach/Riss and Telavi. They help to integrate German municipal expertise into strategically oriented development policy goals.

www.engagement-global.de

Clinic partnerships

On behalf of the BMZ, the GIZ Clinic Partnerships programme supports global partnerships with professionals from the medical and health sector. There is currently a clinic partnership between the German Cancer Society and the University of Georgia to establish a cancer care network, as well as two partnerships between the Charité University Hospital and the Centre for Mental Health in Tbilisi to optimise psychosocial outpatient care, and for brain research with the American Hospital Tbilisi.

www.klinikpartnerschaften.de

Projects by other German ministries

FEDERAL MINISTRY FOR THE ENVIRONMENT, NATURE CONSERVATION, NUCLEAR SAFETY AND CONSUMER PROTECTION

Projects to reduce greenhouse gas emissions and measures to adapt to climate change are being financed in Georgia as part of the International Climate Initiative (IKI).

Other priority areas of cooperation are

- Capacity building for the implementation of Strategic Environmental Assessments in the field of hydropower,
- support for sustainable regional development models, e.g. through the establishment of biosphere reserves,
- as well as environmental and climate protection.

The following projects, among others, are supported:

- Capacity building for climate policy to implement the Paris Agreement under the United Nations Framework Convention on Climate Change,
- Policy advice for climate-resilient economic development by calculating the effects of climate change based on modelling,
- Nitric acid action alliance to reduce nitrous oxide emissions.

FEDERAL MINISTRY OF EDUCATION AND RESEARCH

Georgia is an important partner within the framework of the Eastern Partnership. There are, for example, around 100 collaborations between German and Georgian universities in the field of higher education; there are also many collaborations in the field of research.

Here are some selected projects:

- Establishment of a joint Caucasian biodiversity research platform,
- Technologies for the safe and efficient operation of water reservoirs,
- Comprehensive utilisation of Black Sea resources and development of the hydrogen energy sector in the Black Sea region.

Other topics at the centre of the funding are health, biodiversity, urban-rural systems, and socio-ecological research.



Enguri Dam © DAMAST

FEDERAL MINISTRY FOR ECONOMIC AFFAIRS AND CLIMATE ACTION

Important tools for promoting foreign trade in Georgia are:

- Investment guarantees for direct investments by German industry,
- Export credit guarantees from the federal government,
- Participation of German companies in foreign trade fairs and market exploration trips.

In addition to the usual foreign trade promotion instruments, there are other projects focused on Georgia:

- The economic policy advisory group "German Economic Team Georgia" has been active in Georgia since 2014. The task of the consulting group is to provide independent advice to the Georgian government on economic issues.
- Since 2016, Georgia has also been participating in the Partnering in Business with Germany programme. The aim of the programme is to provide training and company visits for Georgian managers in Germany and to initiate business contacts with German companies.



Impressions of Partnering in Business with Germany, © GIZ GmbH

FEDERAL MINISTRY OF JUSTICE

The Ministry of Justice supports Georgia by providing legal advice on European integration, judicial reform, and corruption prevention.

FEDERAL MINISTRY OF FINANCE

In Georgia, the Ministry advises the Georgian National Agency for State Ownership on good corporate governance, management of shareholdings in state-owned companies and privatisation of state-owned companies.

FEDERAL FOREIGN OFFICE

Visitors Programme of the Federal Republic of Germany

Themed trips in the field of location marketing and creative industries are carried out through the Visitors Programme of the Federal Republic of Germany to promote/further develop the Georgian economy.

Projects to promote civil society in the countries of the EaP

It supports cultural and educational projects by civil society organisations in countries of the EaP (Republic of Moldova, Belarus, Armenia, Azerbaijan, Georgia, and Ukraine) and Russia. The aim is to strengthen these organisations as partners of state action and thereby support the ongoing transformation processes.

Whether it's a women's club, peace journalism, children's theatre, or a network for twin towns - in Georgia and beyond, a colourful range of activities stimulate civil society exchange every year.

Crisis prevention, peacekeeping, and conflict resolution projects

The zivik funding programme supports civil actors in creating and stabilising peaceful social and political systems. One focus in Georgia is on the exchange between people on both sides of the administrative line between Abkhazia and the rest of Georgia - for example through the "Biographical Salons" organised by the German Berghof Foundation.

Micro-projects

The Embassy directly supports Georgian non-profit organisations to alleviate acute emergencies and to sustainably improve the living conditions of the poorest segments of the population.



Micro-project to create jobs for people with disabilities in the social enterprise "Babale",
© German Embassy Tbilisi

Instruments & actors of non-governmental development cooperation

In addition to governmental development cooperation, there are activities that are initiated by non-governmental organisations and implemented in the partner countries - for example by churches, political foundations, and non-governmental organisations. This form of German development cooperation is also financially supported by the German state. The responsibility for implementing the projects lies with the non-governmental organisations. Despite the state subsidies, they retain their full independence. The following projects, among others, are currently being implemented:

Workers' Samaritan Federation (ASB International)

ASB focuses on the development of civil society by promoting public-private social partner-ships and supporting social enterprises and social services for the most socially vulnerable, including internally displaced persons and people with disabilities. ASB also provides humanitarian aid to Ukrainian refugees in Georgia. In addition, ASB aims to strengthen resilience and integrative disaster preparedness.

www.asb.de

Caritas

Caritas international carries out medical and social aid projects in Georgia. These include basic medical care and home care for the most vulnerable sections of the Georgian population. In addition, Caritas International supports dual vocational education in the field of home care with training courses for nurses.

Caritas international is also committed to improving inclusive education and thus improving development opportunities for children with disabilities and their families. In cooperation with eight project schools and two kindergartens, Caritas Georgia is working on concepts and models for the implementation of school and social inclusion.

www.caritas-international.de



At the Caritas Education and Training Centre, nursing students receive practical training in geriatric care as part of their training, © Caritas

SOS Children's Villages

There are currently two children's villages and four youth centres in Georgia. In addition, SOS Children's Villages supports social centres with family-strengthening programmes that give children access to medical care and education and help their parents find work.

www.sos-childrensvillages.ge

Centre for International Migration and Development (CIM)

The German government supports Georgia with CIM experts or CIM diaspora experts who provide customised expertise for current development policy challenges. The programme is managed by the Centre for International Migration and Development, which is run jointly by GIZ and the German Federal Employment Agency. Several Integrated Experts are currently working in Georgia in the forestry and transport and urban development sectors.

www.cimonline.de

German Adult Education Association International (DVV International)

DVV International supports adult education and lifelong learning in Georgia. In this context, DVV International strengthens local structures, in particular the Georgian Adult Education Network (GAEN) and the 15 Regional Adult Education Centres and implements adult education and training measures that primarily benefit internally displaced persons, ethnic minorities, youth, women and disadvantaged population groups.

The focus is on supporting career planning and the employment process, implementing programmes and activities that focus on knowledge and skills acquisition, small business development and entrepreneurial initiatives, as well as programmes to strengthen cultural and civic awareness, conflict resolution and peace building.

DVV International contributes to the professionalisation and internationalisation of adult education through structured capacity building programmes for adult educators, decision-makers in relevant ministries, state institutions and local self-governments. This is supported by the inclusion of adult education programmes in the curricula of formal education and by establishing contacts with German and European adult education institutions.

<u>www.dvv-international.de</u>



Making souvenirs at the Shaumiani adult education centre, © DVV International

Protestant Central Agency for Development Aid (EZE) Brot für die Welt

As a globally active development organisation of the Protestant churches in Germany, Brot für die Welt has been active in Georgia for many years, particularly in the area of rural poverty. EZE's local partner projects are diverse and range from integrating disadvantaged children into the education system to promoting women's economic initiatives, strengthening organic farming, and protecting civil, political and social rights.

<u>www.brot-fuer-die-welt.de</u>

Catholic Central Agency for Development Aid (KZE) Renovabis

The KZE/Renovabis projects are implemented by Georgian partner organisations and focus on access to education and the labour market, integration of people with disabilities and healthcare.

www.renovabis.de

Deutsche Welle Akademie

In collaboration with local partners, Deutsche Welle Akademie in Georgia and the South Caucasus helps to provide independent information for society and especially for members of ethnic, linguistic, and religious minorities. The project focuses on the inhabitants of rural areas. Furthermore, teenagers and young adults learn to critically examine information and recognise fake news in fact-checking courses. Media managers from Georgia, Armenia and Azerbaijan are also given the opportunity to receive further training as part of an e-school.

www.dw.com



A journalist from Qartli.ge interviews a woman in the village of Imerkhevi, Kareli Municipality (DW Akademie), © Qartli.ge

Senior Expert Service (SES)

The SES has been sending highly qualified retired experts and World Service 30+ experts on short-term assignments since 1994, primarily in the areas of management and vocational and other technical education, but also in many other fields of activity. The target groups are small and medium-sized enterprises and institutions. The German Business Association (DWV) is the official representative of the SES in Georgia.

www.ses-bonn.de

weltwärts

Since 2008, around 15 to 20 young people a year have been doing voluntary service with partner organisations in Georgia as part of the development volunteer service. They are sent via act for transformation, Brot für die Welt, Arbeiter-Samariter-Bund and Freunde der Erziehungskunst. At the same time, Georgian young people go to Germany to work as incoming world service volunteers with the above-mentioned organisations or as part of a Voluntary Social Year or Federal Voluntary Service in social institutions in Germany.

<u>www.weltwaerts.de</u>

sequa

sequa is a globally active non-profit development organisation whose core activities are chamber and association partnerships as well as VET partnerships. In both programmes, German chambers and associations as well as educational institutions of the German economy act as project executing agencies and implement projects independently. In Georgia, sequa is implementing several programmes (projects and small-scale measures). The cooperation focuses on strengthening the associations in their role as representatives of the economy, including in the organisation of vocational education and training, the development of new services for companies and support in the representation of interests for better framework conditions. In Georgia, sequa supports the areas of vocational training and organic farming in particular.

<u>www.sequa.de</u>

Deutsche Sparkassenstiftung für internationale Kooperation (DSIK)

DSIK is implementing the project "Promotion of rural finance for the sustainable development of small and medium-sized enterprises in Armenia, Georgia, Tajikistan and Ukraine". The aim of the programme is to improve access to financial services for the entrepreneurial population in rural areas. The project supports the development of incentives for the transition to a more environmentally friendly financial system with a focus on the agricultural sector and the improvement of financial, entrepreneurial, and environmental skills.

www.sparkassenstiftung.de



Shepherd with his herd of cows and sheep, © Sparkassenstiftung/Philip Ruopp



young people playing micro business games at the adult education centre in Leliani, Kakheti, © Sparkassenstiftung

German Foundation for International Legal Cooperation (IRZ)

IRZ has been working with Georgia since 2005, focusing on criminal law as well as civil and commercial law. Important partners are the Georgian Ministry of Justice, the Supreme Court, the Legal Committee of the Georgian Parliament, bar associations and universities, where IRZ facilitates the exchange of views and experiences with its German colleagues. In addition, the IRZ implements various legal education projects at law faculties and supports the Georgian Bar Association and the Training Centre for Prison and Probation Services.

www.irz.de

POLITICAL FOUNDATIONS:

- Friedrich Ebert Foundation: Strengthens key players in democracy, especially in the consolidation of civil society and trade unions, promotes the debate on the development of a viable economic and social model and supports the public discussion on foreign policy options and ways of reducing inter-state tensions.
 - www.fes.de
- Friedrich Naumann Foundation for Freedom: Supports the transformation process of former Soviet republics into modern democracies with free political systems based on a social market economy and the rule of law.
 - www.freiheit.org



Seminar for young liberals, organised by the Free Democrats Party in Mtskheta, © FNS

- Heinrich-Böll Foundation: Promotes democratisation through cooperation with civil society initiatives, particularly on the topics of democratic political culture and participation (including historical re-examination), gender democracy, ecological sustainability, and regional and international dialogue.
 - www.boell.de
- Konrad-Adenauer Foundation: Conducts activities in the field of foreign and security policy dialogue and the exchange between cultures and religions.
 - www.kas.de

German Academic Exchange Service (DAAD)

The DAAD office in Tbilisi provides information and advice on academic study and research in Germany as well as scholarship opportunities. It works together with Georgian and German universities and organises training events for students and teaching staff.

www.daad-georgia.org

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CONTACT US

Further information,
also, on funding opportunities
and our activities in other areas,
can be found on our website www.tiflis.diplo.de or on
Facebook www.facebook.com/DeutscheBotschaftTiflis.

Or simply write to us at info@tiflis.diplo.de!

We will also be happy to put you in touch with the organisations or projects.

Economic cooperation

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