

# OFFICE MEMORANDUM

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GEF SECRETARIAT

DATE: October 1, 1998

TO: Mohamed El-Ashry, CEO/Chairman, GEF Secretariat

FROM: Lars Vidaeus, GEF Executive Coordinator

EXTENSION: 3-4188

SUBJECT: **GEORGIA: Integrated Coastal Management Project  
Final Council Review/CEO Endorsement**

1. Please find attached 75 copies of the Project Document for the above-mentioned project for your final endorsement and circulation to Council.
2. Project preparation has taken into account the comments submitted by the GEF Council members and has addressed them in the PAD as follows:

a) *Why was the STAP reviewer not provided with all the project documents (including annexes) at the time of the review?* At the time of the STAP review, the PAD was still in preparation. It was our understanding, however, that the STAP review was to focus on the Biodiversity component of the project, which was well developed at this time. Thus, only a brief description of the non-GEF eligible components was included in the draft PAD sent out for STAP review. In the interim, the project document was significantly revised and the version circulated to Council already addressed most of the issues raised by the STAP reviewer regarding the linkage of coastal zone planning and management activities to the protected areas component of the project. Since the Council review, the project design has been further strengthened to integrate GEF and IDA financed activities in a fully blended project in which biodiversity conservation is mainstreamed into the institutional strengthening, monitoring and investment components of the project (See B: Strategic Context, paras. (a) and (b) of the PAD).

b) *Institutional Strengthening and Capacity Building:* The Integrated Coastal Management Project will be implemented over a six year period, allowing time for the institutional arrangements designed to enhance intersectoral cooperation and participation of local stakeholders in coastal resource s planning to take hold before the project ends. Capacity building, in the form of technical training of Georgian staff in the Ministries of Environment, Health, Urbanization and Construction (responsible for land use planning), Transport and the Department of Protected Areas; public awareness through information dissemination and environmental education targeting civil society and the clergy and the strengthening of policies and legal frameworks designed to protect and rationalize the use of coastal resources will be carried out over the entire project period. A mid-term evaluation will be undertaken at the end of year three to assess progress and to guide project implementation during the last three years.

OFFICE MEMORANDUM

THE WORLD BANK/ICM/2.0

RECEIVED  
18 OCT - 1 PM

SECRETARIAL

Mohamed Elwanly, CEO/Chairman, GFP Secretariat  
Lara Vidovic, GFP Executive Coordinator

3-11

REGIA: Integrated Coastal Management  
ICM: Coastal Review/COE Enforcement

1. Please find attached 75 copies of the project document for the above-mentioned project for your final endorsement and circulation to Council.
2. Project preparation has taken place and the Council members and has addressed the PAD as follows:

(a) However, the STAP review not provided with all the project documents (including annexes) in the time of the review. At the time of review, the PAD was sent in preparation, it was our understanding, however, that the STAP review was to focus on the Biodiversity component of the project, which was developed at this time. Thus, only a brief description of the non-GEP eligible components was included in the draft PAD sent out for STAP review. In the interim, the project document was significantly revised and the version circulated to Council already addressed most of the issues raised by the STAP review regarding the linkage of coastal zone planning and biodiversity. Since the COE and IDP numbers develop in a long ongoing project in which biodiversity conservation is mainstreamed into the institutional arrangements (see B-States investment components of the project) (see B-States).

Management Project will be implemented over a 3-year period, allowing time for the institutional arrangements designed to enhance intersectoral cooperation and participation of local stakeholders in coastal resource planning to take hold before the project ends. Capacity building, in the form of technical training of Georgian staff in the Ministry of Environment, Health, Urbanization and Construction (responsible for land use planning), Transport and the Department of Protected Areas; public awareness through information dissemination and environmental education targeting civil society and the strengthening of policies and legal frameworks designed to protect and rationalize the use of coastal resources will be carried out over the entire project period. A mid-term evaluation will be undertaken at the end of year three and project implementation during the last three years.

c) *IA and Executing Agency Administrative Costs:* A project implementation unit under the aegis of the Ministry of Environment, along with the Center for Advancement of ICZM, composed of technical staff seconded from various cooperating ministries, will be responsible for implementing the project. The recurrent costs associated with project implementation are identified in the Procurement Plan and Project Implementation Plan (see Table 9, Project Procurement Plan).

d) *Identification and Monitoring of GEF vs. Bank Financed Costs under Component 2: the Establishment of Kolkheti National Park and Kobuleti Nature Reserve:* A clear distinction between GEF and IDA financed costs under Component 2 of the project is evident in both the Procurement Plan (Table 9) of the PIP and in cost tables detailing every item to be procured under this component. Separate accounts will be set up for IDA and GEF financed goods, works and services under the project and separate books maintained. Annual audits will be performed on each of these accounts to ensure that funds are not co-mingled and a mid-term evaluation will assess the performance of each of the project components, with a separate analysis of the GEF financed activities under the project.

e) *Environmental Problems to be Combated:* There is an urgent need for coastal protection in Georgia. Threats to economically and ecologically important resources along Georgia's Black Sea coast stem from (a) increasing activity in the processing and transport of oil; (b) conversion of coastal wetlands and poaching of wildlife; (c) coastal erosion; (d) contamination of surface and nearshore waters; and (e) expanding port and urban sectors in the absence of local coastal management plans. The project will address each of these issues through activities under the five project components which include oil spill contingency planning and pollution control; marine protected area establishment and management; assessment of the underlying causes of coastal erosion and the most cost-effective interventions; regular monitoring and reporting of water quality along the coast; and strengthening policy and planning tools for coastal resource/habitat use.

f) *Risks Related to Timing of the Release of Funds from Different Sources of Project Financing:* This is not considered a project risk because funding from the Government of the Netherlands for two of the project components is parallel co-financing. These funds are now available and may be released independent of Bank or GEF disbursements. The Bank and GEF funds will be released simultaneously since the project has been designed as a fully-blended operation.

g) *Potential for Nature Based Tourism:* To assess and develop the potential for nature-based tourism in the Kolkheti wetlands, the project will assist with the development of a nature-based tourism plan for both Kolkheti National Park and Kobuleti Nature Reserve. In addition to park related investments to promote tourism, the plan will include requirements (both capital and administrative) for financing investments by local communities for improvements to homes used as folk hotels, in recreational enterprises and other infrastructure for the accommodation of tourists. The tourism plan will be developed in partnership with the private sector and with local communities in the vicinity of the protected areas. Nature tourism is viewed as an important potential source of revenue to offset the costs of park administration and nature conservation, and to promote the benefits of conservation to surrounding communities.





h) *Participation of Local Population*: Working with local communities to gain their understanding of and commitment to conserving biodiversity resources is an important aspect of the project. Environmental education about the benefits of wetlands, revenue generating activities to create incentives for conservation among local populations, and the establishment of local consultative committees, including a KNP advisory committee, to engage stakeholders in a dialogue about priorities for conservation are all activities that will be financed under the project. A social assessment will be carried out in the Kolkheti wetlands prior to project implementation as part of a larger assessment of social factors relevant to establish a basis for social monitoring and evaluation. (Refer to PAD p. 16-17) “Social Analysis” and “Participatory Approach”).

3. Project preparation has also taken into account comments from the GEF Secretariat and has addressed them in the PAD as follows:

a) The text has been revised to better describe the intent of the National Park Management Plan to address root problems, legal and regulatory measures to be conducted, land-use planning, and how interventions of the project will work with the local population to address economic and social needs. (Refer to PAD p.7-8; PAD p.16-18 “Social Analysis” and “Participatory Approach”).

b) Incremental cost tables have been updated to reflect global benefits. (Refer to Annex II, Table F).

c) STAP comments have been addressed as described above; the total project costs are consistent within the document.

d) Georgia has not yet ratified the Bonn convention. However, in bilateral agreements with neighboring countries, Georgia has reached agreement on cooperation for conservation of a migratory species and transboundary ecosystems, thus reflecting the Bonn provision. This has been included in the PAD (section 2, p.4).

4. Please send us a copy of your outgoing letter to Council for our records. Many thanks.

#### Attachments

cc: Messrs./Mme. Sharma, Maitre, McKinnon, Castro, Mikitin (ENVGC), ENVGC ISC

cc: Shepardson, (ECSSD), Hatziolos, Project Team, ECSSD Imaging

cc: Staszewicz, Canby, Brylski, Boisson de Chazounes, Meta, Fodor, de Nevers, Whitford.

participation of local residents. Working with local communities to gain understanding of and consent to conserving biodiversity resources is an important aspect of the project. Environmental education about the benefits of well-

maintaining activities and the benefits of local conservation activities to other stakeholders in a district. A social assessment that will be managed under the project. A social assessment of the Kibaha wetlands prior to project implementation as part of the project. A social assessment to establish a basis for social management of the wetlands.

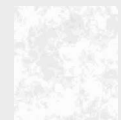
16-17

(b) The project has been reviewed to ensure that the project is in alignment with national policies, legal and regulatory requirements, land-use planning, and how interventions of the project


(c) Gender issues have been identified in the project. However, in districts where there is no gender issues. Gender has been identified as a key area for intervention of a municipality and transparency objectives. This reflects

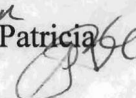
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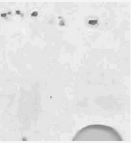
Prepared by and cc: SL

Recommended by and cc: Kanta 

Cleared with and cc: Ken, Patricia   
*for MME*

cc: MTE,  
Circulate BB  
Country File (project)  
Ramon

(circuwb.doc)



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Circular BB  
D. P. B.



## PROJECT DOCUMENT

### 1. IDENTIFIERS:

**PROJECT NUMBER:**

**PROJECT NAME:**

**GEORGIA: INTEGRATED COASTAL  
MANAGEMENT**

**DURATION:**

6 years

**IMPLEMENTING AGENCY:**

World Bank

**EXECUTING AGENCY:**

Ministry of Environment of Georgia, Government  
of Netherlands

**REQUESTING COUNTRY OR COUNTRIES:**

Georgia

**ELIGIBILITY:**

Georgia ratified CBD on June 2, 1994

**GEF FOCAL AREA:**

Biodiversity

**GEF PROGRAMMING FRAMEWORK:**

Biodiversity – Coastal Marine and Freshwater  
Ecosystems and Forest Ecosystems

**2. SUMMARY:** The proposed project aims to help Georgia manage and preserve coastal resources through effective integration of environmental planning and management tools into economic development activities, and will help meet international commitments for the protection of the Black Sea environment. The project includes the following components: 1) Integrated Coastal Zone Management Institutional Capacity Building; 2) Establishment of the Kolkheti National Park and Kobuleti Nature Reserve; 3) Establishment of a Coastal Environmental Quality Monitoring and Information System; 4) Evaluation of coastal Erosion issues; and 5) Development of a National Oil Spill Contingency Plan and Marine Pollution control Plan.

### 3. COSTS AND FINANCING (MILLION US):

<b>GEF:</b>	-Project	US\$1.3 m
	- PDF:	US\$ 0
	<b>Subtotal GEF:</b>	<b>US\$1.3 m</b>
<b>CO-FINANCING:</b>	-IA:	N/A
	-IDA:	US\$4.4 m
	-Gov. of: Georgia	US\$0.9 m
	-Gov. of Netherlands	US\$1.0 m
	<b>Subtotal Co-Financing:</b>	<b>US\$6.3 m</b>
	<b>TOTAL PROJECT COST:</b>	<b>US\$7.6 m</b>

### 4. ASSOCIATED FINANCING (MILLION US\$)

N/A

### 5. OPERATIONAL FOCAL POINT ENDORSEMENT:

**Name:** Mr. Merab Sharabidze

**Title:** Deputy Minister

**Organization:**

**Date:** May 13, 1998

**MINISTRY OF ENVIRONMENT**

### 6. IA CONTACT:

**Mahesh Sharma, Regional Coordinator**  
Eastern Europe and Central Asia  
Tel. No. 202-473-2296  
Fax: 202-522-3256  
Internet: [msharma@worldbank.org](mailto:msharma@worldbank.org)

9/28/1998

PROJECT NAME:  
PROJECT NUMBER:  
IMPLEMENTING AGENCY:  
BUDGET:

REGISTERED  
LOCATION:  
GEP FOCAL AREA:  
GEP PROGRAMMING FRAMEWORK:

GEORGIA: INTER-  
MANAGEMENT

World Bank  
Ministry of Environment  
of Georgia  
Geographical Grid on June 21  
Biodiversity  
Biodiversity - Coastal Marine  
Ecosystems and Forest Ecosystems

COASTAL

of Georgia

OBJECTIVE: The proposed project aims to help Georgia manage high effective integration of environmental planning and management activities, and will help meet international commitments for the protection of the Black Sea environment. The project includes the following components: 1) Integrated Coastal Zone Management Institutional Capacity Building; 2) Establishment of the National Coastal Zone and Resource Inventory; 3) Establishment of a Coastal Environmental Quality Monitoring and Information System; 4) Evaluation of coastal erosion issues; and 5) Development of a National Oil Spill Contingency Plan and Marine Pollution Control Plan.

BUDGET

US\$ 1.3 m  
US\$ 0  
US\$ 1.3 m  
NA  
US\$ 4 m  
US\$ 0 m

Project  
- PDP  
Subtotal GEP  
NA  
IDA  
Gov. of Georgia

US\$ 0 m

Subtotal Co-financing  
PROJECT COST  
US\$ 1.6 m

US\$ 1.3 m

Name: Mr. M. ...  
Date: May 13, 1998

United States Regional Coordinator  
Eastern Europe and Central Asia  
PO Box 102  
Washington, DC 20547  
Tel: 202-223-2200  
Fax: 202-223-2200

Organization  
Ministry of

**PROJECT APPRAISAL DOCUMENT**

**ON A**

**PROPOSED CREDIT**

**IN THE AMOUNT OF US \$4.4 MILLION EQUIVALENT**

**AND A**

**GRANT FROM THE GLOBAL ENVIRONMENT FACILITY**

**IN THE AMOUNT OF US \$1.3 MILLION EQUIVALENT**

**TO**

**GEORGIA**

**FOR AN**

**INTEGRATED COASTAL MANAGEMENT PROJECT (GICMP)**

**September 28, 1998**

**Environmentally and Socially Sustainable Development Sector Unit  
Europe and Central Asia Region**

## CURRENCY EQUIVALENTS

US\$1.00 = \_\_\_\_ Special Drawing Rights (SDR)

1998

## ABBREVIATIONS AND ACRONYMS

AIOC	Azerbaijan International Oil Corporation
BSEP	Black Sea Environmental Program
BS-SAP	Black Sea Strategic Action Plan
CAS	Country Assistance Strategy
CEQMIS	Coastal Environmental Quality Monitoring and Information System
CQ	Selection Based on Consultants' Qualifications
DPA	Department of Protected Areas
EA	Environmental Assessment
ESW	Economic Sector Work
EU TACIS	European Union Technical Assistance for the Commonwealth of Independent States
GEF	Global Environment Facility
GICMP	Georgia Integrated Coastal Management Project
GIS	Geographic Information System
GoG	Government of Georgia
GPC	Georgia Pipeline Company
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICZM	Integrated Coastal Zone Management
IDA	International Development Association
IMF	International Monetary Fund
IMO	International Maritime Organization
IPIECA	International Petroleum Industry Environmental Conservation Association
IS	International Shopping
KNP	Kolkheti National Park
KNR	Kobuleti Nature Reserve
LCC	Local Consultative Committee
LCS	Least Cost Selection
MIRP	Municipal Infrastructure Rehabilitation Project
MIS	Management Information System
MoE	Ministry of Environment
MoUC	Ministry of Urbanization and Construction
NACRES	Noah's Arc for the Recovery of Endangered Species
NBF	Not-Bank Financed
NCB	National Competitive Bidding
NEAP	National Environmental Action Plan
NGO	Non-Governmental Organization
NICC	National Interagency Consultative Committee
NS	National Shopping
PAG	Project Advisory Group
PIP	Project Implementation Plan
PIU	Project Implementation Unit



QBS	Quality-Based Selection
QCBS	Quality and Cost-Based Selection
Ramsar Convention	Convention on the Protection of Wetlands of International Importance
SDR	Special Drawing Rights
SFB	Selection Under a Fixed Budget
SOE	Statement of Expenditures
SPN	Special Procurement Notice
TF	Trust Fund
TOR	Terms of Reference
UNDP	United Nations Development Program
WHO	World Health Organization
WWF	World Wildlife Fund

**Vice President: Johannes F. Linn**  
**Country Director: Judy M. O'Connor**  
**Sector Director: Kevin Cleaver**  
**Sector Leader: Michele De Nevers**  
**Program Team Leader: Karin J. Shepardson**  
**Task Team Leader: Marea Hatzios**

Quality-Based Selection  
Quality and Cost-Based  
Commission on the Future  
Special Training  
Selection Under  
Statement of Ex  
Special Program  
Trust Fund  
Forms of Reference  
United Nations Develop  
World Health Organizat

QHS  
QCB  
Bama

SPH  
SOE  
200

UND  
WHO  
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Vice President: Johannes R. B.  
Country Director: Lady M. O.  
Sector Director: Maria Christ  
Sector Leader  
in U. S. S. S. R.



Georgia  
Integrated Coastal Management Project

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**Maps**

Map 1	Georgia and the Black Sea
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Georgia  
Integrated Coastal Management Project

## Project Appraisal Document

Europe and Central Asia Regional Office  
ECC03

Date: July 30, 1997  
 Country Director: Judy M. O'Connor  
 Project ID: GE-50911 Sector: Environment  
 GEF Supplement ID: GE-60009  
 Lending Instrument: IDA Credit and GEF Grant

Program Team Leader: Karin Shepardson  
 Task Team Leader: Marea Hatzios  
 Sector Director: Kevin Cleaver  
 Program Objective Category: Environmentally Sustainable Development  
 Focal Area: Biodiversity  
 Program of Targeted Intervention:  Yes  No

**Project Financing Data**  Loan  Credit  Guarantee  Grant

**For Loans/Credits/Others:**

Amount US\$m 4.4equivalent

Proposed terms:

Grace period (years): 10

Years to maturity: 35

Commitment fee: 0.5%

Service charge: 0.75%

Multicurrency  Single Currency, specify SDR  
 Standard Variable  Fixed  LIBOR-based  
 On undisbursed credit balance (begins 60 days after signing unless waiver)

**Financing plan (US\$m):**

Source	Local	Foreign	Total
Government of Georgia	0.9	0.0	0.9
IDA	1.8	2.6	4.4
Global Environment Facility (GEF)	1.3	0.0	1.3
Government of the Netherlands (Grant)	0.0	1.0	1.0
<b>Total</b>	<b>4.0</b>	<b>3.6</b>	<b>7.6</b>

Borrower: Government of Georgia

Guarantor: N/A

Responsible agency: Ministry of Environment

Estimated disbursements (Bank FY/US\$m):	1999	2000	2001	2002	2003	2004
(Combined IDA/GEF) Annual	0.5	0.8	2.0	1.3	0.8	0.3
Cumulative	0.5	1.3	3.3	4.6	5.4	5.7

Project implementation period: 5.5 years Expected effectiveness date: Jan. 15, 1999 Expected closing date: Dec. 30, 2004

## **A: Project Development Objective**

### *1. Project development objective and key performance indicators (see Annex 1).*

**Project development objective:** The project aims to strengthen institutions in Georgia to manage the coastal resources of the Black Sea by developing, testing and evaluating methods to effectively integrate environmental planning and management into economic development activities along the Black Sea coast.

**Global development objective:** The project also aims to assist Georgia in meeting its international commitments under the Black Sea Environmental Program (BSEP) and to implement priority actions outlined in the Georgia Biodiversity Strategy/Action Plan. These priorities include conservation of biodiversity at sites of international significance on Georgia's Black Sea coast, such as the Kolkheti and Kobuleti wetland Ramsar sites; restoration of degraded habitats and resources within the Black Sea Large Marine Ecosystem; and participation in regional efforts to manage and sustain public goods of a transnational character.

In line with these objectives, the project will work closely with the Ministry of Environment (MoE) to carry out the following:

- (a) Establish an institutional framework for integrated planning and management of Georgia's coastal resources that emphasizes coordination between stakeholders at the national level and active participation of communities and interest groups at the local level;
- (b) Restore and protect critical resources within coastal ecosystems through concrete actions at the local, national and regional levels such as community outreach and education; introduction of controls on tree and reed harvesting, peat mining, and fishing; and promotion of community based management and sustainable economic activities;
- (c) Establish an environmental quality monitoring system and information network to support Georgia's national program of integrated coastal zone management (ICZM) and complement monitoring efforts under the regional BSEP;
- (d) Enhance Georgia's ability to assess and address urgent coastal erosion concerns through identification of cost-effective solutions for follow-on investments;
- (e) Develop a national oil spill contingency plan and oil pollution management capability for Georgia, and assist the country in meeting its international commitments under Conventions and Protocols for protection of the Black Sea Environment.

Key performance indicators include:

- (a) Intersectoral consultative committees for ICZM established and functioning according to agreed TORs at national and local levels
- (b) Georgians trained in coastal resource planning and management tools (EA, land use planning/zoning; protected area management; GIS) and public awareness and conflict resolution techniques
- (c) Draft legislation outlining mandate and responsibilities of a coastal authority and codes of conduct for coastal resource/landscape use prepared
- (d) Legal status of KNP and KNR established and boundaries demarcated
- (e) Encroachment, illegal poaching and harvesting rates reduced over baseline conditions
- (f) Information node for Black Sea regional environmental monitoring network established in Georgia
- (g) Computer links and information sub-nodes in collaborating institutions up and running
- (h) Oil spill contingency plan and financing plan developed and approved by government
- (i) Significant private sector involvement in oil pollution fund capitalization
- (j) Cost-effective options to address coastal erosion identified

## B: Strategic Context

### 1. Sector-related Country Assistance Strategy (CAS) goal supported by the project:

CAS document number: 17000-GE Date of latest CAS discussion: September 12, 1997

(a) Protecting the environment and supporting sustainable natural resource management is one of four main CAS objectives for Georgia. Among the associated issues identified in the CAS are: (i) that environmental concerns are not effectively integrated into economic policies; and that (ii) institutional arrangements to facilitate the mainstreaming of environmental planning and management into economic sectors are weak. The lack of intersectoral coordination--particularly in mainstreaming environment and natural resources management concerns into economic sectoral planning--contributes to fragmentation of environmental management, particularly in water related sectors, and failure to address root causes of environmental degradation. The project will address the CAS priority in environment through activities which (i) will target Georgia's capacity for integrated management of the diverse economic sectors developing along Georgia's Black Sea coast and (ii) increase Georgia's capacity to mitigate impacts and reverse trends of environmental degradation in the coastal zone. This will be achieved through institutional arrangements for interministerial coordination and stakeholder consultation in coastal development planning; through strengthening of the regulatory and enforcement framework for use of coastal landscapes and resources; through monitoring and disseminating information on the condition of coastal resources to guide decision making and build public support for protection of the Black Sea ecosystem; and through preventive measures to minimize environmental degradation and related economic impacts due to oil pollution and coastal erosion.

(b) *GEF Operational Strategy / program objectives addressed by the project:* The proposed operation supports the objectives of the **GEF Biodiversity focal area** under operational programs for both Coastal, Marine and Freshwater Ecosystems and Forest Ecosystems. Activities will concentrate on the conservation and sustainable use of biodiversity in coastal forest wetlands and nearshore waters of Georgia which are of international importance. The Kolkheti and Kobuleti Wetlands along the Black Sea Coast of Western Georgia were designated as Ramsar sites (wetlands of international importance) and provide critical habitat for numerous species of migratory and wintering birds. These wetlands along the eastern coast of the Black Sea harbor exceptional levels of species richness and endemism, unique higher order taxa and rare habitat types. The project will support the conservation of these wetlands through establishment of Kolkheti National Park and Kobuleti Nature Reserve, significantly expanding the existing area under protection and supporting implementation of their management plans. In so doing the project will assist Georgia in taking some of the first steps toward implementing their proposed national system of protected areas. In parallel with these efforts the project will introduce the use of integrated coastal management tools, such as coastal monitoring to evaluate trends in key physical and biological parameters within and outside protected areas. It will also help create integrated land use plans for proposed future development of coastal landscapes (including urban and port expansions adjacent to these wetlands), and adoption of zoning measures, engineering best practices, environmental assessment guidelines, and codes of conduct for economic activities in the coastal zone.

The project will complement objectives under the **GEF International Waters focal area** by initiating actions to address transboundary issues such oil pollution from accidental and operational spills related to the transshipment of Caspian Sea oil via Georgian ports along the Black Sea, and by introducing a monitoring program for water quality, biodiversity and other indicators of aquatic ecosystem health. These actions are linked to implementation of the Bucharest Convention, and the related Strategic Action Plan for the Rehabilitation and Protection of the Black Sea. By carrying out these activities Georgia will demonstrate its leadership role in the region in advancing the shared objective of rehabilitating and protecting a global public good—the Black Sea Large Marine Ecosystem.

## *2. Main sector issues and Government strategy:*

The Black Sea plays a crucial role in the welfare of Georgia's population. Not only does it provide essential goods and crucial links to markets in Europe for oil and other products, but it has intrinsic ecological value and deeply rooted cultural and historic significance. Sustainability of Georgia's economic growth will depend, in part, on the government of Georgia's ability to integrate development of the many productive sectors of the Black Sea Coast (including fisheries, marine transport, oil production, tourism, agriculture and forestry) into the national economy in a way that does not diminish the natural and cultural values of this region, nor undermine its long-term productivity. Over the past decades, uncontrolled pollution from point and non-point sources (particularly from the Danube drainage basin), coastal erosion intensified by human intervention, over-fishing, alien species introductions, and off-shore dumping in the region have devastated the Black Sea and its littoral zone. Now transshipment of Caspian Sea oil through Georgia to the Black Sea holds out the promise of significant revenues all the while threatening prospects for managing pollution risks along the Black Sea coast, rehabilitating once productive coastal fisheries and wetlands, and revitalizing the tourism industry. The construction of an oil pipeline terminal and offshore loading facility at Supsa, along the central coast of Georgia, creates a substantial new risk from oil spills to the adjacent Kolkheti wetlands and the nearshore marine environment of Georgia. Coastal erosion, aggravated by engineering works and regulation of rivers upstream, also threatens expansion of ports and tourism in centers along the coast. Lost revenues from these traditional sectors and the costs of mitigating future environmental impacts from oil spills, erosion and urban pollution could have serious impacts on public sector resources and places strategic importance on sound environmental management systems. The forest and wetland ecosystems of KNP and KNR in particular are under threat as a result of drainage of wetlands for agriculture and urban expansion, forest harvesting, illegal hunting, peat and gravel mining, pollution and invasion by non-native species.

With the change to a parliamentary democracy, Georgia has entered a new phase of environmental activism. The Ministry of Environment (MoE), responsible for coordinating government efforts to protect and conserve the country's environment, has made important progress toward strengthening legal and regulatory instruments for improved environmental management in Georgia and has promoted the approval of major pieces of environmental legislation. These include the "Environment Protection Law" (1996); the "Law on Environmental Permits" and the "Law on State Ecological Expertise". A National Environmental Action Plan (NEAP) prepared with Bank and Government of Netherlands assistance, has been recently completed and is being proposed for formal adoption by the Government. The NEAP prioritizes investments to improve Georgia's environment and has identified implementation of a comprehensive Coastal Zone Management Program as one of six "highest priority" investments.

Georgia has signed and ratified the Bucharest Convention for the Protection of the Black Sea Against Pollution (1992), signed the Odessa Ministerial Declaration (1993), and signed the Strategic Action Plan for the Rehabilitation and Protection of the Black Sea (1996). The Strategic Plan identifies specific goals directly related to the ICZM process, namely: (i) adoption of a strategy and guidelines for the rehabilitation and the protection of the Black Sea, (ii) establishment of a national inter-sectoral ICZM Committee, and (iii) adoption and implementation national legal and other instruments required to facilitate coastal zone management.

The Government of Georgia ratified the Convention on Biodiversity in June 1994. Georgia has not yet ratified the Bonn Convention, addressing conservation of migratory species and transboundary ecosystems. However in bilateral agreements with its neighbors Georgia has reached agreements reflecting the Bonn Convention provisions. The National Biodiversity Strategy / Action Plan, currently in draft and expected to be finalized in 1998, has identified the KNP/KNR region as a center for biodiversity and project activities as a high priority for future investment. The framework legislation on Protected Areas System was adopted in 1996 and the law on Wild Fauna Protection was adopted in 1997.



*3. Sector issues to be addressed by the project and strategic choices:*

In line with the NEAP and recent developments in environmental legislation, the proposed project supports the government's interests in strengthening institutional capacity for environmental management and ensuring that development along the Black Sea Coast is consistent with principles of environmentally and socially sustainable development. This will involve land use planning, consultation with and participation of local stakeholders, environmental assessment and information tools to inform investment decisions and to promote a system of multiple, sustainable use, consistent with Georgia's national development plans. It will also involve the drafting of legislation that will clarify the roles and responsibilities of line agencies operating in the coastal zone, and the policy and legal framework under which economic activities in these sectors should proceed.

Such an integrated approach is essential to achieving Georgia's biodiversity conservation objectives, within a proposed system of protected areas, as supported by the draft National Biodiversity Strategy. Protection of internationally important wetlands along Georgia's Black Sea coast at Kolkheti and Kobuleti—will be the objective of legislation now pending in Parliament to establish these sites as national parks within the nation's system of protected areas. Increasing public awareness through information collection and dissemination, environmental education and participation in coastal planning through local consultative committees and the support of NGOs and the clergy is an underlying theme in all components of the project. This strategic approach will not only increase ownership of the project by stakeholders, it will improve prospects for sustainability of integrated coastal management beyond the life of the project. Finally, the project will support Georgia's international commitments to protect the Black Sea through legislation, research and environmental monitoring and information exchange, in line with recommendations outlined in the national ICZM report prepared in 1996 under the auspices of the Black Sea Environmental Program.

**C: Project Description Summary**

The project is designed as a first step in the development of a national program for Integrated Coastal Management (ICZM) in Georgia and the implementation of the regional Black Sea Strategic Action Plan. Consistent with the need to build a strong institutional base as a foundation for ICZM, the emphasis of this initial project is on capacity building, creating an enabling environment for the introduction of improved management techniques, and focusing investments in the coastal zone. The project scope, therefore, includes the following components:

Component	Category	Cost Incl. Contingencies (US\$M)	% of Total	Bank-financing (US\$M)	% of Bank-financing	GEF financing (US\$M)
ICZM Institutional Capacity Building	Institution-building/ Project Management	1.4	19	1.24	87.4	0
Establishment of Kolkheti National Park and Kobuleti Nature Reserve	Physical/ Institutional	3.3	43	1.4	41.0	1.32
Establishment of Coastal Environmental Quality Monitoring & Information Systems	Physical/ Institutional	1.9	25	1.8	93	0
Evaluation of Coastal Erosion	Policy/ Institution Building	0.5	6.5	0	0	0
Oil Emergency Response	Policy/ Institution-building	0.5	6.5	0	0	0
<b>Total</b>		<b>7.65</b>	<b>100</b>	<b>4.44</b>	<b>57.4</b>	<b>1.32</b>

### 1. Project Components:

#### Component 1. ICZM Institutional Capacity-Building (\$1.4 million)

This component aims to establish an institutional and legal framework for Integrated Coastal Management in Georgia through the development of institutional arrangements to facilitate intersectoral planning and the participation of key stakeholder groups in coastal resource decision making. This will be achieved through the creation of: (i) a National Interagency Consultative Committee for ICZM; (ii) the Center for the Advancement of ICZM; and (iii) three Local ICZM Consultative Committees along the Black Sea Coast. In addition to these institutional arrangements, the project will also support the drafting of legislation that will, *inter alia*, clarify administrative authority for various activities/functional responsibilities in the coastal zone, articulate national policies and regulations for the use of coastal and marine resources, and develop codes of practice for development activities in the coastal zone. This component supports and promotes public awareness on coastal management issues through training and mass media. It also introduces participatory based land use planning techniques.

***A National Interagency Consultative Committee for ICZM (NICC) will be formally established by Presidential Decree by the time of project negotiations (para. G3 (a)).*** The NICC, coordinated by the Ministry of Environment, and the Ministry for Urbanization and Construction would consist of representatives of relevant government sectors and planning agencies, local authorities, academia, private sector, and the public as the lead agency for ICZM. This body will serve as the principal forum for interpreting and coordinating existing policies among the various sectors/stakeholders involved in coastal and marine resource use along Georgia's Black Sea Coast. It will also be instrumental in guiding the drafting of legislation for the Coastal Zone.

The Center for the Advancement of ICZM (ICZM Center) will be established as a multi-disciplinary entity housed in the Ministry of Environment, but with the full technical support of relevant ministries operating in the Coastal Zone. The Center will consist of staff seconded from these ministries, who will be trained on state of the art equipment in the use of GIS and other ICZM tools and techniques for integrated planning and management of the coastal zone. A Project Implementation Unit (PIU) with

executive powers for overall project supervision and coordination, and contracting and disbursement oversight, will be housed within the ICZM Center, in accordance with Government and Bank procedures. The ICZM Center/PIU will also serve as the secretariat for the NICC.

The ICZM Center/PIU will help establish a network of three Local ICZM Consultative Committees (LCCs) in: Poti, Kolkheti, and Batumi. The purpose of the LCCs is to encourage stakeholder participation in establishing ICZM priorities at the municipal and local levels, where decisions by resource users most closely affect the state of nearshore coastal ecosystems. The project will train LCC staff to facilitate and conduct community meetings and establish offices as a resource center for public comment and information. In Kolkheti, the primary purpose of the LCC would be to serve as a community based advisory body to the National Park, mandated by protected area legislation, to provide input to park management plans and their implementation. The Poti and Batumi LCCs would be more broadly focused and would involve multiple stakeholders from different economic as well as social sectors, including the public sector, private and nongovernmental entities, and the clergy. The set-up and initial operation of these committees will be facilitated by PIU field coordinators in Poti and Batumi.

### **Component 2. Establishment of the Kolkheti National Park and Kobuleti Nature Reserve (\$3.3 million)**

The objective of this protected areas component of the GICMP is to improve the protection and management of threatened forest and wetland natural habitats within the Kolkheti coastal region, and to integrate these protected areas into the broader development objectives of the coastal management project.

Under the project, support would be provided for: (a) conservation of the biodiversity of the Kolkheti region through protection, management, and restoration of unique plant communities; (b) establishment of infrastructure for improved biodiversity protection and development of nature-based tourism in the region; (c) improved monitoring and applied research on biodiversity and the effectiveness of conservation efforts; (d) protection of fish spawning grounds necessary for the protection of freshwater and marine biodiversity and their sustainable use; and (e) recovery of threatened agricultural biodiversity.

Proposed activities include:

- (a) ***Creation of Kolkheti National Park and Kobuleti Nature Reserve and the Preparation and Implementation of Management Plans.*** Legislation pending in Parliament would establish Kolkheti National Park (KNP), as the first National Park in a series of Protected Areas in Georgia. ***Adoption of this legislation will be a condition of disbursement on project component 2 (para G5 (a)).*** All earmarked territory to be included in the KNP (approximately 44,850 hectares) will be state owned land and any potential user right issues would be settled at the time of the adoption of the legislation. The proposed protected area will include different zones for varying degrees of management and activities including: a strict nature zone, a managed nature zone, a visitor zone, and a support zone in which existing agricultural and cultural activities would remain. The Kobuleti Nature Reserve (KNR), located adjacent to the Kolkheti wetlands 0.5 – 1.0 km from the coast, would encompass an area of 778 hectares (Map 2). The project would finalize and implement the management plans for Kolkheti National Park and Kobuleti Nature Reserve. These management plans will consolidate measures to improve protection and management of the biodiversity of the KNP and KNR, including restoration of degraded habitats, control of illegal logging and hunting, and monitoring. The management plan will integrate the park's biodiversity protection functions with regional development needs, such as tourism and flood protection.
- (b) ***Institutional Development: Support to Park Administration and Management.*** The project would

monitoring and planning work; initiating a beach flag program; organization of training programs; and establishment of a monitoring and information network with nodes in the Center for Advancement of ICZM and collaborating institutions in Tbilisi, Poti, Kolkheti, Kobuleti, and Batumi.

#### **Component 4. Evaluation of Coastal Erosion (\$0.5 million)**

Coastal erosion is a serious problem along many parts of the Georgian coast. Much of this erosion has been accelerated by human intervention, including river diversion, lake impoundment, sand mining and coastal engineering works. To assess the factors contributing to coastal erosion, particularly in the risk-exposed areas of Poti (Rioni River-Mouth) and Batumi (Chorokhi River-Mouth), the Government of the Netherlands will finance a comprehensive analysis of municipal water use (including watershed hydrology, sediment load, coastal dynamics) and infrastructure in Poti and Batumi. Based on these studies a plan for integrated municipal water management in each municipality would be developed. These studies would include analysis of cost effectiveness of existing interventions to control erosion and feasibility studies of proposed options to address the most serious aspects of coastal erosion on a sustainable basis. Investment requirements would be identified for future interventions.

#### **Component 5. Development of a National Oil Spill Contingency Plan and Marine Pollution Control Plan (\$0.5 million)**

To help Georgia implement the regional Black Sea Strategic Action Plan and to deal with existing and future risks of oil pollution, the Government of the Netherlands will provide support for the preparation, in accordance with IMO guidelines, of a national oil spill contingency plan and emergency response program. This national plan will cover vessels, ports, and offshore installations and would be supported by municipal plans for the major port cities of Poti and Batumi. The oil spill contingency plan currently being developed for the Supsa terminal and environs by the Georgia Pipeline Company (GPC), would articulate with and be consistent with standards identified under the National Oil Spill Contingency Plan. Under this project component, support would also be provided for development of proposals for port reception facilities to deal with smaller operational spills and ship-based waste, and a user-based financing mechanism for oil spill emergency response. As in the previous component, identification of future investment opportunities for prevention and abatement of oil pollution (including operational spills) would be an important part of the work carried out under this component.

#### *2. Key policy and institutional reforms supported by the project:*

The key policy and institutional reforms supported by the project include: (a) introduction of a participatory and locally based decision-making process for coastal zone management; (b) establishment of a framework for the introduction of economic instruments (including user fees and pollution funds) to help alleviate the fiscal impact of recurrent costs for coastal and marine environmental management and to serve as examples for cost recovery in other proposed protected areas; (c) sectoral coordination and reduced fragmentation in the administration of Georgia's Black Sea coast; (d) establishment of a National Park (Kolkheti National Park and Kobuleti Nature Reserve) within the larger proposed National Park System of Georgia; (e) the introduction of an environmental monitoring and information system consistent with international standards for the Black Sea region.

#### *3. Benefits and target population:*

**Benefits:** The national economy and the public at large would benefit from the results of the project. The main benefits of the project would be: (a) maintenance of productive ecosystems and critical natural habitats in the freshwater, estuarine and nearshore waters along the Black Sea Coast; (b) conservation of biodiversity and the demonstration of sustainable natural resource use in and around the Kolkheti National Park and Kobuleti Nature Reserve; (c) increased public awareness related to ICZM; (d)

improved coastal monitoring capacity and beach recreation conditions; (e) improved legal framework for coastal land use, resource use and oil operations; (f) increased overall capacity to manage the coastal zone for multiple use through the piloting of participatory planning and management, conflict resolution, coastal information systems, and cost recovery techniques.

**Target population:** Target populations include the communities living within the coastal zone, communities living in and around the Kolkheti National Park, Poti and Batumi, and general users of the coastal zone and the information that pertains to it.

#### **4. Institutional and implementation arrangements:**

**Implementation period:** The majority of project activities will be completed within four years, however, a period of six years will be required to implement the protected areas component of the project. The six year period for this GEF co-financed component is typical of biodiversity investments in protected area planning and management which require a firm foundation in local institutions, technical capacity, and public awareness for sustainable implementation.

**Project oversight (policy guidance, etc.):** The Ministry of Environment and the National ICZM Consultative Committee will provide overall policy guidance to the project. A project advisory group (PAG) consisting of senior representatives from the key agencies involved in project implementation and chaired by the MoE, will provide project oversight and help resolve any interministerial coordination issues in project implementation.

#### **Executing agencies:**

A national Center for the Advancement of ICZM, building on earlier efforts initiated by the Ministry of Environment, will be established under the aegis of the Ministry of Environment. It will consist of an interdisciplinary group seconded from the key ministries and departments represented in the PAG. The ICZM Center will also house the Project Implementation Unit (PIU), thereby enhancing both technical and administrative capacity within the MoE. The Center/PIU, under the supervision of the PIU Director, will have responsibility for project implementation. *It will coordinate with and be guided by an intersectoral policy and planning body (the National Interagency Consultative Committee for ICZM), to be established by Presidential Decree (Section G2 (d)). The MoE will provide administrative space for the ICZM Center/PIU (Section G2 (g)).*

Secondments to the ICZM Center of technical staff from the Ministry of Environment, Department of Protected Areas, Ministry of Health and Ministry of Urbanization and Construction will ensure collaboration of key ministries in the execution of the project, help institutionalize technical expertise with the GoG, and build the foundation for cross sectoral coordination in administration of the coastal zone. Through this process, the basis for creating a national Center of Excellence in ICZM would be established, with prospects for decentralizing activities to the coast, once integration of national and local government responsibilities were more clearly defined.

With the creation of a national park and nature reserve at Kolkheti and Kobuleti, the Department of Protected Areas (DPA) will have an expanded role in management of these coastal wetlands. The project will support training of these staff in technical and administrative aspects of protected area management, and seconded DPA staff will work closely with the PIU in Tbilisi and with field staff located on the coast to facilitate oversight of the KNP/KNR component and the procurement of project related goods and services.

**Project coordination:**

The PIU will be responsible for coordinating with other donors, such as the Government of the Netherlands and EU TACIS, in the implementation of components of the project which will be supported through parallel cofinancing. *A Project Implementation Plan has been developed, which describes the proposed implementation arrangements in more detail (Section G1 (b)).*

**Accounting, financial reporting and auditing arrangements:**

*Financial Management: The project financial management system, including accounting, financial reporting and auditing arrangements, would be established prior to project effectiveness (para. G4 (a)).* The financial and accounting procedures, together with a description of project implementation unit (PIU) responsibilities for financial, managerial/technical and procurement are described in the Project Implementation Plan (PIP).

*Accounting Information* submitted to the Bank by the PIU would comply with international accounting standards. Project accounts would be maintained by the PIU separately from any other existing accounts. The PIU will manage two Special Accounts, one for the IDA Credit and one for the GEF Grant. The PIU, with responsibility for orderly and efficient recording and safeguarding of the project assets and resources, would: (a) ensure accountability for project funds; (b) maintain records of the sources of funds, and the relevant accounts; (c) maintain internal controls to ensure that financial records are reliable, complete and provided on a timely basis; (d) report on the use of funds; (e) facilitate verification of these reports by independent auditors; and (f) provide information, as required, to the Bank.

*Financial Reporting.* During project implementation, the PIU would submit to the Bank a quarterly Project Financial Management Report in the agreed format. The Report would include: (a) summary of Sources and Uses of Funds by project categories of expenditures, showing the IDA credit and funds from other donors separately in currency as determined by project design; (b) Summary of Expenditures by project components, for the current fiscal year and accumulated to date; (c) Summary of Statement of Expenditures (SOEs) by individual application reference number and amount; (d) Special Account Statement providing reconciliation of amounts in the Special Account; and (e) Expenditures Report by disbursement category during the current quarter and next quarter.

*Financial Audit.* The PIU would be responsible, on behalf of the Borrower, for providing to the Bank, within 6 months after the end of each fiscal year the financial audits of the Project that are acceptable to the Bank. *The PIU would have the required Financial Statements for each year audited by an independent auditor acceptable to the Bank in accordance with standards that are acceptable to the Bank (Section G2 (e)).* The auditor would be appointed in sufficient time to carry out his/her responsibilities, including: (a) a review of the financial management systems at the beginning of project implementation; and (b) periodical reviews of the project financial management systems thereafter.

**Monitoring and evaluation arrangements:**

*Project monitoring* would be the responsibility of the ICZM Center/PIU and the MoE. *The ICZM Center/PIU and MoE would furnish the Bank with reports on a regular basis including: (a) quarterly progress and project financial management reports; (b) interim unaudited statements of project accounts; and (c) additional information that the Bank may request from time to time (Section G2 (f)).*

*Performance monitoring and evaluation* would be undertaken by the Bank to ensure close monitoring of the achievements of project objectives during implementation. Key performance indicators proposed for monitoring can be found in Annex 1. A mid-term evaluation would be prepared during year three of the project. Lessons learned from implementation and the activities financed under the project would be captured in a synthesis report prepared by the borrower with the assistance of the PIU.

## **D: Project Rationale**

### *1. Project alternatives considered and reasons for rejection:*

A comprehensive and capital-intensive ICZM project addressing all major coastal degradation and risks (including mitigation of impacts from coastal erosion and oil activities) was considered. This was excluded as it would have made the project considerably more complex to prepare and implement. It would also have required a much stronger institutional and legal framework, and a different set of development priorities at the national level. In view of the perceived need for an incremental approach, beginning with capacity building, focused actions were selected to target institutional strengthening needs, regulatory and immediate technical needs related to coastal management, biodiversity protection, and mitigation of growing risks from coastal erosion and oil spills. The rationale for GEF financing of this project is tied to biodiversity conservation objectives and the successful development of a prototype for protected area management within the larger framework of a proposed system of protected areas for Georgia.

Inclusion of a larger component dealing with oil spills, ports and ship-based waste was also considered. This option was abandoned due to the uncertainty related to the "major oil" operations in Georgia, the lack of baseline data, and the high cost of investments required. In view of these reasons, the project will focus on analyzing risk and liability related to oil spills and preparation of an oil spill contingency plan and emergency response capability for control of oil pollution. Similarly, it was decided to limit the coastal erosion component of the project to the preparation of feasibility studies to address severe erosion problems in the coastal areas of Poti and Batumi for implementation in a subsequent investment phase.

A separate biodiversity component through loan financing was also considered. Existing government resources and international efforts directed to forest and wetland biodiversity will not ensure the protection of globally significant biodiversity in the KNP and KNR designated areas. The GEF Alternative, with an incremental cost of US\$1.32 million, would provide the means for the creation of KNP and KNR, the implementation of their management plans, and the integration of biodiversity conservation principles into regional and local development planning. The scope and global benefits of the GEF Alternative are further outlined in Annex 11.



2. Major related projects financed by the Bank and GEF and/or other development agencies (completed, ongoing and planned):

	Project	Latest Supervision (Form 590) Ratings	
		(Bank-financed projects only)	
		Implementation Progress (IP)	Development Objective (DO)
<b>Bank-financed</b>			
	Municipal Infrastructure Rehabilitation – MIRP	S	S
	Oil Institution Building	S	S
	National Environmental Action Plan (IDF/Bank)	N/A	N/A
	Biodiversity Strategy and Action Plan (GEF/Bank)	N/A	N/A
	Municipal Development and Decentralization Project	S	S
	Forestry Biodiversity Project	N/A	N/A
	Agriculture II	N/A	N/A
	Cultural Heritage Project	S	S
<b>Other development agencies</b>			
UNDP/GEF (with Bank and UNEP support)	Regional Black Sea Environment Program	N/A	N/A

*IP/DO Ratings: HS (Highly Satisfactory), S (Satisfactory), U (Unsatisfactory), HU (Highly Unsatisfactory)*

*N/A = Project not yet under supervision or does not use the Bank 590 form.*

3. *Lessons learned and reflected in the proposed project design:*

The lessons from these and other Bank projects in the region underscore the need to (i) to obtain support at the highest levels to ensure commitment to project objectives and the necessary allocation of resources for the project; (ii) focus on institutional strengthening and capacity building in the technical and policy areas (this is particularly true for Integrated Coastal Zone Management, which requires an interdisciplinary approach). Lessons also suggest that (iii) simple focused projects tend to be more successful than complex and comprehensive undertakings, (iv) and finally, building on existing PIUs to take advantage of knowledge and networks formed earlier can advance project design while institutionalizing expertise.

Other valuable lessons for establishing integrated coastal management in Georgia come from experience beyond the Black Sea, from regional environmental programs in the Baltic and Mediterranean. These include the need to integrate coastal management planning into national development plans; the need to build ownership of the project locally through public awareness and involvement in project design and implementation; and the need to focus on project sustainability and resource mobilization to ensure continuity beyond the project implementation period. The successful introduction of economic instruments such as user fees and pollution fines/funds to finance environmental management has been demonstrated in many of the more industrialized nations, and will be piloted in Georgia (to reduce costs of National Park administration and finance oil spill operations) under this project.

The ICZM project design reflects the above mentioned lessons in the incremental approach of the project which attempts to build a sound foundation for ICZM through institutional strengthening and local



participation. The project has been highly supported in Georgia, and its design is based on substantial efforts of Georgian NGOs and government partners prior to the Bank's involvement. Parallel co-financing and execution of the two of the five components by the Government of Netherlands will help simplify the Bank's oversight of implementation. It will also help encourage and strengthen the involvement of other donors to undertake complementary activities within the project's framework. Georgians involved in the coastal management component of the Municipal Infrastructure and Rehabilitation Project (MIRP) Loan have been actively involved in the project design, and are expected to continue their involvement during implementation of the project.

#### *4. Indications of borrower commitment and ownership:*

Georgia has signed and ratified the Bucharest Convention for the Protection of the Black Sea Against Pollution (1992), signed the Odessa Ministerial Declaration (1993), and signed the Strategic Action Plan for the Rehabilitation and Protection of the Black Sea (1996). The foundation for the project came out of activities under a GEF component of the World Bank financed MIRP, from Georgia's ongoing active involvement in the Regional Black Sea activities, and from initiatives by local NGOs. All levels of Government (national, regional, and local) have participated in the project design and provided direct and written inputs. The Georgian State Investment Council (chaired by the President), fully endorsed and approved the project in its May, 1997 session. The National Environmental Action Plan, a government document involving broad consultation, identified introduction of a comprehensive Coastal Zone Management Program as one of the highest priority investments. Implementation of the (smaller) initial ICZM program under the MIRP was considered successful.

#### *5. Value added of Bank and GEF support in this project:*

Coastal zone issues in Georgia are complex and require technical expertise, supporting institutional and legal frameworks, and solid financial support. Earlier ICZM activities in Georgia were initiated under the regional BSEP and a GEF Grant as part of a Municipal Infrastructure Rehabilitation Project. This current project is the next step, targeting concrete interventions to improve the environmental quality of the Black Sea and ensure that future development of its resources results in continuous and equitable benefits to Georgia without negative impacts downstream. The Bank will facilitate this by providing the necessary financing for the establishment of the Kolkheti National Park and Kobuleti Nature Reserve. Bank support under the project would also facilitate the development of legislation outlining the date and responsibilities of an ICZM authority, and would help rationalize responsibilities between agencies for activities and land use in the coastal zone. Through its role as broker, the Bank has and will continue to mobilize donor support for ICZM in Georgia. The successful implementation of the project should serve to provide valuable lessons learned for replication elsewhere in the coastal zone of Georgia, and in other Black Sea countries.

### **E: Summary Project Analysis (Detailed assessments are in the project file, see Annex 8)**

#### *1. Economic Analysis (supported by Annexes 4 and 11)*

Cost-Benefit Analysis, qualitative discussion [ X ] Cost Effectiveness Analysis (qualitative discussion)  
 Incremental Cost

An economic assessment for the project summarizes the costs and benefits which are likely to result from implementing the project. Costs identified included the total project costs (\$7.6 million) and potential costs of foregone economic activity as a result of establishing the Kolkheti National Park. Overall benefits discussed included public health benefits; tourism benefits; institutional benefits, or benefits gained by setting up more effective means for cooperation and decision making; benefits from preservation of ecological resources including the functional values of wetlands for flood protection,

pollution filtration, and habitat values; benefits from establishing of an oil spill prevention program; and non-use values of nature protection such as existence values and bequest values. Although most of the benefits and some of the costs cannot be quantified, the analysis provides a more in-depth discussion as to why they are important. The discussion on tourism benefits examines a contingency valuation and a travel cost study that were prepared as part of the regional Black Sea Program to estimate potential gains or economic rent that Georgia could recover in beach related tourism as the Black Sea environment improves. What becomes apparent through the studies is that due to the trans-boundary nature of the coastal pollution problems, Georgia cannot maximize its tourism benefits without wider regional cooperation. The project will support Georgia's participation in regional activities and meeting its regional commitments as well as activities within Georgia's control that will improve coastal pollution.

The types of foregone economic activities due to establishing the National Park are generally known (hunting, fishing, firewood collection, reed collection, and peat and gravel mining), however the costs are not well identified. A number of measures have been taken to minimize these costs in the project design through the local community consultation process which considered these factors in agreeing to proposed park boundaries. The project has also been designed to minimize economic costs from foregone activities to the extent possible through local involvement in the operations and management of the National Park. No land tenure or resettlement costs are anticipated because park boundaries were in part determined to avoid any resettlement. Based on the benefits identified in the analysis, the interdependency of the quality of the environment with its coastal uses, and the importance of Georgia's coast to the overall economy, the incremental benefits are expected to outweigh the incremental costs for the proposed project.

For the GEF component, the difference between the estimated total cost of the Baseline Scenario US\$7.27 million and the estimated cost of the GEF Alternative US\$8.5 million is US\$1.32 million. This represents the incremental cost for achieving sustainable global environmental benefits, as outlined in the Incremental Cost Analysis in Annex 11.

## **2. Financial analysis (see Annex 5):**

### **Fiscal impact:**

Total government financing during the project implementation period is estimated to be \$900,000 USD equivalent which is less than 0.1% of the 1998 budget of Georgia. Since the government contribution is spread over a six year period, the annual fiscal impact will be even less. The project has been co-financed with a GEF Grant of \$1.3 million and a Netherlands Government Grant of \$1.0 million to help reduce the fiscal burden of borrowing for this type of project. The project would not directly result in an increase in revenues to the government, although in the longer term it may result in some increased expenditures for operations and maintenance of the Kolkheti National Park and Kobuleti Nature Reserve. However, government expenditures for operations and maintenance of KNP and KNR would be minimized since the number of government staff positions are not expected to increase significantly, due to a transfer of functions between the Forestry Department and the Department of Protected Areas. The National Park would gradually develop the capacity to generate and retain funds through introduction of user fees and other income earning activities which will help reduce pressure on the state budget. Any tourism generated as a result of the project should also help increase Georgia's tax base as a result of increased consumer spending.

## **3. Technical analysis:**

The project is technically justified on the basis of the urgent need for coastal protection in Georgia. This assessment is based on increasing risks from the transport, processing, and production of oil, conversion of coastal wetlands and poaching of wildlife, coastal erosion, contamination of surface and nearshore

waters, and expanding port and urban sectors in the absence of regional or local coastal management plans. On the international side, the increasing deterioration of environmental quality in the Black Sea and the costs of mitigating coastal and marine degradation in the future, compel the countries of the region to act. The vulnerability of internationally important biodiversity resources and lost revenues from fisheries, tourism and other Black Sea amenities have evoked a commitment on the part of governments in the region to act individually and collectively on behalf of the public good. The project components under the project have been selected to address not only issues of immediate concern, but even more importantly, to create the capacity among Georgians to respond to future acute or chronic crises which could threaten the viability of productive Black Sea ecosystems. Investments under the different components are keyed to similar activities in other parts of the world. On the environmental quality monitoring side, equipment needs and training have been designed after WHO standards introduced under the regional BSEP. International best practices are being incorporated into the design of a coastal Information System, institutional strengthening, public awareness and training, and a demonstration pilot within a proposed system of National Parks in Georgia .

#### *4. Institutional analysis:*

**a. Executing agencies:** The ICZM Center/PIU would be responsible for technical coordination and daily operation and monitoring of all program activities (working closely with the MoE, and PAG and the national and local ICZM Committees). Specific activities would include: drafting of TORs and contracts for program components; identification and selection of program contractors on a competitive basis; supervision of implementation; financial accounting; and reporting to supervisors (MoE, Bank, and steering committee). The project would lay the foundation for transforming this unit and its counterparts in the field into a center of excellence for ICZM through the hiring of additional local staff, training, equipment, and technical assistance (national and international experts). Procurement and disbursement of project goods and services for the KNP/KNR components would be administered from the PIU. The establishment and operations of the Kolkheti National Park and the Kobuleti Nature Reserve would be governed by a law which has already passed the first hearing in Parliament. The adoption of the law would be a condition for disbursement of that component.

**b. Project management:** The Ministry of Environment (MoE) would be responsible for overall project management, through its office responsible for Black Sea issues. Broad consultation and inter-sectoral coordination on the complex issue of ICZM would be enhanced by the creation of the National Interagency Consultative Committee (NICC) and later the network of three Local Consultative Committees (LCCs), one in Poti, one in Kolkheti, and one in Batumi. Close collaboration already exists between the MoE and the Department of Protected Areas (DPA), a discrete, semi-autonomous entity under the MoE. Their links would be further strengthened under the project.

#### *5. Social analysis:*

Participatory and information workshops were organized with local authorities under the initial ICZM program, and subsequent consultation was done during project preparation. The project design is based on the outcome of these activities and on the direct involvement of local communities.

Local consultative committees will be established in three key locations along the coast (Poti, Batumi, and in the surrounding Kolkheti area) to ensure that benefits from the project are targeted to coastal communities most at risk and to ensure stakeholder commitment to the project and to its objectives well beyond the implementation period.

The Kolkheti and Kobuleti Reserves project component has been designed in collaboration with Georgian stakeholders and builds on earlier protected area planning initiatives undertaken by Georgian NGOs in collaboration with the Government of Georgia. Regional Support Groups, facilitated by World Wildlife

Fund (WWF) and comprised of representatives from local government, civilian stakeholders, and media organizations were established to raise public awareness of the proposed project activities and ensure broad participation of local residents in planning and implementing comprehensive plans for the proposed Parks.

Particular emphasis during stakeholder discussions was given to efforts to develop management plans for the support zone communities around the protected areas. This approach was pursued with the objective of fostering a sustainable economic development of the support zones which depend in part from resources located inside the protected areas, along with the development of the nature reserves. For example, resource harvesting (fishing, hunting, forestry) will be allowed in the support zones, but will be regulated and enforced. The National Park staff would give technical assistance to help local people manage the resources sustainably. There may be temporary or even permanent bans on certain activities, depending on the needs of the ecosystem or resource. The Park staff, Regional Support Groups and Park Advisory Committee have been designed to help foster community-based management schemes and resolve disputes that could arise. The Kolkheti Local Consultative Committee, to be established under the project will participate in the activities of the Regional Support Group for public awareness campaigns, field inventory, planning, and implementation related to the management plan for the protected areas.

6. *Environmental assessment:* Environmental Category  A  B  C

Most of the project is focused on institutional strengthening, capacity building, and technical assistance which, together with the protected areas component of the project, should have an overall positive environmental impact. However, in the course of establishing the Kolkheti National Park and Kobuleti Reserves, limited civil works will be undertaken, such as installation of a perimeter fence, visitor center, hiking trails/boardwalks, etc. Potential negative impacts from this could include sedimentation, loss of a small fraction of the habitats within the reserve area where such infrastructure is installed, and secondary and tertiary impacts from access by construction workers, and later tourists, to the areas. Implementation and enforcement of park management plans, which is one of the main objectives of the project, will help control access and minimize any adverse impacts from tourism. The project area is already under severe threat from illegal wood cutting and hunting activities and thus enforcement of park regulations will benefit the environment by reducing current impacts from these activities. A more detailed description of these benefits can be found in the economic analysis discussion.

An environmental review would be conducted in accordance with Georgian laws and the World Bank operational directive 4.01 on environmental assessment, focusing on the Kolkheti National Park and Kobuleti Nature Reserve components. *Since the design of any proposed civil works will be completed as part of the project implementation, the World Bank's acceptance of this environmental review would be a condition of disbursement on the Kolkheti/Kobuleti project component (Section G5 (b)).* Any issues raised in the environmental review will be incorporated in the construction bidding documents and the works will be carried out in accordance with internationally accepted practices to meet environmental requirements.

7. *Participatory approach:*

The project has been developed with a participatory approach beginning with implementation of the GEF component of the MIRP Project which identified the need for many of the key project elements through small grants for participatory activities such as public awareness and outreach by local NGOs, educational programs (summer camp) and poster contests for local school children. Participatory and information workshops were also organized with local authorities under the initial ICZM program, and

subsequent consultation has been done during project preparation. The project design is based on the outcome of these activities and on the direct involvement of local communities.

The Kolkheti and Kobuleti Reserves project component has been designed in collaboration with Georgian stakeholders. Regional Support Groups, facilitated by WWF and comprised of representatives from local government, civilian stakeholders, and media organizations were established to raise public awareness of the proposed project activities and ensure broad participation of local residents in planning and implementing comprehensive plans for the proposed Parks. Particular emphasis during stakeholder discussions was given to efforts to develop management plans for the support zone communities around the protected areas. Such approach was pursued with the objective of fostering a sustainable economic development of the support zones which depend in part on resources located inside the protected areas, along with the development of the nature reserves. Concrete actions resulting from these were revisions to the proposed national park boundaries.

Local consultative committees will be established under the project in three key locations along the coast (Poti, Batumi, and in the surrounding Kolkheti area) to ensure that benefits from the project are targeted to coastal communities and to ensure stakeholder commitment to the project and to its objectives well beyond the implementation period. The LCC for Kolkheti will provide a forum to manage and ensure that local community interest are protected, and technical training under the project will include workshops in management and conflict resolution. In addition, all efforts will be made to ensure that local citizens and NGOs benefit from the establishment of the Park, especially through their involvement in park management activities. The National Park Management Plans call for technical assistance in alternative forest and land use and agriculture in support zones to find win/win solutions for sustainable goods/services for the local people as well as environmental benefits of preserving biodiversity.

a. Primary beneficiaries and other affected groups:

Primary beneficiaries of the project are

Beneficiaries/community groups	CON/COL <sup>1</sup>	CON/COL	CON/COL
Intermediary NGOs	COL	COL	IS/CON/COL
Academic institutions	CON	CON	CON
Local government	CON/COL	CON/COL	CON/COL
Other donors	IS/CON/COL	IS/CON/COL	IS/CON/COL

Non-government organizations consulted or who have participated in project design include: WWF-Georgia, Georgia Greens, Georgia Society for Protection of Wildlife, Georgian Youth Eco Movement, Georgia Protected Areas Program, Aieti- Association for the Protection of the Black Sea, Poseidon Marine Association, Noah's Arc for the Recovery of Endangered Species (NACRES), Grid-Tbilisi (G-Info.), Georgian Orthodox Church, Young Lawyers Association, Center for Environmental Research. Private sector entities consulted include the Georgia Pipeline Company and representatives of Azerbaijan International Oil Company (AIOC).

b. Other key stakeholders:

Private sector developers and port management authorities

Participatory planning and management are the hallmarks of effective coastal management and are essential to the sustainability of any protected areas initiative. As described above under "Social" concerns, preparation of the project has involved the participation of local stakeholders concerned with the establishment of the KNP/KNR and with local authorities concerned with responsibility for administering coastal resources and sectoral activities. Because creating public awareness and building a

<sup>1</sup> CON = consultation, COL = collaboration, IS = information sharing

constituency of local and national level support is an important factor in the success of this project, environmental education activities will be incorporated into a number of the project components. A meeting with NGOs working on Black Sea environmental issues was held during pre-appraisal as was a meeting with officials of the Eastern Orthodox Church to discuss opportunities for collaboration on promoting Black Sea environmental education. A science curriculum is now being developed for instruction of and use by clergy in all the Black Sea riparian countries to integrate ecological principles into religious teachings and community outreach. Project implementation will emphasize this participatory approach at the national and local levels to raise awareness about the project and its objectives, gain support of various interest groups and provide a forum for resolving conflicts between stakeholders.

**F: Sustainability and Risks**

*1. Sustainability:*

The Government is committed at the level of the President to the project, assuring strong political will in support of this effort. Project sustainability will also be enhanced through institutional arrangements that build capacity and ownership of the project among implementing agencies. In a twinning arrangement with the PIU, the Center for the Advancement of ICZM would share responsibility for project execution. Through such an arrangement, capacity would be created within government to facilitate integrated planning and management of coastal resources so as to maximize benefits to a broad range of coastal resource users. Key aspects of project management would also be institutionalized within the Center to ensure sustainability of this function beyond the life of the PIU. Because these staff would be seconded from existing positions in the ministries, or in the case of KNP/KNR staff, from other field locations in the Department of Protected Areas, substantial recruitment of new personnel for project implementation would not be necessary. Prospects for long-term viability of the Parks would be enhanced through revenue generating activities related to ecotourism, aquaculture, and other microenterprises that could be supported in the multiple use zone of the Park.

*2. Critical Risks (reflecting assumptions in the fourth column of Annex 1):*

<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Continuing GoG commitment (political and financial) to project	M	Continuing dialogue between Bank and GoG on project benefits
Continuing political stability during project implementation period	S	International community is providing substantial economic aid and supporting policy reform and good governance



<u>Risk</u>	<u>Risk Rating</u>	<u>Risk Minimization Measure</u>
Potential delay in adoption of KNP/KNR legislation	M	Active lobbying of Parliament by NGOs and line ministries for passage of law; which is a condition of disbursement for this component (40% of total project)
Incentives are inadequate to encourage compliance with coastal zone regulations and environmental policies by different interest groups	S-H	Special status of KNP management entity should provide flexibility in salaries and performance incentives for staff; civil service reform is being launched with assistance from the Bank and IMF; enforcement will be strengthened and market based instruments introduced
Ability to recruit and retain qualified staff during and after project	S-H	ICZM Center/PIU being established within MoE to train civil servant staff in state of the art techniques for ICZM and create in-house capacity to manage; create a sense of high professionalism and loyalty to the MoE
Cooperation between public sector and private oil interests in developing capacity to respond to oil spills	M	Legal analysis of distribution of risk and liability for oil spills across public and private sector being prepared; incentives to cooperate will be identified
Overall Risk Rating	M	learning and adaptation may counteract risk

Risk Rating - H (High Risk), S (Substantial Risk), M (Modest Risk), N (Negligible or Low Risk)

### 3. Possible Controversial Aspects:

- (a) The concept of introducing and retaining user charges for the Kolkheti National Park/Kobuleti Nature Reserve would require a new operating model and culture. Cost-recovery would not be an objective during the life of the project but would be introduced in time after achievement of public awareness programs, establishment of real services and marketing to foreign tourists. It will be necessary to introduce a two-tiered system of user fees to realize sufficient returns.
- (b) Achieving interministerial cooperation with the MoE taking a lead role in ICZM and project implementation may be difficult at the outset. Obtaining buy-in from key ministries and presidential support at the outset will be important. This will be supported through establishment of the National Interagency Consultative Committee and letters of agreement between the MoE and other key ministries involved in coastal activities.
- (c) Managing the Black Sea Coast of Georgia for multiple use—including conservation and tourism—may be difficult in the face of increasing pressure for concessions to private investors with regard to the transport and production of oil. The Oil Institution Building Project and the analysis of conditions in Georgia vis a vis international standards and best practice with regard to oil spill liability and compensation may encourage adoption of necessary safeguards to manage risk of oil spills.

## **G: Main Loan Conditions**

### **1. Agreements Reached Prior to Negotiations**

- (a) Finalization of detailed procurement arrangements, as described in Annex 6, Section I.
- (b) Finalization of detailed project implementation plan, as described in Annex 6 and Section C4, para. 6.

### **2. Agreements To Be Reached at Negotiations**

- (a) All procurement activities under the project would follow the procedures as described in Annex 6, Section 1 and para. 4 Section C.
- (b) Disbursement arrangements will follow the procedures described in Annex 6, Section II.
- (c) Establishment of a special account will follow the procedure described in Annex 6, Section II. and Section C4, para. 8.
- (d) The functions of the ICZM Center/PIU and its management of the project activities would be as described in Annex 6 and Section C4, para. 3.
- (e) All project accounts would be audited as described in Annex 6, Section III. and Section C4.
- (f) Reporting and evaluation of project activities would be as described Annex 6, Section IV. and Section C4, para. 11.
- (g) Confirm government commitments to the project including on-going financial support of the ICZM center/PIU and its government staff, as described Annex 6 and Section C4, paras. 3 and 4.

### **3. Negotiations Conditions**

- (a) Presidential Decree establishing the National Interagency Consultative Committee for ICZM, as described in Section C1, para. 2.

### **4. Effectiveness Conditions:**

- (a) Establishment of a financial management system to the satisfaction of the Bank, as described in Section C4, para. 7.

### **5. Disbursement Conditions:**

- (a) Passage of the Law establishing the Kolkheti National Park and Kobuleti Nature Reserve would be a condition of disbursement for Component 2, as described in Section C1, para. 7.
- (b) Environmental review prepared to the satisfaction of the Bank would also be a condition of disbursement for Component 2, as described in Section E6, para. 2.



**H. Readiness for Implementation**

- The engineering design documents for the first year's activities are complete and ready for the start of project implementation. (Engineering works would not begin until second year of project).
- The Project Implementation Plan has been appraised and found to be realistic and of satisfactory quality.
- The following items are lacking and are discussed under loan conditions (Section G):

- (a) Establishment of the National Interagency Consultative Committee for ICZM.
- (b) Establishment of a financial management system to the satisfaction of the Bank.
- (c) Passage of the Law establishing the Kolkheti National Park and Kobuleti Nature Reserve as a condition of disbursement for Component 2.
- (d) Environmental review prepared to the satisfaction of the Bank as a condition of disbursement for Component 2.

**I. Compliance with Bank Policies**

- This project complies with all applicable Bank policies.
- The following exceptions to Bank policies are recommended for approval: none recommended

[signature]  
Task Team Leader/Task Manager:

[signature]  
Sector Manager/Director:

[signature]  
Country Manager/Director:

World Bank User  
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Project Design Summary  
Georgia: Integrated Coastal Management Project

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p><b>Sector-related CAS Goal:</b> Protect the integrity of threatened natural systems that contribute to sustainable economic development in Georgia</p>	<ul style="list-style-type: none"> <li>• Environmental degradation of the Black Sea coast controlled or reversed</li> <li>• Data on state of coastal and marine environment available to decision makers.</li> </ul>	<ul style="list-style-type: none"> <li>• ESW work (periodic)</li> <li>• National reports</li> <li>• Marine environment information nodes; Web sites</li> </ul>	<p><b>(Goal to Bank Mission)</b></p> <ul style="list-style-type: none"> <li>• Productive coastal systems contribute to local and national economies and the welfare of the population</li> <li>• The costs of inaction outweigh investments in environmental planning and management</li> </ul>
<p><b>Project Development Objective:</b> To develop, test, and replicate methods to effectively integrate environmental concerns into coastal development planning at national and local levels</p> <p><b>Global Objective:</b> To assist Georgia in meeting its international commitments to protect the Black Sea under the Bucharest Convention and the Strategic Action Plan for Rehabilitation and Protection of the Black Sea</p>	<ul style="list-style-type: none"> <li>• Coordination mechanism for intersectoral planning and management of coastal resources established at national and local levels.</li> <li>• Provision made for introducing and retaining user fees for protected areas.</li> <li>• User based financing mechanism(s) for control of oil pollution piloted.</li> <li>• Specialists trained in coastal resource planning and management tools (EA, land-use planning/zoning; coastal monitoring; GIS) and environmental education.</li> <li>• Information node for Black Sea regional coastal environmental monitoring network established in Georgia.</li> <li>• Black Sea environmental education materials developed for formal and informal sectors (curricular, mass media, training materials).</li> <li>• National park guards trained.</li> <li>• Local stakeholder participation facilitated in coastal development management decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• Presidential decrees and legislation</li> <li>• Records of consultative and advisory group meetings</li> <li>• Progress and supervision reports</li> <li>• IMO reports, official reports and supervision reports</li> <li>• Park legislation; posting of fees</li> <li>• Annual Reports of BSEP</li> <li>• Materials available; focus group interviews</li> <li>• PIU progress reports</li> <li>• Focus group reports, interviews with local government</li> </ul>	<p><b>(Objective to Goal)</b></p> <ul style="list-style-type: none"> <li>• Effective coastal zone management contributes to the achievement of sustainable economic development at the national and local level</li> <li>• Continuing government commitment</li> <li>• Continuing political stability</li> <li>• NEAP adopted and implemented</li> </ul>

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<b>Outputs:</b> 1a. Institutional arrangements for ICZM established at national and local levels 1b. ICZM legislation drafted for regulation of development activities in the coastal zone	<ul style="list-style-type: none"> <li>The first elements of a cohesive regulatory framework in place; consultative committees in place and functioning effectively</li> </ul>	<ul style="list-style-type: none"> <li>PIU reports</li> <li>Supervision reports, mid-term report and ICR</li> <li>Evaluation mission reports (mid-term &amp; final)</li> </ul>	<b>(Outputs to Objective)</b> <ul style="list-style-type: none"> <li>Incentives are adequate to encourage compliance with coastal zone regulations and policies by different interest groups</li> <li>NEAP adopted and implemented</li> </ul>
2. National Park demarcated, basic infrastructure provided, and environmental degradation trends stabilized within the Park	<ul style="list-style-type: none"> <li>Illegal poaching and harvesting rates reduced compared to baseline conditions; no new encroachment within Park boundaries</li> </ul>	<ul style="list-style-type: none"> <li>Park management reports</li> <li>Regular site visits</li> </ul>	<ul style="list-style-type: none"> <li>KNP/KNR legislation adopted</li> <li>NEAP adopted and implemented</li> </ul>
3. Coastal Zone Information System activated and functioning for protection of public health and natural systems	<ul style="list-style-type: none"> <li>High demand for information from user groups; effective warning systems implemented; hardware and software effectively used in collaborating institutions</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of status of data bases and information systems</li> <li>Periodic review of their use through contacts with a diversity of user groups</li> </ul>	<ul style="list-style-type: none"> <li>Data will be made available for access by public and private user groups</li> <li>User groups will have an interest in accessing and using data for planning and management</li> </ul>
4. Future investment program to control coastal erosion prioritized and associated risks quantified	<ul style="list-style-type: none"> <li>Favorable response and follow-up by GoG and donors</li> </ul>	<ul style="list-style-type: none"> <li>Draft and final feasibility study</li> <li>Implementation plan adopted by GoG</li> </ul>	<ul style="list-style-type: none"> <li>Cost effective interventions can be identified</li> <li>Government and local communities prepared to implement recommendations</li> </ul>
5. Tiered response strategy and implementation plan developed for oil spills	<ul style="list-style-type: none"> <li>Contingency plan and financing plan developed and approved by government; private sector participation forthcoming</li> </ul>	<ul style="list-style-type: none"> <li>Draft and final strategy reports</li> <li>Development of agreements between Government and private sector</li> </ul>	<ul style="list-style-type: none"> <li>Government prepared to give priority to environmental aspects of oil development</li> <li>Sister project implemented for oil institution building</li> <li>Private sector prepared to cooperate on oil spill prevention and control</li> </ul>
<b>Project Components/Sub-components:</b>	<b>Inputs: (budget for each component)</b>		<b>(Components to Outputs)</b>
ICZM Institutional Capacity Building: <ul style="list-style-type: none"> <li>ICZM Center established</li> <li>Draft legislation</li> <li>Coastal land use planning</li> <li>Consultative committees</li> </ul>	<ul style="list-style-type: none"> <li>US\$1.42 million</li> </ul>	<ul style="list-style-type: none"> <li>Progress reports (quarterly)</li> <li>Disbursement reports (quarterly)</li> <li>Supervision reports</li> <li>Minutes of committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>National and local governments committed to ICZM</li> <li>Legislation developed in a timely manner</li> <li>Consultative committees meet on a regular basis</li> <li>Adequate and timely counterpart funding</li> </ul>

Narrative Summary	Key Performance Indicators	Monitoring and Evaluation	Critical Assumptions
<p>Kolkheti National Park and Kobuleti Nature Reserve:</p> <ul style="list-style-type: none"> <li>• Management plans prepared</li> <li>• Biodiversity monitoring</li> <li>• Training/public awareness</li> <li>• Habitat restoration</li> <li>• Research</li> </ul>	<ul style="list-style-type: none"> <li>• US\$3.3 million</li> </ul>	<ul style="list-style-type: none"> <li>• Progress reports</li> <li>• Disbursement reports</li> <li>• Supervision reports</li> <li>• Regular site visits</li> <li>• Monitoring of changes against baseline data</li> </ul>	<ul style="list-style-type: none"> <li>• Kolkheti National Park legislation adopted by Parliament</li> <li>• Cooperation between national and local governments</li> <li>• Cooperation at the community level</li> <li>• Management programs can be implemented under local conditions</li> <li>• Ability to recruit and retain qualified, dedicated staff during and after project</li> <li>• Qualified individuals available to receive training</li> </ul>
<p>Coastal Monitoring and Information:</p> <ul style="list-style-type: none"> <li>• Training</li> <li>• Coastal monitoring program</li> <li>• GIS nodes and network</li> </ul>	<ul style="list-style-type: none"> <li>• US\$1.94 million</li> </ul>	<ul style="list-style-type: none"> <li>• Progress reports</li> <li>• Disbursement reports</li> <li>• Supervision reports</li> <li>• Review training programs and course evaluations</li> <li>• Review of users' views on systems and data</li> </ul>	<ul style="list-style-type: none"> <li>• Access will be provided to information and data</li> <li>• Equipment will be properly maintained and effectively utilized</li> <li>• High quality team of international and local experts is contracted for study</li> </ul>
<p>Evaluation of Coastal Erosion and Cost Effective Interventions</p>	<ul style="list-style-type: none"> <li>• US\$0.5 million</li> </ul>	<ul style="list-style-type: none"> <li>• Progress reports</li> <li>• Disbursement reports</li> <li>• Supervision reports</li> <li>• Review of draft and final feasibility study</li> <li>• Implementation plan adopted by GoG</li> </ul>	<ul style="list-style-type: none"> <li>• Report identifies cost-effective interventions to control erosion</li> <li>• Sustained national and local government interest in implementation of actions</li> <li>• Non-investment measures for erosion control through land and water use management are also adopted</li> </ul>
<p>Oil Pollution Contingency Planning &amp; Emergency Response</p>	<ul style="list-style-type: none"> <li>• US\$0.5 million</li> </ul>	<ul style="list-style-type: none"> <li>• Progress reports</li> <li>• Disbursement reports</li> <li>• Supervision reports</li> <li>• Draft and final strategy reports</li> <li>• Development of agreements between Government and private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation between public and private sector interests in oil spill contingency planning</li> <li>• Interest exists with Government and private sector for follow-on actions which involve management and investment measures.</li> <li>• Ability to recruit and retain qualified, dedicated staff for planning and implementation phase activities</li> </ul>

• Historical records  
• Training records  
• Management plan  
• Environmental impact  
• Assessment

• Monitoring of  
change agents  
• Reporting  
• Support  
• Feedback

• Management plan  
• Assessment  
• Environmental impact  
• Training records  
• Historical records

• High quality team of  
technical and local  
experts is essential for  
successful and local  
management and delivery  
of the project  
• Qualified, dedicated staff  
during and after project  
• Qualified individuals  
available to receive training  
• Access will be provided to  
information and data  
• Equipment will be provided to  
minimise and overcome  
difficulties

• Review of progress  
and data  
• Review of system  
views on system  
• Review of progress  
and data

• GIS nodes and network  
• Program  
• Cost  
• Training

• Report identifies cost-  
effective interventions to  
control erosion  
• Sustainable erosion control  
local level  
• Review of data and  
findings from study  
• Implementation plan

• Progress report  
• Disbursement  
reports  
• Supervision reports  
• Review of data and  
findings from study  
• Implementation plan

• Location of bank  
and cost effective  
interventions

• High frequency response  
for erosion control through  
land and water use  
management are also  
adopted  
• Cooperation between  
public and private sector  
interests is of vital  
importance for  
sustainable planning  
• In local context where  
Government and private  
sector for follow-on activities  
when involve management  
and investment resources  
• Ability to recruit and train  
dedicated, dedicated staff  
for the  
project  
• Sustainable

• Development  
strategy report  
• Draft and final  
• Support  
• Reporting  
• Disbursement  
reports  
• Supervision reports  
• Review of data and  
findings from study  
• Implementation plan

• High frequency response  
for erosion control through  
land and water use  
management are also  
adopted  
• Cooperation between  
public and private sector  
interests is of vital  
importance for  
sustainable planning  
• In local context where  
Government and private  
sector for follow-on activities  
when involve management  
and investment resources  
• Ability to recruit and train  
dedicated, dedicated staff  
for the  
project  
• Sustainable

• Planning  
• Response

## Georgia Coastal Zone Management Project

### PROJECT DESCRIPTION

#### *Introduction*

1. Georgia's coastline extends approximately 310 km along the western reaches of the Black Sea. The Georgian coastal zone extends from the plains between the Mountain ranges of the Greater and Lesser Caucasus to the northeast and south east and the wetlands of Kolkheti and Kobuleti to the West. The topography is characterized by wetlands and marshes along much of the coast and steep cliffs and mountains in the north. Major coastal habitats include near-shore marine fishery areas, coastal barrier dunes, extensive peat bogs, coastal deltas and braided rivers, which are characterized by high levels of biological diversity and organic productivity. Much of the coastal zone is densely populated: major coastal cities are Batumi (137,000), Poti (75,000) and Sukhumi (122,000) in Abkhazia. However, due to the current political instability in Abkhazia, the northern half of Georgia's coastal zone which falls within the borders of this autonomous republic is *de facto* outside the administration of the GoG.
2. Upstream human activities have put increasing pressure on coastal zone ecosystems along the Black Sea, while further downstream over-fishing and off-shore dumping have devastated marine resources. In general, fragmented and weak management of natural resources at the regional, national and international levels has resulted in uncontrolled pollution, unsustainable exploitation and loss of productive habitats in the coastal zone. This undermining of the productive resource base of the Black Sea has the potential to severely compromise Georgia's future economic development prospects and calls for strategic planning and integrated management of the multiple resources and landscapes along Georgia's Black Sea coast.
3. Georgia is not alone in facing the problems of a deteriorating Black Sea environment. The six riparians bordering the Black Sea recognized their common challenge and the need to jointly address the spiraling degradation of what was once a flourishing ecosystem.
4. In the fall of 1996, a Strategic Action Plan for the Rehabilitation and Protection of the Black Sea (BS-SAP), prepared by all six littoral states, was ratified and the process of implementing this regional strategy begun. The establishment of national programs for integrated coastal management underlies the strategy and is a unifying theme in the ability of riparians to optimize benefit flows from the Black Sea and to meet the regional objective of protecting and rehabilitating this shared marine ecosystem.
5. The Georgia Integrated Coastal Management Project is designed as a first step toward this long-term goal. Consistent with the need to build a strong institutional base as

a foundation for ICZM, the emphasis of this initial project is on capacity building and creating an enabling environment for the introduction of improved management techniques and investments in the coastal zone. The project scope, therefore, includes the following components:

**Project Component 1: ICZM Institutional Capacity Building (US\$1.42 million)**

6. This component aims to establish an ICZM institutional and legal framework through: (i) a National Interagency Consultative Committee for ICZM, (ii) the creation of an operational ICZM Unit, the Center for the Advancement of ICZM; and (iii) three Local ICZM Consultative Committees. In addition to these institutional arrangements to facilitate inter-sectoral planning and the participation of multiple stakeholder groups in coastal resource decision making, the project will also support the drafting of legislation and codes of practice for the coastal zone.

7. The National Interagency Consultative Committee for ICZM (NICC) will serve as the principal forum for interpreting and coordinating existing policies among the various sectors/stakeholders involved in coastal and marine resource use along Georgia's Black Sea Coast. It will also be instrumental in guiding the drafting of legislation for the Coastal Zone. The NICC would be coordinated by the Ministry of Environment as the lead agency for ICZM, and would consist of representatives of relevant government sectoral and planning agencies, local authorities, academia, private sector, and the public. The NICC will be formally established by a Presidential Decree by the time of project negotiations (condition of negotiation).

8. The Center for the Advancement of ICZM (ICZM Center) will be established as an independent, multi-disciplinary entity under the aegis of the Ministry of Environment, but with the full technical support of other government agencies (Ministry of Urbanization and Construction, Department of Protected Areas, Ministry of Health, and Ministry of Transport) with interests in the Coastal Zone. The ICZM Center will house staff seconded from these ministries, who will be trained on state of the art equipment in the use of GIS and other ICZM tools and techniques for integrated planning and management of the coastal zone. A Project Implementation Unit (PIU) with executive powers for overall project supervision and coordination, including contracting and disbursement oversight, will be housed within the ICZM Center, in accordance with Government and Bank procedures.

9. With project funded technical assistance, the Center will undertake various activities such as working with the NICC to draft ICZM legislation outlining the mandate and responsibilities of a coastal authority and codes of conduct for development activities in the coastal zone; facilitating technical assistance for the preparation of coastal land use plans at key points along the Black Sea Coast; establishing a coastal environment information system; preparing the first report on the state of the environment in the Georgian coastal zone based on monitoring data and information analysis; launching a training and public awareness program; and initiating and supervising the activities under

the other components of the project. The Center will liaise with the national and local ICZM consultative committees and with concerned public and private institutions, including NGOs. The Center will be provided with equipment, training, and hands on technical assistance to promote its development into a Center of Excellence for ICZM in Georgia.

10. The PIU/ICZM Center will help establish a network of three Local ICZM Consultative Committees (LCCs) in: Poti, Kolkheti, and Batumi. The purpose of the LCCs is to encourage stakeholder participation in establishing ICZM priorities at the municipal and local levels, where decisions by resource users most closely affect the state of nearshore coastal ecosystems. In Kolkheti, the primary purpose of the LCC would be to serve as a community based advisory body to the National Park, mandated by protected area legislation, to provide input to park management plans and their implementation. The Poti and Batumi LCCs would be more broadly focused and would involve multiple stakeholders from different economic as well as social sectors, including the public sector, private and non-governmental entities, and the clergy. The set-up and initial operation of these committees will be facilitated by PIU field coordinators in Poti and Batumi.

**Project Component 2: Establishment of the Kolkheti National Park and Kobuleti Nature Reserve (US\$3.3million)**

***Background***

11. Project component two focuses on the establishment and management of two protected areas, the Kolkheti National Park and the Kobuleti Nature Reserve. The project will also integrate conservation of these two wetland sites into the broader development objectives of coastal zone management in Georgia

12. The proposed Kolkheti National Park is an approximately 45,000 hectare area that lies just to the north of the Rioni River near it's mouth, and approximately 10 kilometers to the south of the Abkhazia border. The Kolkheti National Park would be established around an area within the larger Kolkheti wetlands lowland complex that was designated as a Ramsar (a wetland of international significance) site in 1996. The proposed Kobuleti Nature Reserve (KNR) is a smaller, approximately 780 hectare, area located just inland from the Black Sea coast near the city of Kobuleti, which also received global designation as a Ramsar site. It is also part of the larger Kolkheti wetlands lowlands complex. Both proposed protected areas support rare and relic communities such as peat bogs, Alder (*Alnus barbata*), and other forest types from the Tertiary period. The two protected areas consist of subtropical forests and a wetland complex and contain high levels of endemism and floral diversity, as well as some of the most significant and threatened ecosystems in Georgia. The region also provides critical habitat for numerous species of migratory and wintering birds. These forest and wetland ecosystems are under threat as a result of drainage of wetlands for agricultural and urban use, forest harvesting, illegal hunting, peat and gravel mining, pollution, and invasion by non-native species. In addition to conserving terrestrial communities, the Kolkheti National Park would also protect intercoastal waters of the Black Sea and would be the first protected marine environment in Georgia.



13. In 1992, the World Wildlife Fund Georgia (WWF-Georgia) identified the Kolkheti wetlands as one of seven potential national park sites in Georgia, and in 1994 drafted, with support from the BSEP/GEF program, guidelines for the development of the park. Framework legislation supporting a proposed system of National Parks in Georgia, including the proposed Kolkheti National Park, was enacted in December 1996. This law requires separate legislation to finalize individual park boundaries and administrative arrangements. A draft law for establishing the Kolkheti National Park (KNP) passed the first of three Parliament hearings in December 1997. The second and third (final) readings will incorporate comments from stakeholders including the local communities and would occur consecutively. Final passage of this legislation is a condition of disbursement on the overall Kolkheti/Kobuleti project component. Summary information on the KNP and KNR are provided in the table below.

<b>Kolkheti National Park and Kobuleti Nature Reserve</b>			
<b>Summary of Zones, Planned Use, and Area</b>			
<b>Zones</b>	<b>Permitted Use</b>	<b>Area (hectares) Kolkheti National Park</b>	<b>Area (hectares) Kobuleti Nature Reserve</b>
Strict Nature Zone	Monitoring, scientific research, and educational activities	18230 (3642 marine)	330
Managed Nature Zone	Nature-based tourism, educational activities and, where approved, sustainable use (fishing, grazing, forestry)	23850 (10730 marine)	420
Restoration Zone	Activities consistent with restoration of degraded ecosystems	2680	-
Visitor Zone and Environmental Education Zone	Educational, research, and tourism activities	1.4	-
Administration Zone	Administrative infrastructure for park management (headquarters, visitors center, etc.)	25	28
Historic-Cultural Zone	Protection and restoration of identified historic and cultural monuments	65	
	<b>Totals</b>	<b>44852 (14370 marine)</b>	<b>778</b>
Support (Multiple Use) Zone			74700

## *Objectives*

14. The objective of the protected areas component of the GICMP is to improve the protection and management of threatened forest and wetland natural habitats within the Kolkheti coastal region, and to integrate these protected areas into the broader development objectives of the coastal management project.

## *Proposed Activities*

### *Creation of Kolkheti National Park and Kobuleti Nature Reserve and the Preparation and Implementation of Management Plans*

15. In accordance with the 1996 Law on Protected Areas Systems, new protected areas are established by law and enacted by Parliament. The project will assist with the establishment and operation of regional support groups necessary for the park and reserve's long-term viability.

16. The existing management guidelines for KNP and KNR funded under a small grant from GEF provide a foundation for preparing comprehensive management plans for these protected areas under the project. The project will finalize and implement the management plans. These plans will unify various measures to improve protection and management of the biodiversity of the KNP and KNR, including restoration of degraded habitats, control of illegal logging and hunting, and monitoring. The management plans will integrate the park's biodiversity protection functions with regional development needs, such as tourism and flood protection. In particular, the project will finance:

- (a) *Establishment of Park Infrastructure.* The project will fund the infrastructure for establishing and managing the new/expanded national park and reserve as a necessary means to achieving the project's objectives. The infrastructure may include establishment of the park and reserve boundaries, limited fencing of sensitive habitats to mitigate grazing impacts, and construction of an administration and visitors center, guard stations and checkpoints and limited infrastructure needed to accommodate and manage nature-based tourism such as hiking trails, observation towers for birdwatching, and information centers for tourists.
- (b) *Environmental Education.* The project will raise the level of environmental awareness and understanding among the local and regional population. This will be accomplished through interpretive materials on the ecology of the Kolkheti ecosystems and the connection to the cultural-historical heritage of the region, clergy and teacher education seminars, and ecological education camps for school children.
- (c) *Habitat Restoration.* The project will develop and implement biodiversity restoration activities in the national park and support zone. These include: restoration of species diversity in a managed coastal lowland forest, development

of a restoration plan for a degraded wetland, and support for the recovery of a millet grain variety that represents part of the Georgian plant genetic diversity.

- (d) *Land Use Planning Studies.* The potential for nature-based tourism in Georgia is excellent due to its scenic landscapes, and rich cultural and biological diversity. The project will provide technical assistance to develop a nature-based tourism plan for KNP and KNR, including mechanisms to avoid impacts to sensitive habitats. Other studies include input to regional development planning and alternative land use practices in forests and agricultural lands. The tourism plan will be developed in partnership with the Georgian private sector, and with local communities in the vicinities of the protected areas.

#### *Institutional Development: Support to Park Administration and Management*

17. The project will assist with development of effective park administration and management, through the following

- (a) *Protected Area Advisory Committee* A local advisory committee will be established to advise the director of KNP and KNR and stakeholders in the support zone on issues related to establishment and operation of these protected areas. The advisory board will be comprised of local representatives of the private sector, Department of Forestry, Ministry of Agriculture, Ministry of Environment, affected municipalities, and tourism authorities. This advisory committee will advise the Department of Protected Areas on such issues as dispute resolution. It will also assist, in concert with the mass media program, in disseminating information on project issues to local communities.
- (b) *Professional Development and Training.* Professional development and training activities will be provided to administrative, scientific, and warden staff of the protected areas. This training will include principles and practices of national park administration, revenue generation, development of nature-based tourism and other appropriate economic activities for generating income to support the park system. The park administration training will result in production of an operation and administration plan, including final job descriptions for all staff. Key park staff and specialists responsible for management regimes for the protected areas will receive training in natural resources management. Wardens will be trained in patrolling and enforcement.

#### *Biodiversity Monitoring and Applied Research*

18. The project will implement monitoring and applied research undertaken by park staff and specialist consultants to guide park management and evaluate the effectiveness of restoration activities. The results of these monitoring efforts will be incorporated into a coastal environmental information system to be supported under the Component Three of the project

### **Project Component 3: Establishment of a Coastal Environmental Quality Monitoring and Information System (US\$1.94 million)**

#### ***Background***

19. An urgent need to monitor the quality of near-shore (beach) and off-shore waters, rivers and estuaries, as well as ports and sources of pollution, was identified in a regional study commissioned by the BSEP/EU TACIS in 1994. Untreated sewage, municipal waste, pollution from dilapidated oil facilities, ship waste, industrial pollution and agricultural runoff represent a known but insufficiently measured threat to both public health and the coastal ecosystem, and negatively impact the potential for tourism development.

20. Georgia's existing system of environmental monitoring has deteriorated during the years of economic hardship and requires improvement to meet the needs of public health protection and coastal zone management. In addition to meeting national needs, Georgia's environmental monitoring should assist the GoG to meet its international commitments, especially to the regional BSEP, and contribute to improved management of the Black Sea.

#### ***Description***

21. The Coastal Environmental Quality Monitoring and Information System (CEQMIS) will build on existing monitoring capacity and aims to strengthen it to provide essential environmental quality data for the benefit of decision makers, the general population and environmental institutions in the Black Sea region. The monitoring system will complement and improve both national and regional monitoring capacity. The component will address the need for an improved coastal monitoring and information system by supporting preparation of a Monitoring and Information System Feasibility and Design Study and laying the groundwork for its implementation through procurement of sampling, measurement, and analytic equipment for selected monitoring laboratories; improvement of monitoring standards and data protocols; provision of training and technical assistance; and establishment of a basic structure for an effective information system.

#### ***Subcomponents***

22. The CEQMIS component consists of the following subcomponents:

- (a) Monitoring and Information System Feasibility and Design Study
- (b) Blue Flag Program for Beach Water Quality Monitoring (see Table 1 for list of parameters to be measured)
- (c) Off-shore water quality monitoring program

- (d) Pollution Monitoring
- (e) ICZM Information System.

### ***Institutional Arrangements***

23. The PIU/ICZM Center will function as the leading institution with overall responsibility for design and implementation of CEQMIS. For this purpose, the PIU/ICZM Center will receive support in the form of technical assistance, training and information technology including GIS hardware and software. The component will be implemented in close cooperation with the Ministry of Environment, Ministry of Health, Ministry of Urbanization and Construction and their respective labs and agencies, as well as the Office of Marine Inspection and Institute of Marine Ecology and Fisheries, located in Batumi.

24. Maintenance of the information system and GIS aspect of the CEQMIS will be a responsibility of the PIU/ICZM Center, linked to the MoE, the Ministry of Urbanization and Construction responsible for land use planning, and the Institute of Fisheries and Ecology. GIS nodes and technical support will be established within the MoE and the MoUC, with each institution developing pilot applications for their respective sectors. Based in part on information gleaned from the monitoring program and GIS data, an update of the State of the Coastal Zone in Georgia will be prepared and disseminated electronically. This will serve as a concrete application of the MIS tool and an important resource for decision makers at the local and national levels.

### **Project Component 4: Evaluation of Coastal Erosion (US\$0.5 million)**

25. Coastal erosion is a serious problem along many parts of the Georgian coast. Much of this erosion has been accelerated by human intervention, including river diversion, lake impoundment, sand mining and coastal engineering works. To assess the factors contributing to coastal erosion, particularly in the risk-exposed areas of Poti (Rioni River-Mouth) and Batumi (Chorokhi River-Mouth), the Government of the Netherlands will finance a comprehensive analysis of municipal water use (including watershed hydrology, sediment load, water supply and wastewater flows, coastal dynamics) and associated infrastructure in Poti and Batumi. Based on these studies a plan for integrated municipal water management would be developed for each locality. These studies would include analysis of cost effectiveness of existing interventions to control erosion, and feasibility studies of proposed options to sustainably address the most serious aspects of coastal erosion. Investment requirements would be identified for possible future interventions.

**Project Component 5: Development of a National Oil Spill Contingency Plan and Marine Pollution Control Plan (US\$0.5 million)**

26. Grant support has also been obtained from the Government of the Netherlands to develop a national oil spill contingency plan for Georgia. While the plan will focus on building capacity to respond to oil spill emergencies both on and off-shore along the Georgian coast, it will also examine strategies for prevention and abatement of operational spills. This has the potential to be a growing source of pollution in Batumi and Poti, in view of the increased tanker traffic envisioned along the coast and the lack of adequate facilities at either port to deal with these spills. The PIU/ICZM Center will consult with the International Maritime Organization (IMO), International Petroleum Industry Environmental Conservation Association (IPIECA), and the International Petroleum Tanker Owners Fund, Limited in preparing this component to ensure that national response plans are consistent with IMO standards and existing programs to operationalize such plans. This component would proceed in tandem with private sector initiatives to provide emergency response in the event of an accidental spill in the Supsa Terminal area.

27. The national plan developed under this component will explore the possibility of financing emergency response to oil spills through existing conventions which identify the liability of oil tanker owners/operators, compensation funds which provide insurance to tanker owners and member countries in the event of a spill, and existing legal arrangements with oil interests in the Supsa Terminal area that are responsible for responding in the event of a spill related to their operations. At the very least, the national plan financed under the project will take advantage of opportunities for joint training, monitoring, sharing of equipment and information with the GPC (Georgia Pipeline Company) oil spill contingency operations for the Supsa Terminal. Technical assistance under this component will include experts in Marine Administration and Marine Inspection in the Ports of Batumi and Poti, and the marine advisor to the GPC, responsible for overseeing the development and implementation of oil spill emergency response plans for the Supsa Terminal.

it on your emergency plan for Georgia. While we will focus on  
to respond to oil spill emergencies both on and offshore along the  
it will also examine strategies for prevention and abatement of  
of pollution in Bannockburn. This is a very important area of the  
the east and the lack of a comprehensive plan for the  
the Center of Environmental and Estuarine Science (CEES)  
National Marine Organization (NMO),  
the International Conservation Association (ICA)

estimates (see Annex 1) and listed in paragraph 1.1.1 of the  
national response plans are consistent with IMO standards and existing programs.  
participated such as: This component would proceed in tandem with private sector  
businesses to provide  
critical area.

A. The national plan  
funding emergency response  
to liability or on tanker over-operations, compensation  
tanker owners and member countries in the  
agreements with oil interests in the Gulf  
reporting in the event of a spill related to tanker operations. At the very least, the nation  
can financed under the project will take advantage of opportunities for joint training  
turnover, sharing of equipment and information with the GRC for certain Pipeline  
assistance for the Super Terminal for  
reports in Marine Administration  
in the form of training and  
overseeing the development  
the Super Terminal.

Annex 3  
 Georgia Integrated Coastal Zone Management Project  
 Estimated Project Costs  
 (US\$ thousand)

Project Component	Local	Foreign	Total	%
	-----US\$ '000-----			Total Base Cost
1. Establishment of National ICZM Center	0.640	0.558	1.198	18
2. Coastal Information and Monitoring System	0.508	1.196	1.704	26
3. Creation of National Parks	2.169	0.517	2.686	40
4. Evaluation of Coastal Erosion (Poti, Batumi)	-	0.500	0.500	8
5. Oil Pollution Prevention and Management	-	0.500	0.500	8
<b>Baseline Project Cost</b>	<b>3.317</b>	<b>3.271</b>	<b>6.588</b>	<b>100</b>
Physical Contingencies	0.232	0.159	0.391	6
Price Contingencies	0.548	0.120	0.667	10
<b>Total Project Cost</b>	<b>4.097</b>	<b>3.549</b>	<b>7.647</b>	<b>116</b>





Final Total

Estimated Project Costs  
(in \$ thousands)

Total Estimated  
Cost

10	0.222
100	0.222

Information on the  
Project Information

1	0.222
2	0.222
3	0.222
4	0.222
5	0.222
6	0.222
7	0.222
8	0.222
9	0.222
10	0.222

1	0.222	0.222
2	0.222	0.222
3	0.222	0.222
4	0.222	0.222
5	0.222	0.222
6	0.222	0.222
7	0.222	0.222
8	0.222	0.222
9	0.222	0.222
10	0.222	0.222



Annex 4  
 Georgia Integrated Coastal Zone Management Project  
 Cost Benefit Analysis Summary

<b>COSTS</b>	<b>BENEFITS</b>
<b>INVESTMENT COSTS</b>  Total Project Costs \$7.6 million	<b>OIL SPILL EMERGENCY RESPONSE BENEFITS</b> National capacity to prevent and respond to spills <ul style="list-style-type: none"> <li>• reduced cleanup costs</li> <li>• reduced environmental damages</li> </ul>
<b>COST OF FORGONE ECONOMIC ACTIVITY</b> <ul style="list-style-type: none"> <li>• Loss of Hunting, fishing, firewood, and reed collection, and peat and gravel mining activities,</li> </ul>	<b>ECOLOGICAL VALUES</b> <ul style="list-style-type: none"> <li>• Waterfowl/Bird Habitat and Migration Route</li> <li>• Flood Protection Value</li> <li>• Pollution Filtration Benefits</li> <li>• Protection of rare and highly endemic species</li> <li>• Fisheries habitat</li> </ul>
	<b>PUBLIC HEALTH BENEFITS</b> <ul style="list-style-type: none"> <li>• Fewer public health problems related to beach use due to better public information</li> <li>• Greater awareness of magnitude of problems, so that investments in pollution prevention can be prioritized</li> </ul>
	<b>INSTITUTIONAL BENEFITS</b> <ul style="list-style-type: none"> <li>• Prevention of environmental degradation caused by private interests through a forum where public welfare is considered using consensus building and public participation tools.</li> <li>• Benefits gained by participation in an international forum for Black Sea cleanup whereby positive action by any government on the Black Sea contributes to the net overall welfare of other littoral countries.</li> </ul>
	<b>TOURISM BENEFITS</b> National park amenities such as visitor center, pathways, interpretive signs, camping and boating facilities, and research facilities to attract visitors. <p style="text-align: center;">Eco-Tourism Benefit due to park</p> <ul style="list-style-type: none"> <li>• Research fees generated from international users</li> <li>• User fees for park facilities</li> </ul> Improvements in the Black Sea Environment are expected to increase beach related tourism <ul style="list-style-type: none"> <li>• Need visible improvements such as reduced solid waste debris and less oil in water and beaches</li> </ul>
	<b>NON-USE VALUES</b> <ul style="list-style-type: none"> <li>• Existence Value to society- knowledge that one of Georgia's important natural resources has been preserved</li> <li>• Bequest value to society- knowledge that society today has done something to help preserve the environment for future generations</li> </ul>



## Annex 5

### Georgia Integrated Coastal Management Project

#### Financial Summary

Years Ending December 31  
(in US million – base year 1999)

	1999	2000	2001	2002	2003	2004
<b>Project Costs</b>						
Investment Costs	1.1	1.2	1.2	1.2	1.2	1.1
Recurrent Costs	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>
<b>Financing Sources (% of total project costs)</b>						
IDA	6	15	17	12	5	2
Co-financiers (Dutch TF)	1	4	5	3		
Co-financiers (GEF)	0.4	2	4	4	3	3.6
Government	1.6	2.1	2.1	2.1	2.1	2
<b>Total</b>	<b>9</b>	<b>23.1</b>	<b>28.1</b>	<b>21.1</b>	<b>10.1</b>	<b>8.6</b>

**Main assumptions:**

The project will become effective in January 1999.



and December  
in - past year

11  
01  
12

Development Cost  
Treatment Cost  
Total  
DA  
Co-fund  
Duch  
Co-fund  
GPP  
Government  
Total

21  
101.86

## Annex 6

### Integrated Coastal Management Project Procurement and Disbursement Arrangements

#### I. PROCUREMENT

##### Procurement Responsibility

1. Implementation of the project will require procurement of goods, works, and the selection and employment of consulting firms and individuals to carry out consulting and other technical assistance services. The ICZM/PIU Center will be responsible for procurement. The ICZM/PIU Center will hire a full time procurement officer whose main responsibility will be to: (a) prepare and carry out any procurement; (b) submit to the Bank all procurement documents which require Bank's prior review; (c) prepare and submit to the Bank at the beginning of each calendar year a detailed procurement schedule. Appointment of the procurement officer will be done in consultation with the Bank. At project launch (estimated to be June 1999), the Bank will deliver a procurement workshop to present and explain procurement guidelines and commence preparing specific bidding documents.

##### Procurement Methods

2. The procurement of goods and works under the project will be conducted in accordance with the Bank's guidelines "Procurement under IBRD Loans and IDA Credits" published in January 1995, and revised in January and August, 1996, and September 1997. The project components not financed by the Bank will be procured in accordance with national regulations or the co-financing institutions' procurement regulations. A General Procurement Notice will be published in the Development Business of the United Nations in December, 1998. The selection of consultants will be done in accordance with the "Guidelines - Selection of Consultants by World Bank Borrowers", dated January 1997, revised September 1997. The Bank's Standard Bidding Documents for Goods, Small Works, and Letters of Invitation as well as Standard Form of Consultants' Contracts will be used. The project procurement arrangements are shown in Tables A1 and A2 and briefly summarized below. Detailed Procurement Plans are presented in Tables B and C.

##### Goods

3. For goods procurement packages estimated to cost US\$200,000 or more each, the International Competitive Bidding (ICB) procedure will be used: and for contracts under US\$200,000 each, International Shopping (IS), based on comparison of quotations obtained from at least three suppliers in two different countries will be applied. For locally available off-the-shelf goods, estimated to cost up to US\$50,000 per contract, National Shopping, based on comparison of quotations obtained from at least three suppliers will be used. For the purchase of goods to be awarded through ICB, the beneficiary may grant a margin of preference of 15 percent, or the amount of applicable

customs duties, whichever is lower, to qualified domestic manufacturers of goods in accordance with the Guidelines referred to above.

4. The project includes one ICB package for goods (aggregate amount US\$0.780 million); nine IS packages (estimated to cost US\$1.054 million); and one NS package (US\$0.012 million).

5. **Civil Works.** Civil works contracts estimated to cost US\$0.2 million equivalent or more will be procured through ICB; under US\$0.2 million, NCB will be used. The procedure applicable for procurement of small works will be used for contracts up to US\$100,000 each. The project includes eight NCB contracts (US\$1.288 million) and one small works contract (US\$0.085 million).

6. **Consultants' Services.** Consultants' services estimated to cost more than US\$200,000 each will be selected through the Quality and Cost Based Selection (QCBS) procedure. Such contracts will be advertised in the Development Business and a national newspaper for expressions of interest, from which a shortlist will be drawn. There is one consultant contracts (in aggregate amount less than US\$ 200,000, national short-listed) for assignments of a standard or routine nature, which may be selected through the Least Cost Selection method. Individual experts will be selected in accordance with Part V of the World Bank Consultant Guidelines.

7. The project includes four QCBS assignments at a total estimated cost of US\$1.157 million. Advertisements inviting expressions of interest for these assignments will be published in the Development Business and in a national newspaper.

8. Consultants' services for the auditing assignment (estimated at US\$0.191million) will be procured through the least cost selection method. Consultant services for the public awareness and media outreach assignment will be procured through the fixed-budget method (US\$0.144 million). The project also includes (US\$0.487 million) for the procurement of the services of individuals. These include the experts needed for short-term technical assignments and to staff the PIU during the life of the project. Ten contracts (in the aggregate amount of US\$0.609 million) will be selected through the Consultants' Qualification Method of selection. Since there are only some NGO working in the field of assignment, the project will include two contracts awarded on a single source basis to these NGOs (in aggregate amount US\$ 0.136 million)

9. The funds allocated to meet various incremental operating costs, including the staffing of the PIU (US\$0.489 million), will be spent in accordance with an annual budget subject to the Bank's prior approval and following procedures satisfactory to the Bank.

#### **Bank Review of Procurement**

10. Procurement documents for all goods and works to be procured under ICB (>US\$200K) (invitation to bid, draft bidding documents, evaluation report) will be subject to the Bank's prior review. Procurement documents for the first NCB for works (<US\$ 200K), IS for goods (<US\$ 200K), NS (<US\$ 50K), and small works contracts

(<US\$ 100K) (draft invitation to quote and evaluation report before contract is signed) will also be subject to the prior review of the Bank. A full prior review will be requested for Minor Works. With respect to each consultants' contract estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 and (other than the third subparagraph of paragraph 2(a) and 5 of Appendix 1 to the Consultant Guidelines shall apply. With respect to each consultant contract estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a) and 5 of Appendix 1 to the Consultant Guidelines shall apply. With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$25,000 or less, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

**Table A1**  
**Project Costs by Procurement Arrangements**  
(in US\$ million equivalent)

Expenditure Category	PROCUREMENT METHOD				Total Cost (including contingencies)
	ICB	NCB	Other <sup>(a)</sup>	NBF	
<b>A. Civil Works</b>		1.3 (1.2)	0.08 (0.07) <sup>(b)</sup>	0.0 (0.0)	1.4 (1.3)
<b>B. Goods</b>	0.8 (0.6)		1.1 (0.9) <sup>(c)</sup>		1.9 (1.5)
<b>C. Consultant Services</b>			2.7 (2.4) <sup>(d)</sup>		2.7 (2.4)
<b>D. Incremental Operating Costs</b>			0.5 (0.5) <sup>(e)</sup>	0.2 (0.0)	0.7 (0.5)
<b><u>TOTAL</u></b>	<b>0.8 (0.6)</b>	<b>1.3 (1.2)</b>	<b>4.3 (3.9)</b>	<b>0.2 (0.0)</b>	<b>6.6 (5.7)</b>

NBF = Not Bank-financed (includes elements procured under parallel cofinancing procedures, consultancies under trust funds, any reserved procurement, and any other miscellaneous items). The procurement arrangement for the items listed under "Other" and details of the items listed as "NBF" need to be explained in footnotes to the table or in the text.

a/ Items in parentheses indicate amounts to be financed by the Bank.

b/ Includes one minor works contract (US\$0.07 million).

c/ Nine IS contracts and one NS contract ( for a total of US\$0.9 million).

d/ Four QCBS contracts ; ten consultant qualifications contracts one LC contract; one fixed-budget contract; and three individual contracts (for a total of US\$ 2.4 million).

e/ Incremental Operating Costs of US\$0.5 million to be incurred based on an annual budget.



**Annex 6, Table A2: Consultant Selection Arrangements**

(in US\$million equivalent)

Consultant Services Expenditure Category	Selection Method							Total Cost (including contingencies)
	QCBS	QBS	SFB	LCS	CQ	Other	NBF	
A. Firms	1.157	0	0.144	0.191	0.609	0.136	0	2.237
B. Individuals		0	0	0	0	0.487	0	0.487
<b>Total</b>	1.157	0	0.144	0.191	0.609	0.623	0	2.724

**Note:** QCBS = Quality- and Cost-Based Selection

QBS = Quality-based Selection

SFB = Selection under a Fixed Budget

LCS = Least-Cost Selection

CQ = Selection Based on Consultants' Qualifications

Other = Selection of individual consultants (per Section V of Consultants Guidelines; includes here: Sole Source and Individual), Commercial Practices, etc.

NBF = Not Bank-financed.

**Annex 6, Table B: Thresholds for Procurement Methods and Prior Review**

<b>(US\$ million equivalent) Section 1: Procurement Review</b>							
<b>Goods and Civil Works</b>	<b>ICB</b>	<b>NCB</b>	<b>IS</b>	<b>NS</b>	<b>Minor Works</b>	<b>Other methods</b>	<b>Percentage of loan amount subject to prior review</b>
<b>Procurement thresholds: individual and aggregate</b>	G > 0.200 (US\$0.780)	W < 0.200 (US\$1.288)	< 0.200 (US\$1.054)	< 0.050 (US\$0.012)	< 0.100 (US\$0.085)	n.a.	
<b>Prior Review</b>	First (US\$0.780)	First (US\$0.179)	First (US\$0.154)	First (US\$0.012)	First (US\$0.085)		US\$1.207 million or 18%
<b>Consultants</b>	QCBS	LCS	SFB	Qualifications	Individual	Sole Source	
<b>Procurement method thresholds</b>	(US\$1.301)	(US\$0.191)	(US\$0.144)	(US\$0.609)	(US\$0.487)	(US\$ 0.136)	
<b>Prior Review</b>	All (US\$1.301)	All (US\$0.191)	All (US\$0.144)	All (US\$0.609)	Only TORs	All (US\$ 0.136)	US\$2.237 million or 35%
<b>Total value of contracts subject to prior review: US\$ 3.464 million</b>							
<b>Expost Review</b> All other procurement packages	Explain briefly the ex-post review mechanism: All the remaining procurement packages will be subject to ex-post review. Supervision missions will include a procurement specialist as needed to assist the TM with ex-post reviews.						
<b>Section 2: Capacity of the Implementing Agency in Procurement and Technical Assistance requirements</b>							
The PIU will be responsible for implementing the project, including procurement. The PIU staff will include a dedicated procurement officer.							
Country Procurement Assessment Report or Country Procurement Strategy Paper status: N/A				Are the bidding documents for the procurement actions of the first year ready by negotiations Yes No X			

**Table C**  
**Georgia Intergrated Coastal Zone Management Project**  
**Procurement Plan**

Item No.	Description	Type	Number of contracts	Source of Funds	Estimated Cost (\$,000)	Procurement Method	Estimated Dates			
							Preparation	Invitation to Bid	Contract Signing	Contract Completion
<b>CONSULTANT SERVICES*</b>										
1	ICZM Legal Framework, Development of Coastal Land Use Master Plan,	CF	1	IDA	344	QCBS	Aug-99	Sep-99	Jan-00	Jan-03
2	Training	CI	1	IDA	92	Ind	NA	Nov-98	Jan-99	Jun-01
3	Design of Monitoring and Info system, small field studies, GIS training	CF	1	IDA	352	QCBS	Dec-98	Jan-99	Apr-99	Dec-01
4	PIU Consultant services (local)	CI	8	IDA	361	Ind	NA	Nov-98	Jan-99	Jul-04
5	Project Advisory Services	CF	4	IDA	256	CQ	Dec-98	Jan-99	Apr-99	Jul-04
6	Financial Audit	CF	1	IDA/GEF	191	LC	Mar-00	Mar-00	Jul-00	Jul-04
7	Public awareness/media outreach	CF	1	IDA/GEF	144	FB/N	Feb-99	Mar-99	Jul-99	Dec-01
8	Management Plan/Layout of Park	CF	1	GEF	90	CQ	NA	Jan-99	Apr-99	Oct-00
9	Community Support/Input to Regional Planning	CF	2	IDA	99	CQ	NA	Jan-00	Apr-00	Jan-02
10	Ecosystem Studies/Research & Monitoring	CF	1	GEF	225	QCBS	Dec-99	Jan-00	Apr-00	Mar-04
11	Clergy, Local Population & Educators Training	CF	1	GEF	87	SS/NGO <sup>1</sup>	NA	NA	Apr-99	Jun-04

**Table C**  
**Georgia Intergrated Coastal Zone Management Project**  
**Procurement Plan**

12	Study Alternative use of Forest/Agric Land	CF	2	IDA	52	CQ	NA	Oct-99	Jan-00	Jun-01
13	Design and Feasibility of Tourism/SBD	CF	1	IDA	49	SS/NGO <sup>2</sup>	NA	NA	Jul-99	Jun-00
14	Development/printing of Guidebooks and posters	CF	1	IDA	112	CQ	NA	Dec-99	Jan-00	Dec-02
15	International, Technical Warden and staff training	CF	1	IDA	236	QCBS	May-99	Jun-99	Oct-99	Dec-01
16	Expert review of park management	CI	multiple	IDA	34			Jan-00	Jan-01	Dec-01
	<b>Subtotal Consultant Services</b>				<b>2,724</b>					
	<b>II GOODS<sup>1</sup></b>									
	<b>PIU/Monitoring and Information System</b>									
1	Laboratory equipment	G	1	IDA	780	ICB	May-99	Jun-99	Oct-99	Dec-00
2	Standard Computer Equip/	G	1	IDA	151	IS	Feb-99	Feb-99	Apr-99	Dec-00
3	GIS H&S	G	1	IDA	192	IS	Nov-98	Dec-98	Apr-00	Jun-01
4	Remote Sensing Imagery	G	1	IDA	30	IS <sup>3</sup>	Feb-00	Feb-00	Apr-00	Sep-00
5	Vehicles	G	1	IDA	163	IS	May-99	May-99	Jul-99	Mar-00
6	Office Equipment (phones, Faxes Copiers, furniture, projectors, TV/VCR)	G	1	IDA	81	IS	Feb-99	Feb-99	Apr-99	Dec-99
7	Use of Research Vessel for Off-shore sampling	TS	1	IDA	167	IS	Aug-99	Aug-99	Oct-99	Dec-02
	<b>Kolkheti/Kobuleti Reserves</b>									
8	Motor Boats	G	1	IDA	38	IS <sup>6</sup>	Aug-99	Aug-99	Oct-99	Jun-00

**Table C**  
**Georgia Intergrated Coastal Zone Management Project**  
**Procurement Plan**

9	Generator, garage equipment	G	1	IDA	87	IS	Nov-99	Nov-99	Jan-00	Jun-01
10	Outdoor supply, sporting equipment, Ecocamp supply	G	1	IDA	145	IS	Nov-99	Nov-99	Jan-00	Jun-01
11	Uniform of Wardens	G	1	IDA	12	NS	Aug-99	Aug-99	Oct-99	Jun-00
	<b>Subtotal Goods</b>				<b>1,846</b>					
<b>III. WORKS</b>										
<b>Kolkheti/Kobuleti Reserves</b>										
1	Border marking/ Guard Stations	W	1	IDA	179	NCB	Jan-99	Feb-99	Apr-99	Jun-99
2	Town center info booths, boat launches Campsites, Towers, Walkways	W	2	IDA	289	NCB	Jul-99	Aug-99	Oct-99	Dec-01
3	Administration and Visitor centers/garage	W	4	GEF	666	NCB	Oct-99	Nov-99	Jan-00	Dec-01
4	Tourist Shelters/Ecocamps	W	1	GEF	85	MW	NA	Feb-00	Apr-00	Dec-01
5	Restoration of Kolkheti Forests	W	1	GEF/IDA	154	NCB	Oct-00	Nov-00	Jan-01	Dec-02
	<b>Subtotal Works</b>				<b>1,373</b>					
<b>IV. RECURRENT OPERATING COSTS</b>										
1	Local Organiz.of Workshops (continuous)			IDA	122		NA	NA	NA	NA
2	Annual Workshop Training for KNP/KbNR		x6	GEF	135		NA	NA	NA	NA
3	PIU office incremental costs (heating fuel,petrol,paper,printer cartridge)			IDA	75		NA	NA	NA	NA

## II. DISBURSEMENTS

### Disbursement Arrangements

11. The project is expected to be disbursed over a period of six years. The anticipated completion date is June 30, 2004, and the closing date, December 30, 2004. Disbursements will follow normal Bank and cofinanciers' procedures and will be made against eligible expenditures. Tables D1 and D2 below show estimated disbursements during the life of the project and Tables E1 and E2 show allocation of credit and grant proceeds:

**Table D1: Estimated Disbursements IDA Credit**  
(US\$ million)

Estimated Disbursements (Bank FY/US\$M)	99	00	01	02	03	04
Annual	0.350	0.750	1.760	0.880	0.440	0.220
Cumulative	0.350	1.100	2.860	3.740	4.180	4.400
Cumulative Percentage	8%	25%	65%	85%	95%	100%

**Table D2: Estimated Disbursements GEF Grant**  
(US\$ million)

Estimated Disbursements (Bank FY/US\$M)	99	00	01	02	03	04
Annual	0.150	0.045	0.260	0.390	0.390	0.065
Cumulative	0.150	0.195	0.455	0.845	1.235	1.300
Cumulative Percentage	10%	15%	35%	65%	95%	100%

12. **Allocation of grant proceeds:** Disbursements would be made against the categories of expenditures indicated in Table C. The proceeds of the proposed project are expected to be disbursed over a period of six years.

**Table E1: Allocation of IDA Credit Proceeds**

Categories	(US\$ million) IDA Credit	Financing
Civil Works	0.6	80% local 100% foreign
Goods	1.5	100% of foreign expenditure (ex-factory cost) 80% of local expenses
Consultants Services	1.9	100%
Incremental Recurrent Costs	0.4	100%
<b>TOTAL</b>	<b>4.4</b>	



**Table E2: Allocation of GEF Grant Proceeds**

		(US\$ million)	
Categories	GEF Grant	Financing	
Civil Works	0.7	80% local	100% foreign
Goods	0.0	100% of foreign expenditure (ex-factory cost) 80% of local expenses	
Consultants Services	0.5	100%	
Incremental Recurrent Costs	0.1	100%	
<b>TOTAL</b>	<b>1.3</b>		

13. **Special Account:** To facilitate timely project implementation, the borrower would establish, maintain and operate, under conditions acceptable to the Bank, two Special Accounts in US dollars in a commercial bank --One Special Account for the IDA Credit, and another for the GEF Grant. The selection process and criteria for selection of the commercial bank would follow the Bank's Disbursement Handbook procedures. The Bank would, upon request, make a deposit equivalent to the Authorized Allocation of US\$250,000 for the IDA Special Account, and of US\$75,000 for the GEF Special Account. Applications for the replenishment of the Special Account would be submitted at least every three months or when 20 percent of the initial deposit has been utilized, whichever occurs earlier. The replenishment application would be supported by the necessary documentation, the Special Account bank statement, and a reconciliation of this bank statement.

14. **Use of Statements of Expenditures:** Withdrawal applications would be fully documented, except for expenditures under: (i) contracts for goods and works valued at less than US\$ 200,000 each; (ii) contracts for consulting firms costing less than US\$ 100,000 equivalent; (iii) contracts for individual consultants costing less than US\$ 25,000 equivalent; and (iv) expenditures on incremental operating costs less than US\$ 50,000 equivalent.

### III. ACCOUNTS AND AUDITS

#### Accounts

15. The PIU will establish an accounting and auditing system which will have the capability of recording and retrieving all financial transactions associated with the project in a timely manner and comply with internationally accepted accounting standards.

#### Audits

16. Project Accounts will be audited in accordance with the *Guidelines for Financial Reporting and Auditing of Projects Financed by the World Bank* (March 1982). The Borrower will provide the Bank (within six months of the end of each fiscal year during

the life of the project), an audit report of such scope and detail as the Bank may reasonably request.

#### IV. PROJECT REPORTING

17. The PIU will prepare proper project reports and submit them to the Bank in a timely fashion. These will include:

- *Quarterly project status reports*, reflecting: (i) the status of implementation progress, problems encountered, corrective actions needed, rationale for actions; (ii) the current state of project indicators ; and (iii) the current costs of each project component and estimated costs of completion.
- *Procurement reports*, including semi-annual reports tracking the disbursement of the Bank credit and the GEF grant, as well as project expenditures and costs (local and foreign).

*Disbursement reports*, including semi-annual reports tracking the disbursement of the Bank credit and the GEF grant, as well as project expenditures and costs (local and foreign).

*Annual audit reports* of project expenditure and accounts.

- *Implementation Completion Report* will be prepared by the PIU within six months of project completion.



progress, problems encountered, corrective actions needed, forecasts to  
actions; (ii) the current state of project indicators; and (iii) the current costs of  
each project component and estimated costs to completion.

of the  
Project  
of the  
Project  
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Project

disbursement of the Bank credit and the GEP for  
expenditures and costs (local and foreign).

Implementation Completion  
months of project completion  
led by the PIU within six

**Annex 7**  
**Integrated Coastal Management Project**  
**Project Processing Budget and Schedule**

<b>A. Project Budget (US\$000)</b>	<u>Planned</u>	<u>Actual</u>
	--	\$163,000
 <b>B. Project Schedule</b>	<u>Planned<sup>1</sup></u>	<u>Actual</u>
	--	16 months
Time taken to prepare the project (months)	--	16 months
First Bank mission (identification)	--	5/20/1997
Appraisal mission departure	--	5/18/1998
Negotiations	9/21/1998	N/A
Planned Date of Effectiveness	1/15/1998	N/A

Prepared by: Ministry of Environment and local NGOs

Preparation assistance: No Government Preparation Funds provided by outside sources.

Bank staff who worked on the project included:

Name	Specialty
Marea Hatziolos	Senior Coastal Management Specialist
Ezedine Hadj-Mabrouk	Environmental Specialist
Robert Maurer	Senior Urban Specialist
Betsy McGean	Social Ecologist
Karin Shepardson	Environmental Economist
Martin Fodor	Environmental Analyst
Anna Staszewicz	Financial Analyst
Paola Meta	Operations Analyst
Laurence Boisson de Chazournes	Legal Specialist
Phillip Brylski	Biodiversity Specialist
Stephen Lintner	Quality Assurance
Michele De Nevers	Quality Assurance
Peter Whitford	Peer Review
Kerstin Canby	Environmental Specialist
Darejan Kapanadze	Resident Mission Operations Officer
Stephanie Barger	Administrative Support
Lilian Pintea	Summer Intern – Geographic Information Systems
Catherine Golitzin-Jones	Administrative Support
Kristine Schwebach	Administrative Support

<sup>1</sup> The project was proposed at the PCD Stage as a quick turnaround Learning and Innovation Loan (LIL - 3 months). However, this was later reconsidered and the project was expanded to include co-financing and undertake more detailed preparation.



**Annex 8**  
**Georgia Integrated Coastal Zone Management Project**  
**Documents in the Project File\***

**A. Project Implementation Plan**

**COSTab.Cost Tables for the Project**  
**Draft TORs for PIU Staff**  
**Draft TOR for Oil Spill Contingency Planning Component**  
**Draft TOR for Coastal Erosion Component**  
**Bank comments on Draft Kolkheti National Park Legislation**  
**Public Awareness Materials**  
**Interministerial Letter on the secondment of staff to the ICZM Center**  
**Government of Netherlands, Letter of Intent for Project Co-financing**

**B. Bank Staff Assessments**

**Economic Analysis**  
**Environmental Data Sheet**  
**Project Information Document**

**C. Other**

**GEF Council Submission and Approval**  
**Rioni River Basin Environmental Hot Spots Study, Feb. 1997**  
**Black Sea Transboundary Diagnostic Analysis, 1997**

**\*Including electronic files**

ANNEX 2  
Virginia Integrated Coastal Zone Management  
Documents in the Project File\*

- A. Project Implementation Plan
- COSTAB Cost Tables for the Project
- Draft TOR for Bill Staff
- Agency Training Compact
- on Government
- Public Awareness Materials
- Administrative Letter on the
- Government of Northern
- EA Assessment
- Project Information Document
- Environmental Data Sheet
- Baseline Analysis

DEE Coastal Submission and Approval  
Kiloh River Basin Environmental Impact Study, Feb. 1997  
Rack and Transponder Diagnostic Analysis, 1997

**Annex 9**  
**Statement of Loans and Credits**  
**Status of Bank Group Operations in Georgia**  
**IBRD Loans and IDA Credits in the Operations Portfolio**

Project ID	Loan or Credit No.	Fiscal Year	Borrower	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/		Last ARPP Supervision Rating b.	
					IBRD	IDA	Cancellations	Undisbursed	Orig	Frm Rev'd	Dev Obj	Imp Prog
Number of Closed Loans/credits: 3												
<b>Active Loans</b>												
GE-PE-8417	IDA 26580	1995	MINISTRY OF FINANCE	MUNICIPAL INFRA. REH	0.00	18.00	0.00	1.63	3.29	0.00	S	S
GE-PE-8414	IDA 28520	1996	GOVERNMENT OF GEORGIA	HEALTH	0.00	14.00	0.00	10.53	5.07	0.00	S	S
GE-PE-44388	IDA 28480	1996	REPUBLIC OF GEORGIA	STRUCT. ADJUST. TA	0.00	4.80	0.00	1.29	1.53	0.00	S	S
GE-PE-39892	IDA 28090	1996	GOVERNMENT OF GEORGIA	TRANSPORT	0.00	12.00	0.00	1.53	.14	0.00	HS	S
GE-PE-35784	IDA 29580	1997	GOVERNMENT OF GEORGIA	POWER REHAB.	0.00	52.30	0.00	32.86	10.53	0.00	S	S
GE-PE-44830	IDA 29440	1997	GOVERNMENT OF GEORGIA	OIL INSTITUTION BLDG	0.00	1.40	0.00	1.01	.23	0.00	S	S
GE-PE-8415	IDA 29410	1997	GOVT. OF GEORGIA	AGRICULTURE DEVELOP.	0.00	15.00	0.00	10.60	-1.15	0.00	S	S
GE-PE-55573	IDA 30400	1998	GOVERNMENT OF GEORGIA	CULTURAL HERITAGE	0.00	4.49	0.00	4.43	.40	0.00	S	S
GE-PE-39929	IDA 30200	1998	GOVERNMENT OF GEORGIA	SOCIAL INVEST. FUND	0.00	20.00	0.00	18.80	3.18	0.00	S	S
GE-PE-51034	IDA 29840	1998	GOVERNMENT OF GEORGIA	SATAC II	0.00	5.00	0.00	3.64	2.34	0.00	S	S
GE-PE-44797	IDA 29830	1998	GOVERNMENT OF GEORGIA	SAC II	0.00	60.00	0.00	19.57	19.05	0.00	S	S
GE-PE-50910	IDA 29760	1998	GEORGIA	MUNICIPAL DEV.	0.00	20.90	0.00	18.87	3.97	0.00	S	S
<b>Total</b>					0.00	227.89	0.00	124.76	48.58	0.00		

	<u>Active Loans</u>	<u>Closed Loans</u>	<u>Total</u>
Total Disbursed (IBRD and IDA):	96.88	147.77	244.65
of which has been repaid:	0.00	0.00	0.00
Total now held by IBRD and IDA:	227.89	145.10	372.99
Amount sold :	0.00	0.00	0.00
Of which repaid :	0.00	0.00	0.00
Total Undisbursed :	124.76	0.00	124.76

- a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.  
b. Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system was introduced (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note:  
Disbursement data is updated at the end of the first week of the month.



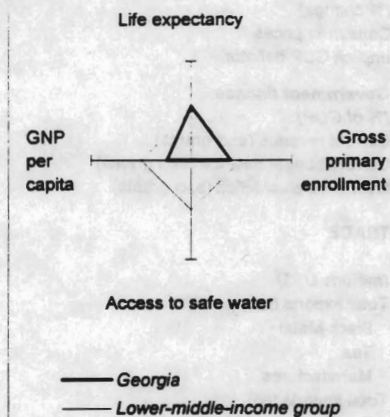
# Annex 10 Georgia at a glance

8/28/97

## POVERTY and SOCIAL

	Georgia	Europe & Central Asia	Lower-middle-income
Population mid-1996 (millions)	5.4	479	1,125
GNP per capita 1996 (US\$)	850	2,180	1,750
GNP 1996 (billions US\$)	4.6	1,043	1,967
<b>Average annual growth, 1990-96</b>			
Population (%)	-0.2	0.3	1.4
Labor force (%)	-0.1	0.5	1.8
<b>Most recent estimate (latest year available since 1989)</b>			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	58	65	56
Life expectancy at birth (years)	73	68	67
Infant mortality (per 1,000 live births)	18	26	41
Child malnutrition (% of children under 5)	..	..	..
Access to safe water (% of population)	..	..	78
Illiteracy (% of population age 15+)	1	..	..
Gross primary enrollment (% of school-age population)	82	97	104
Male	82	97	105
Female	81	97	101

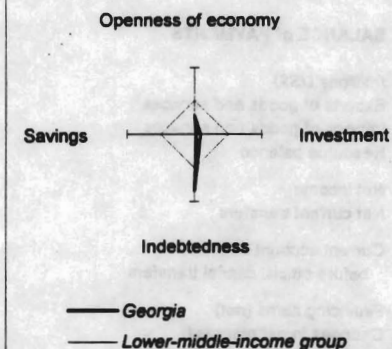
### Development diamond\*



## KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1995	1996	
GDP (billions US\$)	..	..	4.3	4.6	
Gross domestic investment/GDP	..	34.3	4.0	5.0	
Exports of goods and services/GDP	..	..	16.2	11.8	
Gross domestic savings/GDP	..	31.1	-7.2	-1.5	
Gross national savings/GDP	..	..	-4.8	0.4	
Current account balance/GDP	..	..	-5.1	-4.6	
Interest payments/GDP	..	..	2.9	1.4	
Total debt/GDP	..	..	28.2	29.8	
Total debt service/exports a/	..	..	7.4	7.5	
Present value of debt/GDP	..	..	23.7	..	
Present value of debt/exports	..	..	217.7	..	
<b>(average annual growth)</b>					
GDP	5.3	-19.0	2.4	10.5	6.9
GNP per capita	4.5	-17.2	2.0	12.7	6.8
Exports of goods and services	..	..	-11.3	20.2	9.1

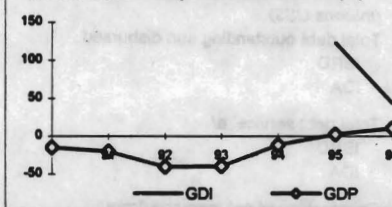
### Economic ratios\*



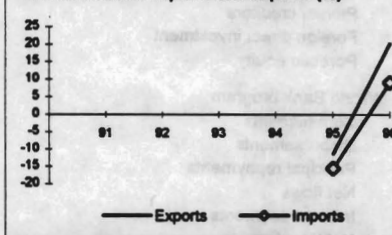
## STRUCTURE of the ECONOMY

	1975	1985	1995	1996
<b>(% of GDP)</b>				
Agriculture	..	25.5	35.3	33.5
Industry	..	39.6	26.7	25.1
Manufacturing	..	30.2	20.1	18.9
Services	..	34.9	38.0	41.3
Private consumption	..	55.8	100.0	92.8
General government consumption	..	13.0	7.2	8.8
Imports of goods and services	..	..	27.4	18.4
<b>(average annual growth)</b>				
Agriculture	..	..	5.5	3.0
Industry	..	..	1.0	2.0
Manufacturing	..	..	1.0	2.0
Services	..	..	54.0	16.3
Private consumption	..	..	-10.4	2.6
General government consumption	..	..	52.7	52.7
Gross domestic investment	..	..	123.0	43.4
Imports of goods and services	..	..	-15.5	9.1
Gross national product	5.3	-17.1	1.9	12.5

### Growth rates of output and investment (%)



### Growth rates of exports and imports (%)



Note: 1996 data are preliminary estimates. Figures in italics are for years other than those specified.

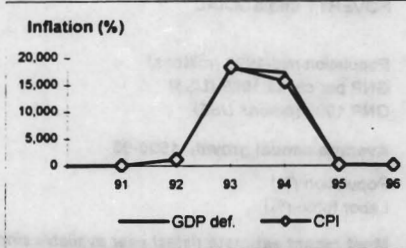
\* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

a / Debt service due after rescheduling.



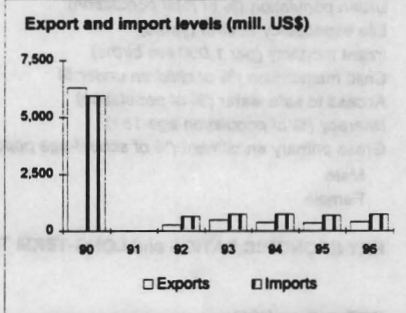
## PRICES and GOVERNMENT FINANCE

	1975	1985	1995	1996
<b>Domestic prices</b>				
(% change)				
Consumer prices	..	..	162.7	39.3
Implicit GDP deflator	0.7	-4.5	162.7	40.2
<b>Government finance</b>				
(% of GDP)				
Current revenue (excl grants)	..	..	5.1	8.1
Current budget balance (excl grants)	..	..	-6.1	-4.3
Overall surplus/deficit (excl grants)	..	..	-7.2	-5.5



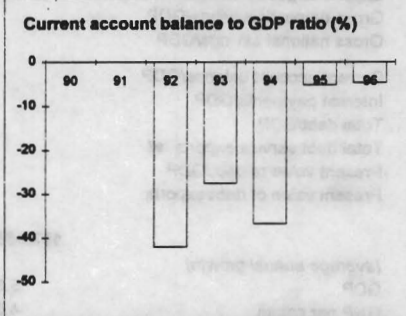
## TRADE

	1975	1985	1995	1996
(millions US\$)				
Total exports (fob)	..	..	347	400
Black Metal	..	..	38	75
Tea	..	..	11	26
Manufactures	..	..	265	233
Total imports (cif)	..	..	686	733
Food	..	..	163	186
Fuel and energy	..	..	185	184
Capital goods	..	..	121	127
Export price index (1987=100)	..	..	..	..
Import price index (1987=100)	..	..	..	..
Terms of trade (1987=100)	..	..	..	..



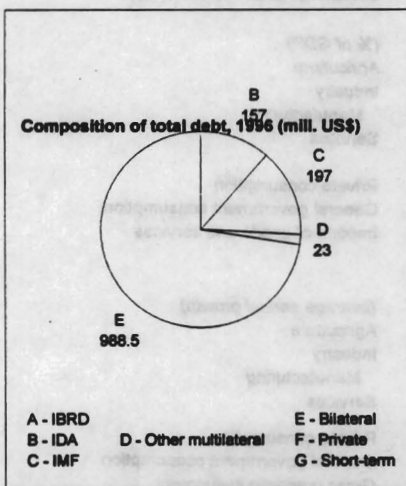
## BALANCE of PAYMENTS

	1975	1985	1995	1996
(millions US\$)				
Exports of goods and services	..	..	469	541
Imports of goods and services	..	..	791	841
Resource balance	..	..	-322	-300
Net income	..	..	-86	-50
Net current transfers	..	..	188	139
Current account balance, before official capital transfers	..	..	-220	-211
Financing items (net)	..	..	260	130
Changes in net reserves	..	..	-40	81
<b>Memo:</b>				
Reserves including gold (mill. US\$)	..	..	158	158
Conversion rate (local/US\$)	..	..	857.5	1,263.0



## EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1995	1996
(millions US\$)				
Total debt outstanding and disbursed	..	..	1,212	1,365
IBRD	..	..	0	0
IDA	..	..	84	157
Total debt service a/	..	..	35	42
IBRD	..	..	0	0
IDA	..	..	0	1
Composition of net resource flows				
Official grants	..	..	189	141
Official creditors	..	..	173	186
Private creditors	..	..	0	0
Foreign direct investment	..	..	6	20
Portfolio equity	..	..	0	1
World Bank program				
Commitments	..	..	75	91
Disbursements	..	..	85	76
Principal repayments	..	..	0	0
Net flows	..	..	85	76
Interest payments	..	..	0	1
Net transfers	..	..	85	76



## GEORGIA

### INTEGRATED COASTAL MANAGEMENT PROJECT

#### INCREMENTAL COSTS AND GLOBAL ENVIRONMENT BENEFITS

##### Overview

1. The general objective of the GEF Alternative is to conserve biodiversity in the Black Sea coast of Georgia. The project development objectives are to: (i) launch concrete and sustainable actions in support of biodiversity conservation, including river, lake, coastal marine and freshwater biodiversity, through the protection and management of threatened forest and critical wetlands ecosystems and the establishment of the Kolkheti National Park and the Kobuleti Nature Reserve along the Black Sea coast of Georgia; and (ii) integrate these protected areas into the broader development objectives of the coastal management project. These broader objectives include the development and testing of integrated environmental planning and management into economic development activities along the Black Sea coast, and to assist Georgia in meeting its regional commitments under the Black Sea Environmental Programme and various international conventions and agreements related to the protection of the Black Sea. The GEF Alternative intends to achieve these outputs at a total incremental cost of approximately US\$ 1.32 million above the Baseline. The proposed GEF Alternative should be viewed as complementary to existing activities in the Georgian coastal area.

##### Context and Development Goals

2. Georgia, a mountainous country covering 70,000 km<sup>2</sup> with a population of 5.5 million people, is situated between the south slope of the Caucasus Mountains, the east coast of the Black Sea and the northern edge of the Turkish Anatolia plane. Forests cover 40% of the country, largely in the Greater Caucasus Mountains (Georgia's northern border), the Lesser Caucasus (its southern border), and in intervening lowlands and foothills. The principal landscapes of the Caucasus include foothill and mountain forests and subalpine meadows of the Greater and Lesser Caucasus; treeless mountain upland plateaus of the lesser Caucasus; humid lowland forests of western Georgia, and the arid steppe and deserts of eastern Georgia. In the project region between the Caucasus Major and Minor ranges of Georgia, the flora and fauna of at least three biogeographic provinces (Europe, Central Asia, Middle East regions) converge, resulting in high levels of biodiversity. The project target area and surrounding Transcaucasus region is identified under the World Wide Fund for Nature's Global 200 Ecoregions program, which uses selection criteria of species richness, levels of endemism, taxonomic uniqueness, unusual evolutionary phenomena, and global rarity of Major Habitat Types.

3. The Kolkheti wetlands are a Black Sea coastal ecological resource of global significance. In 1996, the Kolkheti wetlands were designated as a Ramsar site (a wetland of international significance). The Kolkheti wetlands area are also, unfortunately, one of the most threatened ecosystems in Georgia. The wetlands incorporate a large and complex channel and river network which drains into Lake Paliastomi and the Black Sea. The Kolkheti subtropical forests and wetland complex contains high levels of endemism and floral diversity. A number of relict species from the Tertiary period occur only within the Kolkheti region or have a limited



distribution outside of this region. The region also provides critical habitat for numerous species of migratory and wintering birds. These forest and wetland ecosystems are under threat as a result of drainage of wetlands for agricultural and urban use, illegal hunting, forest harvesting, peat and gravel mining, pollution, and invasion by nonnative species. Immediate threats for the Kolkheti wetlands area are the proposed expansion of the Poti Port terminal further into the wetlands areas, and peat and gravel mining in Lake Paliostomi, timber harvesting and illegal hunting during winter months due to Georgia's temporary energy crisis. The Kobuleti wetlands area are under immediate threat due to pressure for agricultural expansion. Immediate legal protection and implementation of the draft management plans of these areas will be critical to halting these threats to the ecosystem.

4. The broad development goals of Georgia focus on public sector restructuring; private sector development; social protection and poverty reduction; and environmental protection. The Government's overall development agenda attempts to focus on these issues consolidating the stabilization recently achieved, strengthening the current economic recovery while protecting the environment. The Government of Georgia has taken important steps toward improved environmental management in recent years, including the development of a national strategies, recently approved framework environmental legislation and the development of specific environmental laws underneath this framework, activities under the Black Sea Environmental Program and some specific actions under the World Bank-financed Municipal Infrastructure Rehabilitation Project. For example, an Institutional Development Fund (IDF) grant is helping the Government to prepare its National Environmental Action Plan (NEAP), designed to detail environmental priorities as a basis for future cooperation, and strengthen the Ministry of Environment. A Biodiversity Strategy/Action Plan is also being prepared. Environmental improvements will still face institutional challenges such as gaining cooperation from governmental agencies with no previous history/capacity in dealing with these issues, promoting public awareness, and building partnerships with NGOs. With the preparation of the World Bank and GEF-financed programs, the Government intends to preserve Georgia's rich biological diversity and natural resources base for future generations by implementing effectively the recently approved environmental legislation. The country's natural resources, such as the forests, will need to be appropriately managed to reduce illegal harvesting and damage, while appropriate commercialization policies fostering renewal and growth could allow for a new source of foreign exchange earnings.

#### **Baseline Scenario**

5. The collapse of the Soviet Union in late 1991 and the attendant disruption in institutions that managed the economy until then has forced the Georgian economy into a tailspin and contributed to the outbreak of civil strife in the breakaway regions of Abkhazia and South Ossetia. In early 1994 Georgia emerged from this period of turmoil with a collapsed economy and significant negative social impacts. With Bank and IMF support, in mid-1994 the Government embarked on a comprehensive reform program to rebuild the economy. By the end of 1996, the fiscal deficit had been reduced, annual inflation lowered, the exchange rate stabilized, and the economy registered a growth rate of 10.5 percent. Throughout this often difficult period Georgia has put considerable effort in establishing the foundations of a market economy. The task was especially challenging because Georgia started the transformation virtually from scratch with existing institutions that were ill-suited to a market based economy. Yet, unlike many of the other countries of the former Soviet Union, Georgia has a long tradition of entrepreneurship which should serve it well during the transition. The medium term prospects for the economy are good, based on robust growth in exports. There is a solid potential in

agriculture, and services are likely to develop strongly. With appropriate macroeconomic stabilization policies and structural reforms, this potential can be achieved. However, in the short term the decline in output can only be moderated, not reversed.

6. Since the transition, unsustainable timber harvesting, grazing, and game hunting have accelerated, and now pose a major threat to Georgia's diverse and abundant biodiversity. In addition, since the transition and the associated economic decline, local peoples are increasingly seeking to reestablish traditional/historical land uses that were disrupted for over 70 years under the former Soviet Union. The Kolkheti forest and wetland ecosystems are particularly under threat as a result of forest harvesting, mining, drainage of wetlands for agriculture and urban use, illegal hunting, invasion of non-native species, and pollution. In response to these activities, the Government of Georgia has begun to act to protect important natural resources and to preserve biodiversity.

7. Under the Baseline Scenario, it is expected that the Government of Georgia expenditures related to biodiversity conservation in the coastal area over the period of the project will be US\$ 2.07 million.

8. A number of natural resource management and biodiversity conservation activities in Georgia are being financed by other international developing agencies, or will be under implementation through the proposed IDA project. These contributions include:

- i. Two World Bank-managed investments (one proposed, one under implementation) which have evolved from the BSEP. The proposed **Integrated Coastal Management Project** will rehabilitate and protect the Georgia's coastal Black Sea area as well as accomplish the sustainable development of the region -- all activities expected to have a positive impact upon marine and coastal biodiversity. The project includes components for legal and institutional harmonization for coastal planning in coordination with local communities and interest groups, and environmental quality monitoring and information systems which complement efforts initiated under the BSEP and the regionally endorsed Black Sea Strategic Action Plan. In addition, IDA funds will be used to help establish Park/Reserve infrastructure and equipment and develop socio-economic activities in support zones in the Kolkheti and Kobuleti National Parks. The **Municipal Infrastructure Rehabilitation Project** will improve efforts to reduce coastal contamination diminishing impacts on coastal and marine biodiversity. Components of the two projects which will have specific positive benefits for coastal biodiversity are estimated at US\$ 3.6 million.
- ii. **Dutch Government** activities related to technical assistance for the assessment of major erosion issues along the coast and the identification of cost-effective solutions for follow-on investment, focusing on the Batumi and Poti areas (US\$ 500,000).
- iii. **Dutch Government** activities targeted towards the development of a national oil spill contingency plan and emergency response capability for Georgia that will assist Georgia in meeting its international commitments under conventions and protocols for the protection of the Black Sea Environment (US\$ 400,000).
- iv. GEF Enabling Activities grant for the preparation of a **National Biodiversity Strategy/Action Plan and National Report** (US\$ 120,000).
- v. **Black Sea Environment Program**. Georgia is one of the six Black Sea countries participating in the BSEP, which has produced the Strategic Action Plan that seeks to reverse environmental degradation of Black Sea ecosystems. The BSEP activities focus on building capacity in the Ministry of the Environment in environmental management of Black Sea ecosystems (US\$ 68,900).



vi. **UNDP Environmental Capacity-Building Project.** The project will strengthen the MoE, especially in areas of information management and communication and professional development and training activities at national, regional, district, and municipal levels. The project also supports public awareness on environmentally related issues. The Project activities which are expected to have specific positive benefits for coastal biodiversity are estimated at US\$25,000.

9. **Costs.** Total expenditures under the Baseline Scenario are estimated at US\$ 7.07 million including nearly US\$ 2.07 million from the Government of Georgia and US \$5.00 million through international cooperation. During project preparation, efforts will be made to identify additional Baseline activities.

10. **Benefits.** Implementation of the Baseline Scenario will result in improvements to the protection and management of biodiversity within the proposed protected areas and public awareness of the need for biodiversity conservation. NGO efforts will serve to increase awareness of threats to biodiversity in the region. The Baseline Scenario will address issues of environmental quality monitoring, coastal erosion, oil spill contingency planning and response, regional developmental planning and water quality, capacity-building within the Ministry of Environment and, to some degree, elementary protection of the Kolkheti and Kobuleti wetland areas. However, existing government resources and international financing efforts directed to forest and wetland biodiversity will not ensure protection of globally significant biodiversity in the Kolkheti and Kobuleti designated areas. In terms of protecting biodiversity in the Kolkheti wetlands region it is unlikely that the limited expenditures will have a significant impact in slowing encroachment into these fragile habitats.

#### **Global Environmental Objective**

11. The GoG ratified the Convention on Biological Diversity in June 1994. The National Biodiversity Strategy/Action Plan (BSAP) and the Integrated Coastal Management Project, both now under preparation, identify the project region as a center of Georgian biodiversity, and the project activities as the highest priority for improving the protection of the threatened Caucasus ecosystems, including the lowland forests and wetlands of the Kolkheti. The Forest Sector Strategy, prepared as an input for the National Environmental Action Plan, identifies the need to develop interdisciplinary forest planning, including through the integration of biodiversity conservation. All of these recommendations are consistent with the GEF ICZM project.

12. As a consequence of the current course of action, regarded as the Baseline Scenario, Georgia's diverse and abundant biodiversity will likely continue to suffer from unsustainable timber and fuelwood harvesting, overgrazing and associated disturbance, illegal hunting, and habitat loss and fragmentation. In addition, the Kolkheti's coastal zone will probably continue to lose marine, wetland and upland communities, and the unique animal and plant species dependent upon these habitats.

13. **Scope.** The GEF Alternative would provide the means (above and beyond the Baseline Scenario) for creating the Kolkheti National Park and Kobuleti Nature Reserve and implementing management plans. The specific objectives of the draft management guidelines that would be addressed under the project are: (i) conservation of the biodiversity of the Kolkheti region through protection, management, and restoration of unique plant communities; (ii) protection of fish spawning grounds necessary for the protection of freshwater and marine biodiversity and their sustainable use; (iii) improved monitoring and applied research on biodiversity and the

effectiveness of conservation efforts; (iv) establishment of infrastructure for improved biodiversity protection and development of nature-based tourism in the region; (v) recovery of threatened agricultural biodiversity; (vi) preparing and supporting Park administration and management; and (vii) strengthening public education and awareness.

14. **Costs.** The total cost of the GEF Alternative is estimated at US \$9.04 million, detailed as follows: (i) legal and institutional strengthening (for Ministry of Environment and agencies for integrated coastal management -- US\$ 1.77 million (same as Baseline); (ii) establishment of Kolkheti National Park and Kobuleti Nature Reserve and the implementation of their management plans -- US\$ 3.69 million (GEF financing - US\$ 1.32 million); (iii) establishment of coastal environmental monitoring and information system -US\$ 1.65 million (same as Baseline); (iv) pollution control studies and oil spill contingency planning and energy response capacity -- US\$ 1.13 million (same as Baseline); (v) assessments of coastal erosion problems - US\$ 0.5 million (same as Baseline); (vi) development of national strategies for environmental protection -- US\$ 0.29 million (same as Baseline).

15. **Benefits.** Implementation of the GEF Alternative would provide the means for the establishment of effective protected areas and the integration of biodiversity conservation objectives into regional and local development. Global benefits would include the recovery of forest and steppe habitats protecting endemic threatened flora and fauna, and effect their recovery. Benefits generated from the project would also include the promotion of local and regional cooperation in biodiversity conservation. In addition, the GEF Alternative would protect unique coastal and marine and numerous threatened endemic species. Global benefits would include the protection of migratory waterbirds and marine environments and species-rich steppe communities, strengthening public education and awareness and restoring lowland forest, wetland, and agricultural biodiversity.

#### **Incremental Costs**

16. The difference between the cost of the Baseline Scenario US\$ 7.07 million and the cost of the GEF Alternative US\$ 9.01 million is estimated at US\$ 1.94 million, of which US\$ 1.32 million is provided by GEF financing. This represents the incremental cost for achieving sustainable global environmental benefits.



**Table F**  
**Incremental Cost Matrix**

Component Sector	Cost Category	US\$ Million	Domestic Benefits	Global Benefits
<b>Legal and Institutional Strengthening (for Ministry of Environment and agencies for integrated coastal management)</b>	Baseline	1.77	Increased public sector capacity to manage environmental resources.	Strengthened policy and legal framework for protected areas management. Increased public sector capacity to manage protected areas.
	With GEF Alternative	1.77	Same as above.	Same as above.
	Increment	0		
<b>Establishment of the Kolkheti National Park / Kobuleti Nature Reserve</b>	Baseline	2.37	Increased protection of coastal and marine wildlife and their foraging areas in the Kolkheti National Park and Kobuleti Nature Reserve.	Conservation of globally significant biodiversity in the Black Sea Kolkheti region.
	With GEF Alternative	3.69	Same as above	Same as above
	Increment	1.32		
<b>Establishment of a Coastal Environmental Monitoring and Information System</b>	Baseline	1.65	Improved both national and regional monitoring capacity.	Increased collection and analysis of information vital for conserving endemic flora and fauna, as well as migratory waterbirds. Development of methodologies for undertaking biodiversity censuses and inventories, ecological studies, and studies on human impacts in these areas.
	With GEF Alternative	1.65	Same as above.	Same as above.
	Increment	0		
<b>Assessment of Coastal Erosion</b>	Baseline	0.5	Increased understanding and priority-setting of investments to address major erosion issues along the coast.	Ensured protection of buffer zone between marine and freshwater aquatic systems with international significance.
	With GEF Alternative	0.5	Same as above.	Same as above
	Increment	0		
<b>Pollution Control: Studies &amp; Oil Spill Contingency Planning and Emergency Response</b>	Baseline	1.10	Increased capacity to respond to pollution and oil spill emergencies.	Reduced impacts on coastal and marine biodiversity in an international waterway.
	With GEF Alternative	1.10	Same as above.	Same as above.
	Increment	0		

<b>Development of National Strategies for Environmental Protection</b>	Baseline	.29	Increased understanding and ability to set priorities for investments for national environmental improvement	Increased understanding and ability to set priorities for investments for international environmental benefits.
	With GEF Alternative	.29	Same as above.	Same as above.
	Increment	0		
<b>Totals</b>	Baseline	7.07		
	With GEF Alternative	9.01		
	Increment	1.32		



Development of National Strategies for Environmental Protection	Baseline	30	Increased understanding and ability to set priorities for investments for national environmental improvement	Increased understanding and ability to set priorities for investments for international environmental benefits
With GEF Alternative	With GEF Alternative	30	Same as above	Same as above
Without GEF	Without GEF	0		
Baseline	Baseline	0		
With GEF Alternative	With GEF Alternative	7.01		
Without GEF	Without GEF	1.32		

**Annex 12**  
**Georgia Integrated Coastal Zone Management Project**  
**Project Implementation Plan**

Annex 12  
Georgia Integrated Coastal Zone Management Project

Project Implementation Plan