



Georgian Minister of Energy & Natural Resources – Mr. Kakha Kaladze

The American Times: Georgian Minister of Energy – Mr. Kakha Kaladze

American Times notes that with 10's of thousands of rivers, Georgia is an absolute cornucopia of hydro-power potential and aims to become a net-exporter of power to its neighbors. Minister of Energy, Mr. Kakha Kaladze is literally handing you, as an investor, everything you need to do it. Read on to find out how.

The American Times: New to government as well as the Ministry of Energy; Mr. Kaladze, can you please describe the ambitions that your Ministry has in the coming years in today's Georgia?

We are very focused on the development of the sector but the economy as a whole. The strength of the energy sector is indicative of the strength of the economy at large. The forthcoming priorities in the sector are to maintain the security of the energy sector and to ensure affordability and accessibility of power to back the businesses; thereby, backing the development of the country

The American Times: Since we are specifically speaking on behalf of investment opportunities for Americans; what are some of the major opportunities that exist today in the energy sector for them?

The primary asset we are afforded in Georgia is our abundance of natural resources; therefore, it is important that we utilize these resources efficiently in the coming years to act as the catalyst for sector growth. There are around 26,000 rivers in the country, 300 of which act as the source for the development of our hydro-power initiatives in the country.

The key thing to note is that one initiative of the ministry is to identify attractive and feasible small-medium size investment opportunities within hydro-power in order to further develop the sector and present these opportunities to interested parties. The availability of this information is very transparent and available on our website [www.menr.gov.ge]. Not only are current projects listed but our new policies supporting those investments are available, which serves to strongly facilitate investor actions.

Because of this openness we are currently receiving a lot of early interest from investors for these small to medium size hydro-power projects.

With this said, we are of course paying close attention to larger scale hydro-power projects but the provision to move forward with this strategy is aimed at safeguarding our natural environment via environmental protection initiatives and policies. The secondary aim here is to establish a precedence of standards for future projects.

The American Times: You mentioned there are a lot of projects available to investors...?

As stated the majority of opportunities available are listed on our website. These are not the designs but rather the concepts of proposed initiatives which gives the investors the possibility to modify the projects with the assistance of our ministry should they require it. Important to note is that we are always adding new projects making the information dynamic in a real-time environment.

The American Times: We have discussed the positive opportunities; what are some of the main challenges faced by the ministry and what are your plans to overcome these challenges?

There have been challenges in the past years as well as ones for the future but with assistance from outside sources, particularly, the United States, we aim to reform the sector and enhance development. The United States' role is crucial to our development. The priorities are to enhance our country's energy security and the promotion of diversification in the sector. A recent example is US assistance in the rehabilitation of our electrical infrastructure through the Georgia Improved Power Transmission Project (*Editor's note: 1-Year, \$17 million investment*) which just broke ground a matter of days ago.

The American Times: As I managed to understand there is a large focus on environmental protection, security, hydro-power opportunities and you mentioned it's important to diversify Georgia's energy sources. How important is it for Georgia to achieve energy independence?

We aim to do so by many of the initiatives you just mentioned. It is the essential outcome we want to achieve as the natural by-product of diversifying the sector through investment. In fact, we are postponing other plans to serve that exact end goal.

The American Times: Any specific time-frame you are looking for to achieve that?

It is very difficult to give a time-frame. We must first begin by focusing on sector development through diverse investments and setting the policy infrastructure to facilitate that. Through this we believe we will achieve the end goal of energy independence.

The American Times: How important is American FDI in these developments?

The US is our strategic partner and we are hoping to maintain these close relations well into the future. In that regard, American interest is of great importance to us, but not only in the energy sector but in every sector of the Georgian economy as it serves to advance the economy and improve the living conditions of our citizens. Because of this we are striving to create an investment environment that we know will be attractive for Americans by making them feel comfortable in their decision to come to Georgia to visit and hopefully to invest their resources.

Our market is quite unique. Besides from the domestic market there is huge potential in the export market, primarily to the huge Turkish market [60+ million] who we share a large border with

The American Times: How open are Georgian energy firms to joint venture or partnerships?

Yes, these opportunities definitely exist with Georgia businesses as they strive to develop their knowledge and technology base as well as acting as a local partner to navigate the private sector

for their American counterpart. Frankly, it's very important for Georgian businessmen to expand their standards and knowledge to align itself more closely with international standards, the standards in which American companies are accustomed to operating under.

Going back to the Georgia Improved Power Transmission Project, the construction firm awarded the job is Georgian. Since the project is funded by USAID the company will inherently develop stronger skills in project management and operational standards due to the close guidance of the USAID. The knowledge obtained is important in a macro sense as the firm hired will now have the capacity to bid on more international tenders, clearly benefiting the overall Georgian economy. When this begins to happen on a large scale you will see our economy begin to shift to a more western dynamic.

The American Times: Are there state-owned energy operations?

We went through a process of privatization that has positioned us as the manager of policy and supervisor of private activities; which allows us to focus on facilitating the success of the private sector in our field. Many companies attend tender biddings and if won begin looking for investment partners to optimally exploit the opportunity. This is where opportunities lie and can be found on our website.

The American Times: Please tell our investors why they should come here?

We first must recognize the long relations between our two nations and those relations will only strengthen in the forthcoming years. Because of these close relations we are always open and happy for American investors and ready to receive them with the business operational framework ready to serve them. Just come and you'll see; it's worth the flight.