

THE IMPACT OF ARAB INVESTMENTS ON GEORGIA'S ENERGY SECTOR: ENERGY AND SOCIO-ECONOMIC ASPECTS

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Abstract

The article discusses the impact of Eagle Hills' planned large-scale development project in Georgia on the country's energy sector and socio-economic development. The study analyzes how large infrastructure and urban projects contribute to the growth of electricity demand, the modernization of the energy system, and the stimulation of the development of renewable energy sources. Special attention is paid to the possibility of introducing energy-efficient technologies and their role in establishing sustainable energy systems. The paper also assesses the socio-economic effects of the investment, including employment growth, urban development, tourism expansion, and strengthening the country's investment attractiveness. The study shows that properly planned and managed investment projects can become an important factor in Georgia's economic growth and economic security. The article emphasizes the importance of public-private sector cooperation to ensure sustainable development.

Keywords: Investment, Energy systems, Infrastructure, Renewable energies, Economic security.

Introduction

The world's energy transformation and the needs of developing economies are gaining particular relevance in modern Georgia. Georgia's energy sector, despite progress in the field of renewable energy, still faces energy independence and infrastructure challenges [1]. Foreign direct investment, including large-scale projects of Arab capital, represents a significant stimulus not only for the modernization of the energy sector, but also for economic development, increased employment, and improved urban infrastructure (fig.1). It is important that investment in Georgia's energy sector can become a transformative factor. Its effects include increasing electricity demand, introducing energy-efficient technologies, integrating renewable energy sources, and enhancing the stability of energy systems [2]. Accordingly, this project has a direct impact not only on economic but also on energy sustainability [3].

Research objective

To assess the impact of Arab investment on the Georgian energy sector, to determine the social and economic consequences and present recommendations for energy policy and future development strategies [4].

Main Text

Impact on the energy sector includes:

- Increase in electricity demand: Large-scale urban infrastructure projects are increasing electricity demand, this creates a need to expand power generation, modernize the grid, and strengthen the resilience of energy infrastructure [5].
- Renewable energy integration: The implementation of the project promotes the more active use of renewable energy sources - hydro, solar and wind energy. The investment creates an incentive for the introduction of modern energy-efficient systems, which plays an important role in the process of strengthening Georgia's energy independence [6].

- Energy efficiency and technological innovations: Emaar and Eagle Hills projects will ensure the implementation of energy-efficient buildings, "green" infrastructure and smart energy management systems. This increases energy efficiency, reduces fixed energy costs, and contributes to the establishment of sustainable energy systems [7].

Eagle Hills is a real estate and Arab private investment and development company founded in 2014. Eagle Hills and Emaar share a common founder and chairman – Mohammed Alabar. Eagle Hills has projects in multiple countries [8]. The company's portfolio includes multi-billion dollar projects in the Middle East, Europe, Asia and Africa. According to information published on the official Eagle Hills Properties website, the company has projects in more than 18 countries [9]. The Eagle Hills project will be called Tbilisi Waterfront in Tbilisi [10]. It is to be implemented in the villages of Aghtaklia and Ponichala, adjacent to the Rustavi-Tbilisi highway. The territory also includes the land of the Krtsanisi Forest Park. Eagle Hills plans to develop residential complexes, commercial spaces, hotels, and recreational zones here [11].

Socio-economic impact

- Employment and economic growth: Infrastructure projects create new jobs in both the construction and service sectors. This increases the population's income, economic activity, and leads to the strengthening of local businesses [12].
- Urban and regional development: The development process of Tbilisi and Batumi increases tourist attractiveness, strengthens urban infrastructure, and promotes sustainable development of regions [13].
- Improving the investment environment: The large-scale project strengthens Georgia's position in the eyes of international investors, strengthens the country's investment image and creates conditions for attracting other foreign investments [14].

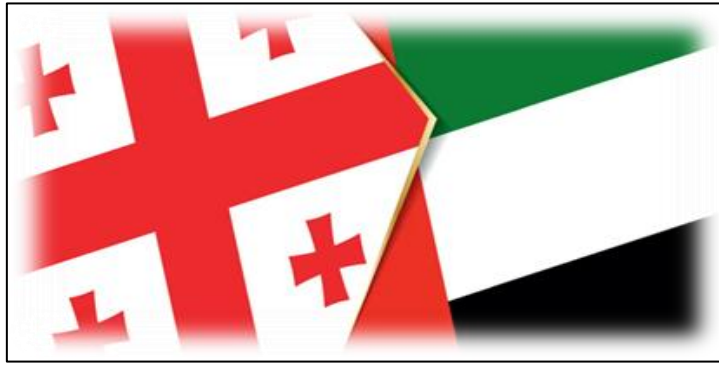


Fig. 1. Relations between Georgia and the United Arab Emirates.

Risks and challenges

- Load on the power system: Ongoing infrastructure projects are increasing electricity demand, with transient or stable power supply problems [15].
- Challenges of renewable energy integration: Integration of hydro, solar, and wind energy sources requires sophisticated management systems and high-quality investments. Technical problems may result in inadequate energy supply or financial loss [16].
- Ecological challenges: Implemented infrastructure projects may impact the environment (rivers, land, urban ecosystems), as a result, it is necessary to introduce eco-innovations and strictly adhere to environmental standards [17].
- Risks of economic dependence: Large-scale foreign investment increases the economic potential of the country, although there are risks of economic dependence [18].
- Risks of economic dependence: Large-scale foreign investment increases the economic potential of the country, although there are risks of economic dependence. Project delays or investor withdrawal could reduce energy and infrastructure benefits [19].
- Planning and coordination challenges: The effectiveness of the project largely depends on public-private sector cooperation, an integrated approach to energy planning, and a legislative framework [20].

Recommendations

- Strong energy sector planning: implement an updated national energy plan; phased expansion of power generation capacity and grid modernization;
- Renewable energy integration: use infrastructure projects to form hybrid energy systems; establish integrated energy management systems to ensure grid stability;
- Energy-efficient technologies: introduction of energy-efficient buildings, "green" infrastructure and smart grid technologies [21]; stimulation of innovations for the private sector;
- Environmental standards: control of environmental assessments and introduction of eco-innovations; creation of monitoring systems;
- Economic sustainability: independent financial assessment of project effectiveness; coordination with investors and robustness of contracts;
- Planning and Policy: The state and the private sector should maintain strategic cooperation; energy policy should be revised every 3-5 years;

This unprecedented project is expected to significantly accelerate economic growth, making it the largest investment in Georgia's history [22].

Conclusion

The results of the research show that large-scale foreign investment in Georgia is a significant stimulus for the development of the energy sector. The project increases electricity demand, stimulates the integration of renewable energies, promotes the introduction of energy-efficient technologies, and strengthens the stability of the energy system. From a socio-economic perspective, the project increases employment, economic activity, urban and regional development, as well as improving the investment environment. Despite the risks, strategic planning, energy policy integration, and public-private sector coordination will ensure the effective implementation of the project, which is important for Georgia's long-term energy security and economic growth.

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