

Document of
The World Bank

Report No: ICR0000443

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-31560 GEF TF-21598)

ON A

CREDIT

IN THE AMOUNT OF 3.2 MILLION SDR (US\$ 4.6 MILLION EQUIVALENT)

AND ON A

GLOBAL ENVIRONMENT FACILITY GRANT

IN THE AMOUNT OF 1.3 MILLION SDR (US\$ 1.3 MILLION EQUIVALENT)

TO

GEORGIA

FOR AN

INTEGRATED COASTAL MANAGEMENT PROJECT

August 31, 2007

ECSSD
South Caucasus Country Unit
ICA Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2007)

Currency Unit = GEL

GEL 1.00 = US\$ 1.72

US\$ 1.00 = GEL 0.58

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

BSEP	Black Sea Environmental Program
CAS	Country Assistance Strategy
CPS	Country Partnership Strategy
DPA	Department of Protected Areas of Georgia
ETIB Project	Energy Transit Institution Building Project
EU TACIS	European Union Technical Assistance to the CIS
FMS	Financial Management System
GEF	Global Environment Facility
GEO	Global Environment Objective
GICM Project	Georgia Integrated Coastal Management Project
GIS	Geographic Information System
ICZM	Integrated Coastal Zone Management
IDA	International Development Association
ISR	Implementation Status and Results
KNP	Kolkheti National Park
KNR	Kobuleti State Nature Reserve
MoEPNR	Ministry of Environment Protection and Natural Resources of Georgia
MTR	Mid Term Review
NEAP	National Environmental Action Plan
NGO	Non Governmental Organization
OD	Operational Directive
OP	Operational Policy
PDO	Project Development Objective
PIU	Project Implementation Unit
PMR	Project Management Report
TA	Technical Assistance
TF	Trust Fund
WWF	World Wildlife Fund

Vice President: Shigeo Katsu

Country Director: Donna Dowsett-Coirolo

Sector Manager: Juergen Voegelé

Project Team Leader: Darejan Kapanadze

ICR Team Leader: Darejan Kapanadze

GEORGIA
Integrated Coastal Management Project

CONTENTS

Data Sheet

- A. Basic Information
- B. Key Dates
- C. Ratings Summary
- D. Sector and Theme Codes
- E. Bank Staff
- F. Results Framework Analysis
- G. Ratings of Project Performance in ISRs
- H. Restructuring
- I. Disbursement Graph

1. Project Context, Development and Global Environment Objectives Design.....	1
2. Key Factors Affecting Implementation and Outcomes	5
3. Assessment of Outcomes	11
4. Assessment of Risk to Development Outcome and Global Environment Outcome ..	18
5. Assessment of Bank and Borrower Performance	19
6. Lessons Learned	22
7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners.....	25
Annex 1. Project Costs and Financing.....	26
Annex 2. Outputs by Component.....	28
Annex 3. Economic and Financial Analysis	32
Annex 4. Bank Lending and Implementation Support/Supervision Processes	35
Annex 5. Beneficiary Survey Results	37
Annex 6. Stakeholder Workshop Report and Results.....	45
Annex 7. Summary of Borrower's ICR and /or Comments on Draft ICR.....	46
Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders	54
Annex 9. List of Supporting Documents	57

MAP

A. Basic Information			
Country:	Georgia	Project Name:	Integrated Coastal Management Project
Project ID:	P050911,P060009	L/C/TF Number(s):	IDA-31560,JPN-50946,WBTF-21598
ICR Date:	11/29/2007	ICR Type:	Core ICR
Lending Instrument:	SIL,SIL	Borrower:	REPUBLIC OF GEORGIA
Original Total Commitment:	XDR 3.2M,USD 1.3M	Disbursed Amount:	XDR 3.2M,USD 1.3M
Environmental Category: B,B		Focal Area: B	
Implementing Agencies: Ministry of Environment Protection and Natural Resources			
Cofinanciers and Other External Partners: Sender, the Agency of the Ministry of Economic Affairs			

B. Key Dates				
Integrated Coastal Management Project - P050911				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	04/10/1997	Effectiveness:	05/21/1999	05/21/1999
Appraisal:	05/18/1998	Restructuring(s):		12/26/2002
Approval:	12/17/1998	Mid-term Review:		12/26/2002
		Closing:	12/31/2004	02/28/2007

Integrated Coastal Management (GEF) Project - P060009				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	05/01/1998	Effectiveness:	05/21/1999	05/21/1999
Appraisal:	05/18/1998	Restructuring(s):		12/26/2002
Approval:	12/17/1998	Mid-term Review:		12/26/2002
		Closing:	12/31/2004	10/31/2006

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes	Moderately Unsatisfactory
GEO Outcomes	Satisfactory

Risk to Development Outcome	Substantial
Risk to GEO Outcome	Low or Negligible
Bank Performance	Moderately Satisfactory
Borrower Performance	Moderately Unsatisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

Bank	Ratings	Borrower	Ratings
Quality at Entry	Satisfactory	Government:	Moderately Unsatisfactory
Quality of Supervision:	Moderately Satisfactory	Implementing Agency/Agencies:	Moderately Satisfactory
Overall Bank Performance	Moderately Satisfactory	Overall Borrower Performance	Moderately Unsatisfactory

C.3 Quality at Entry and Implementation Performance Indicators

Integrated Coastal Management Project - P050911

Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	Yes	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	Yes	Quality of Supervision (QSA)	None
DO rating before Closing/Inactive status	Moderately Satisfactory		

Integrated Coastal Management (GEF) Project - P060009

Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Project at any time (Yes/No):	No	Quality at Entry (QEA)	None
Problem Project at any time (Yes/No):	No	Quality of Supervision (QSA)	None
GEO rating before Closing/Inactive Status	Satisfactory		

D. Sector and Theme Codes

Integrated Coastal Management Project - P050911

	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	50	50

General agriculture, fishing and forestry sector	32	44
Other social services	9	3
Sub-national government administration	9	3
Theme Code (Primary/Secondary)		
Biodiversity	Primary	Primary
Environmental policies and institutions	Primary	Primary
Participation and civic engagement	Secondary	Secondary
Pollution management and environmental health	Primary	Primary
Water resource management	Primary	Primary

Integrated Coastal Management (GEF) Project - P060009		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	3	10
General agriculture, fishing and forestry sector	91	84
Other social services	3	3
Sub-national government administration	3	3
Theme Code (Primary/Secondary)		
Biodiversity	Primary	Primary
Environmental policies and institutions	Primary	Primary
Participation and civic engagement	Secondary	Secondary
Pollution management and environmental health	Primary	Primary
Water resource management	Primary	Primary

E. Bank Staff		
Integrated Coastal Management Project - P050911		
Positions	At ICR	At Approval
Vice President:	Shigeo Katsu	Johannes F. Linn
Country Director:	D-M Dowsett-Coirolo	Judy M. O'Connor
Sector Manager:	Juergen Voegelé	Michele E. de Nevers
Project Team Leader:	Darejan Kapanadze	Rita E. Cestti
ICR Team Leader:	Darejan Kapanadze	
ICR Primary Author:	Ulrich Zeidler	

Integrated Coastal Management (GEF) Project - P060009		
Positions	At ICR	At Approval
Vice President:	Shigeo Katsu	Johannes F. Linn
Country Director:	D-M Dowsett-Coirolo	Judy M. O'Connor
Sector Manager:	Juergen Voegele	Michele E. de Nevers
Project Team Leader:	Darejan Kapanadze	Rita E. Cesti
ICR Team Leader:	Darejan Kapanadze	
ICR Primary Author:	Ulrich Zeidler	

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

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 concerns into sustainable coastal development planning at the national, regional, and local levels.

Revised Project Development Objectives (as approved by original approving authority)

Global Environment Objectives (from Project Appraisal Document)

The project 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.

Revised Global Environment Objectives (as approved by original approving authority)

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Coordination mechanism for intersectoral planning and management of coastal resources established at national and local level s.			
Value (quantitative or Qualitative)	No formal mechanism in place	National and local level coordination mechanisms established		ICZM unit of the Monitoring and Forecasting Center under the Ministry

		through legislation		of Environment established as an information and knowledge base for integrated planning and management of coastal resources.
Date achieved	05/21/1999	06/30/2006		02/28/2007
Comments (incl. % achievement)	30% achieved. No local coordination mechanisms were established and the central ICZM unit is not a representative body mandated to reconcile multiple interests, but rather a ministerial division to advise Government on coastal planning and management			
Indicator 2 :	Local stakeholder participation facilitated in coastal development management decisions			
Value (quantitative or Qualitative)	No precedents of local stakeholders' true involvement in decision-making on coastal development	Involvement of stakeholders in decision-making on coastal matters facilitated by national and local authorities		Involvement of stakeholders in decision-making on coastal resource use matters by administrations of protected areas
Date achieved	05/21/1999	06/30/2006		02/28/2007
Comments (incl. % achievement)	30% achieved. An organized and meaningful involvement of stakeholders by the national and local authorities has not become a common pattern, but rather happens occasionally and mostly if demanded by international development institutions/donors.			
Indicator 3 :	Specialists trained in coastal resource planning and management tools and environmental education.			
Value (quantitative or Qualitative)	0	35		48
Date achieved	05/21/1999	06/30/2006		02/28/2007
Comments (incl. % achievement)	100% achieved.			

(b) GEO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	Information node for Black Sea regional coastal environmental monitoring network established in Georgia			
Value (quantitative or Qualitative)	No node in place	The national information network put in place, database		The information node for coastal environment monitoring network

		created, and connection with the regional network established		established under the Ministry of Environment; connection with regional points of data entry established; databases designed and available data entered.
Date achieved	05/21/1999	06/30/2006		02/28/2007
Comments (incl. % achievement)	80% achieved. Institutions, hardware, and software are all in place. With arrangements have been made and some restructuring still ongoing, the network is just starting operation. The information flow is not well established.			
Indicator 2 :	Provision made for introducing and retaining user fees for protected areas			
Value (quantitative or Qualitative)	No provision in place	Provision enacted through adopted legislation		Legislation providing for generation, retention, and reinvestment of revenues (including user fees) by protected areas adopted and arrangements made for its enforcement.
Date achieved	05/21/1999	06/30/2006		02/28/2007
Comments (incl. % achievement)	100% achieved			
Indicator 3 :	National park staff trained			
Value (quantitative or Qualitative)	0	20		21
Date achieved	05/21/1999	06/30/2006		02/02/2007
Comments (incl. % achievement)	100% achieved			

(c) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1 :	The first elements of a cohesive institutional and legislative framework in place; consultative commissions in place and functioning effectively			
Value	No institutional and legal	Interim		ICZM unit created

(quantitative or Qualitative)	framework in place	consultative commissions in place; legislation drafted and passed on to the Parliament for approval		within the Monitoring and Forecasting Center under the Ministry of Environment. ICZM Guidelines issued by the Ministry of Environment.
Date achieved	05/21/1999	12/31/2005		02/28/2007
Comments (incl. % achievement)	30% achieved. Permissive environment has been provided for ICZM though the Law on Spatial Planning and Urbanization, though ICZM has not been made mandatory. Consultative commissions recommended in the ICZM Guidelines, but not required or established.			
Indicator 2 :	Hardware and software effectively used in collaborating institutions; effective warning systems implemented.			
Value (quantitative or Qualitative)	No adequate IT/laboratory hardware and software available in collaborating institutions; no warning systems implemented	Renovation of premises of collaborating institutions completed; IT/laboratory hardware and software supplied and being installed; warning systems designed and ready for launching in 2006		A full set of hardware and software installed in laboratories and mostly functional. Warning systems designed.
Date achieved	05/21/1999	12/31/2005		02/28/2007
Comments (incl. % achievement)	60% completed. Out of 3 laboratories, 1 is fully operational, 1 is liquidated, and 1 is operating below capacity due to lack of funding and continuous changes in management. The monitoring program is not fully operational due to scarce funding.			

G. Ratings of Project Performance in ISRs

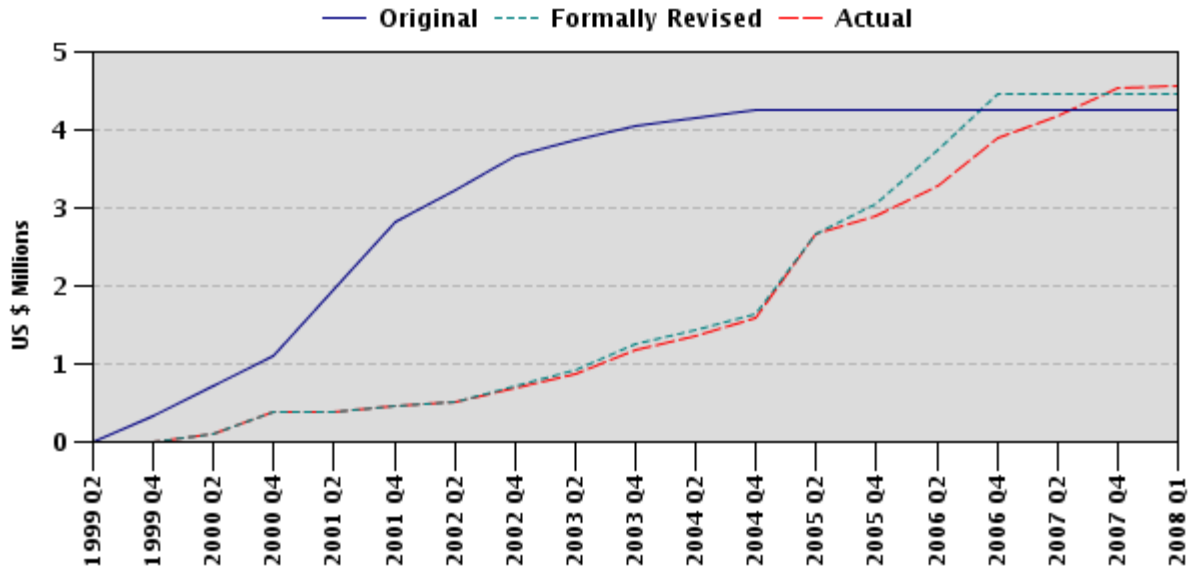
-						
No.	Date ISR Archived	DO	GEO	IP	Actual Disbursements (USD millions)	
					Project 1	Project 2
1	02/01/1999	S	S	S	0.00	0.00
2	06/24/1999	S	S	S	0.00	0.00
3	12/23/1999	S	S	S	0.10	0.00
4	12/30/1999	S	S	S	0.10	0.00
5	06/28/2000	S	S	S	0.38	0.09
6	07/18/2000	S	S	S	0.39	0.09
7	09/06/2000	S	S	S	0.39	0.09
8	01/03/2001	S	S	S	0.39	0.09
9	06/29/2001	S	S	S	0.45	0.10
10	12/17/2001	S	S	S	0.45	0.10
11	01/18/2002	U	U	U	0.49	0.13
12	08/09/2002	U	U	U	0.69	0.13
13	11/21/2002	U	U	S	0.76	0.14
14	01/31/2003	S	U	S	0.98	0.22
15	02/07/2003	S	S	S	0.98	0.22
16	08/06/2003	S	S	S	1.19	0.23
17	03/04/2004	S	S	S	1.60	0.28
18	07/15/2004	S	S	S	1.84	0.36
19	08/25/2004	S	S	S	1.91	0.38
20	02/24/2005	MU	MS	MU	2.77	0.46
21	06/28/2005	S	S	S	2.92	0.52
22	02/07/2006	MS	S	S	3.54	0.68
23	02/22/2007	MS	MS	S	4.56	1.30

H. Restructuring (if any)

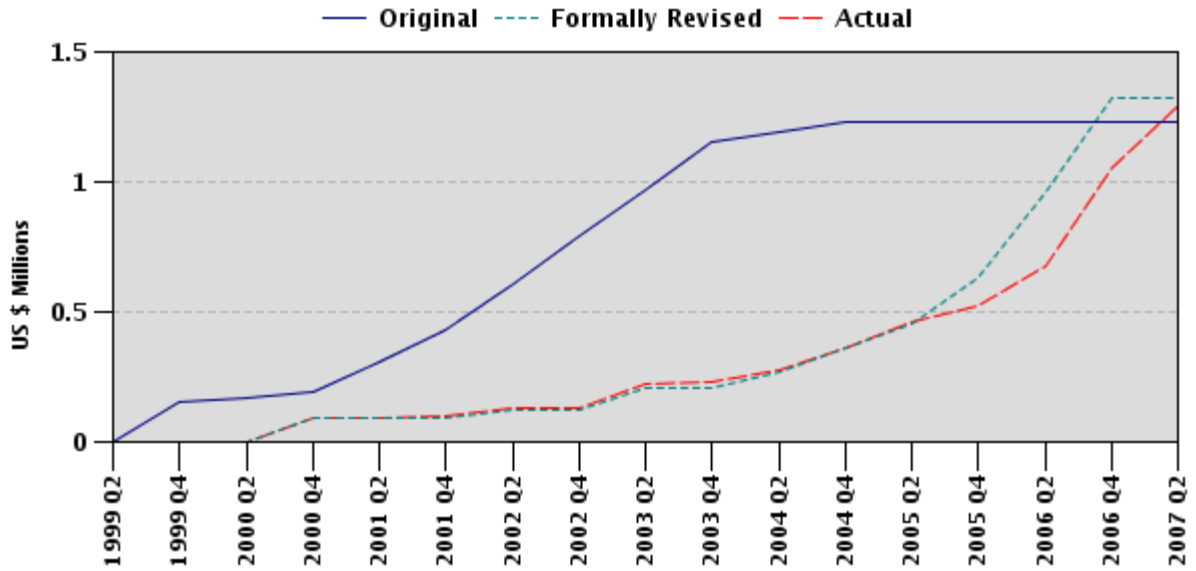
Restructuring Date(s)	Board Approved		ISR Ratings at Restructuring			Amount Disbursed at Restructuring in USD millions		Reason for Restructuring & Key Changes Made
	PDO Change	GEO Change	DO	GEO	IP	Project1	Project 2	
12/26/2002	N		U		S	0.87		A significant conclusion made at MTR was that the Integrated Coastal Management Project had been mostly directed from the capital city of Georgia located far outside the coastal zone, and there was little participation in project implementation at the local level (rural communities and coastal municipalities). The PDO did not change at restructuring. In response to the above finding, however, an additional output was added to the project design - the development and implementation of an effective communications strategy for integrating of project components and maximizing the impact of its deliverables. Six performance indicators were designed for measuring progress in achieving the mentioned output.

12/26/2002		N			U		0.14 An important lesson learned at MTR was that local communities had been not sufficiently involved in the planning of Kolkheti protected areas and continued to have little awareness of their implications. While the GEO had not changed at restructuring, the component output was revised to include presence of fully operational protected area management plans. Also, the previous single performance indicator was replaced with six new ones, all with emphasis on measuring progress in mainstreaming local community participation.
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I. Disbursement Profile
P050911



P060009



1. Project Context, Development and Global Environment Objectives Design

1.1 Context at Appraisal

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 for oil and other products, but it has intrinsic ecological value and deeply rooted cultural and historic significance. Over the past decades, uncontrolled pollution, coastal erosion intensified by human intervention, over-fishing, intervention of alien species, and off-shore dumping have devastated the Black Sea and its littoral zone. Ongoing economic development, including construction of oil terminals, creates a substantial new risk from oil spills to the wetlands and nearshore marine environment of Georgia.

With the change to a parliamentary democracy, Georgia has entered a new phase of environmental activism. The Ministry of Environment, 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 and produced major pieces of environmental legislation. Georgia has become a party to the Bucharest Convention for the Protection of the Black Sea Against Pollution (1992), Convention on Biological Diversity (1994), Ramsar Convention on the Wetlands of International Importance (1996), and signed the Strategic Action Plan for the Rehabilitation of Protection of the Black Sea (1996). The first National Environmental Action Plan (NEAP) was also prepared.

In line with the NEAP and the recent development in environmental legislation, the Georgia Integrated Coastal Management (GICM) project was designed to support 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. An integrated approach to coastal management is essential for ensuring Georgia's biodiversity conservation. Increasing public awareness through information collection and dissemination, environmental education and participation of local communities and NGOs was an underlying theme in all components of the project, which was intended to increase project ownership by stakeholders and to improve prospects for sustainability of integrated coastal management beyond the life of the project.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)

The project aimed to strengthen institutions in Georgia to manage the coastal resources of the Black Sea by developing, testing and evaluating methods to effectively integrate environmental concerns into sustainable coastal development planning at the national, regional and local levels.

Key performance indicators included:

- intersectoral consultative commissions for integrated coastal zone management (ICZM) established and functioning according to agreed objectives and procedures at national and local levels,
- Georgians trained in coastal resource planning and management tools and public awareness and conflict resolution techniques,
- draft legislation outlining mandate and responsibilities of a coastal authority and codes of conduct for coastal resource/landscape use prepared,
- oil spill contingency plan and financing plan developed and approved by the government,
- significant private sector involvement in oil pollution fund capitalization,
- cost-effective options to address coastal erosion and municipal water use priorities identified.

1.3 Original Global Environment Objectives (GEO) and Key Indicators (as approved)

The project aimed 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 comprised conservation of biodiversity at sites of international significance on Georgia's Black Sea coast; 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.

Key performance indicators included:

- establishment of legal status of the Kolkheti National Park (KNP) and Kobuleti State Nature Reserve (KNR) and demarcation of their boundaries,
- encroachment, illegal poaching and harvesting rates reduced over baseline conditions,
- information node for the Black Sea regional environmental monitoring network established in Georgia,
- computer links and information sub-nodes in collaborating institutions up and running.

1.4 Revised PDO (as approved by original approving authority) and Key Indicators, and reasons/justification

The original development objectives were maintained throughout the project life.

Key indicators were slightly revised at the project mid term to better measure institutionalization of the ICZM principles and public outreach of the project.

1.5 Revised GEO (as approved by original approving authority) and Key Indicators, and reasons/justification

The original global environmental objectives were maintained throughout the project life.

Key indicators were revised at the project mid term to address concerns about post-project sustainability of the beneficiary protected areas and insufficient involvement of local communities in planning and managing the protected areas of Kolkheti.

1.6 Main Beneficiaries

The primary target groups of project beneficiaries included the communities living within the coastal zone of Georgia, communities living in and around the protected areas of Kolkheti, and the communities located in the port cities of Poti and Batumi. In reaching these ultimate beneficiaries, the project delivered technical assistance to: (i) the laboratory for water quality monitoring of the Batumi Institute of Marine Ecology and Fisheries, now absorbed by the Monitoring and Forecasting Center under the Ministry of Environmental Protection and Natural Resources (MoEPNR); (ii) the Central Laboratory of the Ministry of Health of the Autonomous Republic of Achara; (iii) the laboratory for water quality monitoring under the Poti Municipality; (iv) the Coastal Dynamics Institute, now absorbed by the Monitoring and Forecasting Center under the MoEPNR; (v) the Integrated Coastal Zone Management Center, now absorbed by the Monitoring and Forecasting Center under the MoEPNR; (vi) the administrations of the Kolkheti protected areas under the Department of Protected Areas, MoEPNR; (vii) the Convention Inspection for the Protection of the Black Sea under the MoEPNR, and (viii) the Maritime Transport Administration and Marine Rescue and Coordination Center of the Ministry of Transport, now absorbed by the Ministry of Economic Development.

The coast-based laboratories would benefit from the increased capacity to monitor quality of drinking water, surface water in the sea, rivers, lakes and reservoirs, bathing water at beaches, marine water off-shore, as well as to track key marine biodiversity (Batumi lab). The Coastal Dynamics Institute would gain capacity to monitor, model and forecast coastal dynamics using coastline and river modeling software. The ICZM Center would accumulate a set of informative and reliable quantitative and qualitative information on the coastal zone, including reports, photos, satellite imagery, GIS database, maps, etc. Administrations of the Kolkheti protected areas would become sustainable, modern, and viable institutions with legally and administratively sound basis, capable of delivering mandated responsibilities for conservation and sustainable use of natural resources within these protected areas.

1.7 Original Components

The overall program comprised five components. The World Bank financed the first and the third components and administered the GEF grant financing for the second component. The government of the Netherlands provided parallel financing for the fourth and fifth components of the project.

Component 1. Integrated Coastal Zone Management Institutional Capacity-Building.

This component aimed to establish an institutional and legal framework for ICZM in Georgia through the development of institutional arrangement to facilitative intersectoral planning and the participation of key stakeholder groups in coastal resource decision making. This would be achieved through the creation of: (i) a State Consultative Commission for ICZM, (ii) the Working Group for the Advancement of ICZM; and (iii) three local ICZM Consultative Commissions along the Black Sea Coast.

Component 2. Establishment of Kolkheti National Park and Kobuleti Nature Reserve

This component sought to improve the protection and management of threatened forest and wetland natural habitats within the Kolkheti coastal region through: (a) creation of the Kolkheti National Park and the Kobuleti Nature Reserve; (b) support to protected area administration and management; (c) establishment of infrastructure for improved biodiversity protection and development of nature-based tourism; and (d) improved monitoring and applied research on biodiversity and the effectiveness of conservation efforts.

Component 3. Establishment of a Coastal Environmental Quality Monitoring and Information System.

This component was intended to facilitate establishment of an environmental quality monitoring system and information network through: (a) development of new monitoring standards and regulations; (b) delivery of necessary measurement, sampling, and analysis equipment to selected monitoring laboratories and agencies; (c) organization of training programs; and (d) building a system of coastal information exchange between the central ICZM node and collaborating institutions located in Tbilisi as well as in Kolkheti (Poti, Batumi, and Kobuleti).

Component 4. Evaluation of Coastal Erosion and Municipal Water Use.

To assess the factors contributing to coastal erosion, particularly in the risk-exposed areas of Poti (Rioni River-Mouth) and Batumi (Chorokhi River-Mouth), this component was to finance comprehensive analysis of municipal water use and associated infrastructure in Poti and Batumi. Based on these studies a plan for integrated municipal water management would be developed for each locality, including analysis of cost effectiveness of interventions to control erosion, and feasibility of proposed options to sustainability address the most serious aspects of coastal erosion.

Component 5. Development of a National Oil Spill Contingency and Marine Pollution Control Plan.

This component aimed to increase Georgia's capacity to implement the regional Black Sea Strategic Action Plan and to deal with existing and future risks of oil pollution through providing support in preparation, according to the International Maritime Organization's guidelines, of a national oil spill contingency plan and emergency response program. It would also facilitate identification of future investment opportunities for prevention and abatement of oil pollution through contingency and operational spills.

1.8 Revised Components

There was no revision of the initial project components.

1.9 Other significant changes

At the project mid term revisions were made to the formulation of the expected outputs and key performance indicators. These changes introduced more emphasis on

communicating project objectives and activities to stakeholders and on mainstreaming the interests of local communities in the planning and management of protected areas.

During project implementation some reallocation of funds increased the amount of credit resources as well as government co-financing for components 1 and 3 to cover staff salaries and operating costs for two additional years of project implementation, to afford a fuller set of equipment for the project beneficiary laboratories, to renovate some office space of the MoEPNR (including space for PIU) after the Ministry's move to the new premises, and to address a few more minor needs that had emerged under these components during implementation.

The project required three extension of the closing date for the IDA Credit and two extensions of the closing date for the GEF TF Grant that moved these dates from the planned December 31, 2004, to October 31, 2006, and February 28, 2007, respectively. These extensions became necessary due to several reasons: project effectiveness 5 months past approval, poor government co-financing of the project at early stages of its implementation, little commitment to and slow action on the GEF-financed component at an earlier phase of project implementation, and persisting institutional changes in the administrations of all key involved institutions: the MoEPNR, the DPA, the KNP, coast-based laboratories, and the PIU.

2. Key Factors Affecting Implementation and Outcomes

Quality at entry was satisfactory. The project was relevant, because it directly responded to the government's objective to protect the environment and support sustainable natural resource management through integrating environment into economic policies and strengthening institutional framework for mainstreaming of environmental planning and management into economic sectors.

The project idea was conceived during implementation of the GEF-financed component of an earlier Municipal Infrastructure Rehabilitation project, under which many of the key elements of the future GICM project were identified. For better formulation of needs, some participatory workshops and consultation were held with local authorities. The project component for the establishment of Kolkheti protected areas was designed in collaboration with regional support groups, facilitated by the conservation program of WWF in Georgia. A dozen NGOs, actively involved with environmental and social issues, were consulted to help shape the package of assistance to be delivered to the beneficiary protected areas and to plan activities in their support zones. While participatory processes at the project preparation stage looked adequate, difficulties encountered at the implementation phase revealed a deficiency in community outreach, because the local authorities, interest groups, and NGOs did not prove to be fully representative of the affected communities.

The project design was based on comprehensive analysis that included cost effectiveness, fiscal impact, technical, institutional, social, and environmental implications. Potential

risks and expected sustainability of the project outcomes were also considered. The overall rating of risks was modest and the identified potential threats included loss of the government's commitment, political instability, delay in adoption of the Kolkheti protected areas legislation, lack of incentives to encourage compliance with coastal zone management regulation, lack of cooperation between public and private sectors in development capacity to respond to oil spills, and inability to recruit and retain qualified staff for project implementation purposes. The risk analysis proved to be mostly realistic and the identified measures for risk minimization have been applied during the project implementation.

The lessons from other Bank projects in the region underscore the need to (i) obtain support at the highest levels to ensure commitment to project objectives and the necessary allocation of resources for the project; and (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; and finally, (iv) 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, namely, from regional environmental programs in the Baltic and Mediterranean Seas. 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 GICM project design reflected these lessons in the project's incremental approach aimed at building a sound foundation for ICZM through institutional strengthening and local participation. However, the principles of ICZM do not allow a simple focus approach and, therefore, the risk of being dependant upon the support of many institutions could have not been significantly minimized.

2.2 Implementation

Implementation in general was moderately satisfactory. The project had been at risk at its mid term mostly due to failure of the government to manage conflicting interests of Kolkheti wetland protection and the development of a large scale oil terminal in the same area. After receiving strong signals from the Bank and whistleblower NGOs, the government took several remedial actions, the most important of which was the MoEPNR's engagement with the Ramsar Bureau for getting advice and guidance on approaches to compensation for the lost wetlands. In the course of this cooperation some 1,300 hectares of land have already been added to the park area. Significant delays in the implementation of the GEF-financed component around mid term of the project were caused by slow decision-making and processing of the transfer of user rights to a building allocated to host the administration of the KNP. Eventually this issue was resolved and

fully adequate premises were delivered to the park administration. Government co-financing had been poor at the earlier stage of implementation, but later improved and has not been an issue thereafter. Institutional arrangements for project administration were generally satisfactory. Estimates of project costs were reasonable.

Changes in country context and project clients/beneficiaries

During the project life some major political, policy and administrative shifts occurred in Georgia, including the national Rose Revolution, revolution in the Autonomous Republic of Abkhazeti (that comprises a good part of Georgia's coastal zone), four changes in the Minister of Environment in charge of the project implementing agency, three changes in the head of the Department of Protected Areas, three changes in the director of the project beneficiary KNP, and a major restructuring of the project implementation unit within the MoEPNR, including a high rate of staff turnover. These events caused delays in project implementation due to changing political priorities, policy trends, institutional set-up, and staffing of key institutions involved, and also due to varying security situation and accessibility of some project implementation sites.

Altered political/policy framework

The ICZM capacity building component of the project is the one mostly influenced by the altered national policy trends. Although improvement of the coastal resource management remained high on the government's agenda, the national and local consultative bodies for ICZM were considered an additional institutional layer and their establishment found redundant in the context of the overwhelming trend of liberalization and de-regulation. A legal framework for ICZM is now established, though its mechanism is different from what had been initially conceived. The *Law of Georgia on Spatial Planning and Urban Development* was passed by the Parliament in 2005. It provides for integrated planning of development at the local, regional and national levels. The Law requires that planning is based on consideration of interests of the affected legal and physical bodies, local governing / self-governing bodies and the State, and also obligates that ecosystems as well as natural and cultural resources are sustained. With such Law in force, the government saw no need for specialized ICZM legislation. The draft ICZM law was, therefore, re-worked into the Guidelines for ICZM and issued by the MoEPNR as a supplement to the *Law on Spatial Planning and Urban Development*. The Guidelines add some specific coastal zone dimensions to this legislation.

An ICZM Center was established at the project start-up and it functioned as a PIU for several years. Later several PIUs under the MoEPNR were merged and the ICZM Center, as a self standing legal body, was abolished. A new institutional unit for ICZM was then created in January 2007 as a part of the Monitoring and Forecasting Center under the MoEPNR. This unit is not a consultative body representing various interest groups of the coastal zone - as originally envisaged - though it can contribute much to the improved planning and decision making on coastal matters while acting as an information and knowledge base. All studies, reports, maps, images, and databases accumulated during GICM project implementation are being transferred to the Monitoring and Forecasting Center. The ICZM unit of the Center is designated and equipped to accumulate the flows of monitoring data and other incoming information on the quality of coastal environment.

Therefore, the Center has been given a mandate to facilitate ICZM process through provision of empirical data, professional judgment, and technical tools for planning, managing, and monitoring developments in the coastal zone. However, capacity of the young ICZM unit still needs to be built up to a point that is adequate to its role and responsibilities.

Overall, the institutional and legal framework for ICZM established as a result of the GICM project is weaker than targeted at the project design stage.

Kulevi oil terminal

The construction of the Kulevi Oil Terminal, causing a loss of 90 ha of wetlands protected under Ramsar Convention on the Protection of Wetlands, was on the Bank's radar screen throughout the project life for several reasons: (i) this large infrastructure project had major environmental and social impacts within the coastal zone; (ii) it had significant implications for the outcomes of the GEF-financed second component of the GICM project; and (iii) the Bank's top management was approached by international and Georgian environmental NGOs with a plea to exercise sanctions against Georgia due to negative global externalities of Kulevi oil terminal.

Kulevi oil terminal was declared to be of paramount economic and geopolitical importance by both pre- and post-revolution governments and the Bank has never disputed that. The Bank repeatedly flagged to the government its concerns about the non-compliance of Kulevi project with national legislation and the international Ramsar Convention, and emphasized the need to mitigate environmental impacts of the terminal. Construction commenced without an environmental permit and without formal de-listing of the construction site from the Ramsar Convention on the Protected of Wetlands of International Importance. Later the permit was issued contingent on meeting several requirements. At present they are met partially. The developer has produced an additional study on biodiversity (including a monitoring plan) and shared with the MoEPNR the first draft contingency action plan for addressing oil spills in the terminal, including its marine part and the railway access road. The Ministry's comments are now being incorporated. The developer, through a sub-contractor, has also produced a study with valuation of damage caused to the ecosystem due to construction and future operation of the terminal, along with a proposed compensation package. Communication with Ramsar Bureau on de-listing of the former site and allocating the new ones will be made by the MoEPNR once the compensation parcel is internally agreed upon.

Overall, commencement of the Kulevi oil terminal construction without addressing environmental issues was a bad environmental practice and inconsistent with the ICZM principles. Later the new government of Georgia took several steps towards restoring environmental compliance of the Kulevi project, including partial compensation of the loss through allocation of alternative wetland sites for restoration and conservation, and including them into the Kolkheti protected areas. At the same time, the operation of Kulevi oil terminal will require taking some area out of the marine part of the KNP, or at least re-alignment of its present boundaries.

Some environmental NGOs argued that the co-existence of the KNP and the Kulevi oil terminal was impossible and requested the Bank to terminate the GICM project financing unless the terminal construction was discontinued. It was evident that the possibility of project closure would not stop construction in Kulevi, but it might be interpreted as proof of the low importance of Kolkheti wetlands and bring about additional environmental damage. Furthermore, stopping project financing half way through would waste most of the investments already made. At the same time, continuing project implementation would be pointless if the construction in Kulevi could wipe out its outcomes. The decision to keep the project in the Bank's portfolio was made as a result of careful consideration of these factors. By the time of the present ICR, outcomes of the GEF-financed component of the project prove that the wetland ecosystems of Kolkheti are far better off as a result of project implementation than they would have been otherwise and the project's environmental objective has been met.

Project outreach and local involvement

Stakeholder workshops during the MTR identified certain shortcomings in project outreach and communication at the local level. In particular the following deficiencies were noted: (i) a lack of information about the project for stakeholder communities, local government, and NGOs; (ii) weak public awareness and involvement in the project work; (iii) limited tangible positive impact of the project at the local level; and (iv) insufficient participation of local communities in the planning of protected areas' management.

The main message from the MTR mission was a call for shifting emphasis to the local level in all aspects: project administration, public outreach, community empowerment, stakeholder involvement, etc. In response to the mission's recommendations:

- (a) a communication strategy was developed and implemented in cooperation with the administrations of the project beneficiary protected areas;
- (b) one PIU staff unit began to function as Public Relations Officer;
- (c) one new PIU staff unit was created with a duty station in the coastal zone;
- (d) additional funds were obtained from the Japanese Social Development Fund for the implementation of a Small Grants Program aiming Kolkheti lowland communities,
- (e) a number of key output indicators and PDO indicators were reformulated to measure progress in enhancement of the project work at local level.

2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

Monitoring and evaluation of the project implementation progress was based on the logical framework provided in the PAD that carried a set of goals, objectives, outputs, and outcomes organized in a hierarchical order and the respective key performance indicators, as approved. The project outcome indicators included:

- Coordination mechanism for intersectoral planning and management of coastal resources established at national and local levels,
- Provision made for introducing and retaining user fees for protected areas,
- User based financing mechanism(s) for control of oil pollution piloted,
- Specialists trained in coastal resource planning and management tools and environmental education,

- Information node for Black Sea regional coastal environmental monitoring network established,
- Black Sea environmental education materials developed for formal and informal sectors,
- National park staff trained,
- Local stakeholder participation facilitated in coastal development management decisions.

Some of these indicators, though, would have been more suitable to measure project outputs, rather than outcomes (especially, development of training materials and training of park staff).

During the MTR, the logical framework and key performance indicators were revised and upgraded to reflect some lessons learned and to strengthen the logical links between the project objectives, outputs, and monitoring indicators. Overall, the vast majority of performance indicators before as well as after revision at the MTR have been qualitative. A few quantitative indicators lacked baseline numerical data where no relevant monitoring had been carried out in the country prior to the project launch.

Several tracking tools were used to measure project progress against the established indicators. The World Bank's monitoring tool, applied regularly throughout the project life, was the conduct of bi-annual supervision missions of the task team, that included extensive field work in the project implementation sites, meetings with the project clients, beneficiaries, and stakeholders. Analysis of the missions' work was regularly documented in Aide Memoires and ISR Reports.

Advancement of project implementation was reported annually by the PIU through comprehensive progress reports. However, the PIU ceased submitting progress reports after the MTR, which created a gap in the borrower's reporting between the project MTR and completion. The PIU explained this by being overloaded with the government's frequent, multiple, and sometimes ad hoc requests to report on various project parameters in a variety of formats. While this argument was not groundless, general progress reporting to the Task Team should have not been compromised and more attention should have been paid to the improvement of time management and delegation of responsibilities within the PIU.

The development progress of the protected areas of Kolkheti was tracked by applying the WB/WWF Management Effectiveness Tracking Tool. Information obtained through application of this tracking tool contributed to monitoring of the outputs and outcomes of component 2 of the project and worked as an additional incentive for protected area administrations for improvement.

Tracking project-related developments of Georgia's national legislation was also an indicator for evaluating the project's progress in meeting its development and global objectives.

Overall, the monitoring framework carried a decent mix of qualitative and quantitative indicators that were measured in the course of the project implementation.

2.4 Safeguard and Fiduciary Compliance

Implementation of the project was monitored to track compliance with four triggered safeguards: Environmental Assessment (OD 4.01), Natural Habitats (OP 4.04), Forestry (OP 4.36), and Projects in International Waters (OP 7.60). Compliance with OP 4.36 and OP 7.60 has been satisfactory throughout the project life. Compliance with OD 4.01 and OP 4.04 was considered unsatisfactory during three years of project implementation (2002 through 2004). The rationale for that was the construction of Kulevi oil terminal in the wetland area protected under the Ramsar Convention and in immediate proximity to the KNP.

Later the task team reconsidered the rationale for reflecting activities not funded from the project proceeds in rating of the project's compliance with the safeguards and found it more relevant to apply ratings primarily with reference to the activities within the project scope. Therefore, compliance of project implementation with all triggered safeguards has been rated satisfactory since 2005.

Fiduciary compliance was monitored on a regular basis through financial management supervision. Findings and recommendations of supervision were documented in FMS reports.

The Borrower submitted to the Bank Project Management Reports (PMRs) on a quarterly basis, as well as annual independent audit reports on the project's books and accounts. No major issues have been encountered in the financial management of the project.

2.5 Post-completion Operation/Next Phase

The government recently created a knowledge and information basis for ICZM by setting up the new ICZM unit within the Monitoring and Forecasting Center under the MoEPNR. It is now of the pivotal importance that this new unit is built up to be able to perform as a potent and viable national node of the coastal environment monitoring network where all existing studies, reports, maps, images, and databases are combined and all monitoring data from the coastal areas are further collected and evaluated.

The government of the Autonomous Republic of Achara has taken the first steps to integrate principles of ICZM into their coastal development plans. These include: (i) application for funds and TA for the development of landscape master plans for the territory of the Autonomous Republic, (ii) designation of a new National Park of Mount Mtirala and ongoing work to establish two more protected areas, including a trans-boundary one with Turkey, (iii) introduction of pollution hotspot monitoring along the coast, that implies tracking of point sources of industrial pollution, and (v) improvement of beach management practices utilizing good and bad experience from the pilot activity launched in Kobuleti under the GICM project. Successful implementation of these initiatives would result in a tangible and sustainable improvement of the quality of coastal environment in Achara.

The government of Georgia, using technical assistance from EU TACIS financed *Black Sea Investment Facility (BSIF): Georgia, Moldova, Russia, Ukraine* developed a number of infrastructure project ideas, all dealing with the environmental health of the Black Sea. These include projects for water supply and waste water treatment in the port city of Poti and the seaside resort Kobuleti, as well as waste management and disposal projects for Kobuleti and the port city of Batumi. Feasibility studies for these projects are completed and investments for the detailed engineering design and implementation of these projects are being secured by the government. Implementation of these projects would contribute much to decreasing pollution of marine and terrestrial environment in the coastal zone.

The GICM project helped to establish two coastal protected areas. The KNR has already become an important international destination for wetland studies. The KNP, along with a major conservation value, carries considerable potential for nature tourism. With an excellent visitor center, interpretation facilities, and other tourist infrastructure it is ready to receive and service visitors. Proper marketing of the KNP, possibly in a package with other natural and as well as cultural attractions of the Georgia's coastal zone, is of crucial importance.

Some amendments to the *Law on Establishment and Management of Kolkheti Protected Areas* are expected to deal with issues arising from (i) social tensions in the Lanchkhuti district area within the KNP, (ii) compensation for wetlands lost to Kulevi oil terminal, and (iii) entry of the Kulevi terminal into operation. One legally designated part of the KNP, which falls under administrative district of Lanchkhuti district, de-facto is not yet delivered to the jurisdiction of the Park administration, as the authorities have not come up with acceptable alternatives for community forest use within this area. The Department of Protected Areas (DPA) under the MoEPNR is working with local government, the Department of Forestry, and communities to resolve this matter.

The three laboratories supported under the GICM project have received a comprehensive package of assistance to bring them up to international standards of environmental quality monitoring. One of the laboratories, however, was closed shortly after project completion. Due to still ongoing institutional changes, the system of agreed-upon water quality monitoring data generation as well as their compilation, processing, and publishing in the ICZM unit of the Monitoring and Forecasting Center is not yet operating smoothly. Available funding is insufficient for full operation and proper maintenance of the coastal laboratories. Therefore, their technical capacity is underutilized. The MoEPNR should promptly address the above issues and come up with adequate solutions, allowing them to take full advantage of the high-tech laboratory facilities obtained as a result of the GICM project implementation.

Erosion of Georgia's Black Sea coastline continues to be a pressing problem, originating from natural as well as anthropogenic sources both within and outside the country's territory. The GICM project brought in the best international expertise for analyzing nature of erosion, understanding coastal dynamics and proposing a range of possible technical solutions. Human capacity, hardware and software for coastal modeling were

delivered to the Institute of Coastal Dynamics, which recently was absorbed by the Monitoring and Forecasting Center of the MoEPNR. This provides good institutional grounds for the ICZM unit and the coastal dynamics team to work jointly under the umbrella of this Center and to provide valuable advice to a recently created inter-agency commission on coastal erosion.

The marine oil spill contingency action plan was drafted under the GICM project in 2000. The document was not adopted by the government due to lack of consent between stakeholders on the roles of various agencies in reacting to possible spills. Neither had the final decision been reached on the mechanism of financing the response actions. Later the Bank-supported Energy Transit Institutional Development project picked up the draft action plan to reflect the recent administrative changes and to include a fresh set of comments from the stakeholders. The new iteration of the marine oil spill contingency action plan is now delivered to the MoEPNR. The next step would be for the MoEPNR to circulate it to the Cabinet and facilitate formal adoption by the government.

The World Bank, through its continued sector dialogue with the MoEPNR, will keep track of the government's next steps and actions on the above issues that remain important for the purpose of the GICM project developmental and global objectives beyond its lifetime. An analytical and advisory activity of the Bank, as planned in the current CPS, around legal and policy issues of resource use in the KNP would be highly beneficial for continuing cooperation with the government on long term sustainability of protected areas.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

The GICM project was designed during the period of the CAS dated September 12, 1997. Protecting the environment and supporting sustainable natural resource management was one of four main objectives of that CAS. Among the associated issues identified in the CAS were that environmental concern had not been effectively integrated into economic policies and that institutional arrangement to facilitate the mainstreaming of environmental planning and management into economic sections were weak. The design of the GICM project was highly appropriate to the above CAS objective and the issues identified therein. The GICM project objectives and the design of its component financed from GEF were also fully relevant to the priorities of the GEF Biodiversity focal area under operational programs for the Coastal, Marine and Freshwater Ecosystems as well as for the Forest Ecosystems. The project activities concentrated on the conservation and sustainable use of biodiversity in coastal forest wetlands and nearshore waters of Georgia which are of international importance. At the same time, they were designed to support Georgia in meeting its commitments under the BSEP and to implement priority actions outlined in the NEAP. The integrated approach chosen in the project design for the management of coastal resources reflects actual trends of international environmental legislation.

While the project was prepared and approved by the end of 1998, it became effective in May 1999 and implementation finished in 2006. This period of time was very intense in terms of political developments in Georgia. After an initial starting period, the project was affected by the country-wide deteriorating situation in 2002-2003. The project was successful during this period in ringfencing specific coastal protection activities from the external situation, including maintaining a positive dialogue with the Autonomous Republic of Abkhazeti during a tense period between Tbilisi and the Abkhazeti government. It was appropriate during this period that the MTR confirmed the validity of the PDOs, with an increased focus on the need to strengthen communication and local participation. Following the Rose Revolution in 2004 until present, the government consolidated its political and economic situation, and began to move in a direction towards more de-regulation and less interference with the private sector. This resulted in a tension between the earlier approach and the new one, but no further effort at restructuring took place to adjust to this new situation, initiated by either the Bank or the Borrower.

The reluctance of the Cabinet to pass the ICZM legislation and to establish representative consultative bodies for ICZM decision-making at the national and local levels became apparent in early 2006. The work under ICZM component of the project was then shifted promptly and efforts were re-directed towards development of ICZM Guidelines. This non-discretionary document of advisory nature was issued by the MoEPNR in the last year of the project implementation.

While protection of the environment and of natural resources dropped on the government's priority list over the project's lifetime, the development of Georgia's tourism potential has been declared one of the vehicles for the country's economic growth. In this light strengthening and expanding of the protected area network for nature tourism is getting high level political support. While the project was at risk in the past due to failure of the former government to allocate an adequate building for the administration of the KNP and the limited ownership of the park by its local administration as well as the DPA, the situation changed significantly under the new government. With adequate leadership at both central and local levels and the increasing public funding to the protected areas of Kolkheti, implementation progress of the GEF - funded protected areas component of the GICM project improved tangibly towards the end.

3.2 Achievement of Project Development Objectives and Global Environment Objectives

Achievement of PDO:

The project partially met its development objective. Key indicators of PDO achievement were (i) creation of a mechanism for inter-sectoral planning and management of coastal resource use, (ii) ensuring stakeholder participation in coastal management, and (iii) training a critical number of specialists in the ICZM. A legal framework for ICZM has been established, though through the instruments different from what was planned initially. The *Law on Spatial Planning and Urban Development* was passed by the Parliament in 2005, which provides for integrated planning of development at the local,

regional and national levels. This Law requires that planning is based on consideration of interests of the affected legal and physical bodies, local governing / self-governing bodies, and the State, and also obligates to ensure sustainability of ecosystems as well as conservation of natural and cultural resources. With such law in force, the government saw no need in a specialized ICZM legislation. Instead, the *Law on Spatial Planning and Urban Development* was supplemented with the Guidelines for ICZM, issued by the MoEPNR, that add some specific coastal zone dimensions to this legislation.

The project was not able to ensure meaningful participation of stakeholders in coastal management. Institutional mechanisms for stakeholder involvement should have been created by setting up representative bodies in several locations of the coastal zone as well as having one once central body in Tbilisi. However, the project did not result in the establishment of consultative commissions for ICZM, as such institutions had been considered a redundant additional layer of decision-making which could restrict the smooth flow of investments and economic growth. A conceptually different ICZM unit was set up under the MoEPNR as a knowledge base, rather than a forum for participatory intersectoral planning of coastal development. The ICZM unit is fully mandated and well equipped to operate as an information node for the Black Sea coastal environment monitoring network. Though, due to continuous restructuring of both central and coast-based institutions that comprise the monitoring network, the ICZM unit is not currently operating at full capacity and has yet to establish a strong ownership of the system.

A sufficient number of specialists received training in the field of ICZM, which allowed them to acquire relevant knowledge and skills. Therefore, the project succeeded in creating human resources for ICZM at the national level.

In summary, out of three PDO indicators one was fully met, while two indicators were achieved by about 30%. With this status towards the end of the project implementation, the overall outcome was found moderately satisfactory, because even without the ICZM law and inter-sectoral ICZM commissions, the project-assisted developments in the legal and institutional framework allowed for tangible improvement of coastal planning and management practices. However in the period between the project closure and the time of this ICR the government showed little interest in promoting integrated planning of development within the framework established under the project based on the *Law on Spatial Planning and Urban Development* and the ICZM guidelines. Furthermore, while all three beneficiary laboratories for water quality monitoring had been operational by the project completion and the ICZM unit had been created within the Monitoring and Forecasting Center for the MoEPNR, at present one of the laboratories is abolished, the second one has developed problems due to poor management, and the central ICZM unit is not performing effectively its mandate. Therefore, the ICR rates achievement of PDO **moderately unsatisfactory**.

Achievement of GEO:

Overall outcome of the GEF-financed component for the establishment of the KNP and the KNR is **satisfactory** and the project met its global environmental objective. Key indicators of achieving GEO were (i) creation of an information node to accumulate

coastal monitoring data, (ii) establishment of use fee collection and retention system in the protected areas of Kolkheti, and (iii) increasing capacity of the protected areas' staff. Starting from scratch by designating these protected areas, towards the project completion their management plans have been approved and operational, the area under protection has been registered and physically benchmarked, capable administration units built, effective system of patrolling introduced, high quality administrative and visitor servicing infrastructure installed, user fee collection and retention by administrations ruled in, and a strong basis laid for biodiversity monitoring and research. Both beneficiary protected areas are well established now, with their management structure on firm footing. Much effort has been invested in regulating natural resource use within the protected areas and reconciliation of local community interests with the goals of conservation and nature tourism development. Though this process is still ongoing and calls for further improvements at the national level, beyond the scope of GICM project. Issues around marine part of the KNP are not yet resolved. The boundaries of the marine part must be legally revised due to Kulevi oil terminal entering into operation in 2007, and its patrolling should be organized. Without undermining magnitude of this problem the achievement of GEO is still rated satisfactory to reflect a huge difference that the establishment of the KNP and the KNR made for the Georgia's coastal zone in terms of formalizing wetland conservation values as well as physically protecting wetlands from eradication through draining, timber and peat extraction, and other forthcoming threats.

An information node for accumulation of the coastal information was created within the Monitoring and Forecasting Center of the MoEPNR. It holds valuable sets of baseline data, as well as analytical reports on the state of environment in the coastal zone, and a rich gallery of images. Collecting current information and keeping the databases up-to-date is a challenge faced by the Center.

By and large, the project succeeded in the improvement of the protection and management of threatened forest and wetland natural habitats within the Kolkheti region and in integrating these protected areas into the broader objectives of development in the coastal zone. Achievements in conservation of Kolkheti wetlands is a major contribution to the implementation of the Georgia Biodiversity Strategy and Action Plan (BSAP), as preserving biodiversity sites of international significance on Georgia's Black Sea coast is among the priorities outlined in the BSEP.

3.3 Efficiency

Costs incurred for implementing the GICM project were US\$ 7.9 million along with potential costs of foregone economic activity as a result of establishing protected areas of Kolkheti. Out of the total project cost, financing of the GEF component was US\$ 1.3 million, which represents the incremental cost for achieving sustainable global environmental benefits from conservation of Kolkheti wetlands carrying international importance. The types of foregone economic activities due to establishment of Kolkheti protected areas comprise hunting and peat mining, none of which would have any major economic importance. Potential costs of foregone fishing and firewood extraction had been minimized to negligible level, as the amendment introduced to the *Law on the Establishment and Management of Kolkheti Protected Areas* provided for the traditional

use zone within the park, where regulated extraction of fish and wood is permitted and meets the basic needs of the gateway communities.

Overall benefits from the establishment and development of the Kolkheti protected areas are numerous. Although most of these benefits cannot be quantified, their importance is well justified. Benefits were secured in public health, tourism, preservation of ecological resources - including the functional values of wetlands for flood protection, pollution filtration and habitat values, including habitats for migratory birds. Project supported research of Kobuleti peat bogs led to the remarkable scientific finding that dramatically increases the value of Global benefit from their conservation. Namely, peat bogs of Kobuleti turned out to be of a rain-fed percolating type, which is a unique combination. Kobuleti bogs also have been proven to have an outstanding growing rate. Ongoing research may lead to the development of peat bog farming technology for environmentally harmless production of peat in future.

Investments into the establishment and development of Kolkheti wetlands had an important positive spillover to the Georgia's national network of protected areas. The GICM project supported debates over the legal instruments for protected areas zoning and administration, that have directly resulted in upgrading the national legislation on protected areas. Also, the GEF component of the GICM project increased awareness of the importance of wetland ecosystems that had been almost non-existent by the time of the project start-up.

3.4 Justification of Overall Outcome and Global Environment Outcome Rating

The project development objective was highly relevant at the time of preparation and remained so throughout the project life. With the increasing magnitude of energy transit through Georgia's seaports and booming investment in coastal infrastructure, the importance of the project's development objective even grew during its implementation. At the same time the overriding political trend of creating a welcoming environment for investment and the tendency towards deregulation altered the government's vision of what they would like to achieve through introduction of ICZM in this country. The project adapted to the changing demands of the client and, overall, succeeded in laying foundation for Georgia's ICZM capacity. However, without proper institutions or forums for meaningful involvement of local stakeholders in planning of coastal development and with limited indication of the government's ownership of ICZM principles towards the project completion and post project phase, the overall outcome rating of the Bank project is **moderately unsatisfactory**.

The Global environmental objective of the project has been fully relevant throughout the project life. The government's ownership of the GEF Component of the GICM project has considerably increased towards the end of project implementation, which allowed achieving much despite significant delays and problems encountered earlier in the project life. Investing a modest amount of US\$1.3 million in the GEF-financed component of the project generated significant benefits at the local, national, and international level and produced sustainable, irreversible outcomes. With the excellent results and prospects for wetland conservation in the KNR and in the terrestrial part of the KNP, but little

achievements in the marine part of the park due to the compromising decisions on Kulevi oil terminal, the overall environmental impact of the project is **satisfactory**.

3.5 Overarching Themes, Other Outcomes and Impacts

Institutional Change/Strengthening

The process of developing, discussing, and approving management plans for Kolkheti protected areas has been a learning process for several involved institutions. This exercise contributed much to the development of in-country capacity of protected area planning. A team of professionals that had contributed to the management plans of the KNP and the KNR is currently involved in planning of other protected areas and their expertise is in high demand.

Experience with Kolkheti protected areas demonstrated certain weaknesses of the public consultation process previously believed to be good enough and applied to planning of these protected areas. Lessons learned are fully applied to the process of planning new protected areas in the country.

A lengthy process of adopting management plans for Kolkheti protected areas led to the identification of some procedural glitches. As a result, the government amended the procedure of approving protected area management plans and made it less cumbersome.

Through the building of a new visitor center in the KNP, the project helped to introduce the concept and principles of “green architecture” to the country. The architect of this building got the initial inspiration for this approach through one of the project’s study tours to the US National Parks and is now successfully promoting the ideas of green architecture within Georgia.

4. Assessment of Risk to Development Outcome and Global Environment Outcome

The overall rating for the risk to project development outcomes is **significant**. The main background behind this rating is the persisting institutional changes in combination with a powerful trend of deregulation and liberalization in support of ambitious goals as regards attracting investments to the country and achieving strong economic growth.

With respect to ICZM institutional capacity building this means that the integrated and participatory planning approach, as envisaged in the project design, is not well supported by the government. It decided against creating participatory consultative institutional bodies for planning coastal development at the national and local levels. The ICZM Guidelines, developed under the project, represent a somewhat weaker, non-binding planning tool that leaves the introduction of stronger coastal zone specific regulations and legal instruments for the future.

The newly established ICZM unit under the Monitoring and Forecasting Center within the MoEPNR was established very recently. Its new staff has to build up their ICZM capacity from a basic level. The central ICZM database established under the project

(GIS, protocols of data exchange) is currently unattended. Therefore, there is no firm assurance of having a successful ICZM unit in place any time soon. It should be noted though, that the approval of the *Law on Spatial Planning and Urban Development* in 2005 has created a permissive environment for stakeholder participation and consideration of different interests in planning of coastal development.

With respect to the establishment of coastal environment quality monitoring and evaluation system, the institutional sustainability of project outcome is questionable. Out of the three laboratories that received equipment and training under the project, one is fully functional, one has been abolished with currently unclear arrangements for absorption of its functions by other institutions, and for one - staff turnover has already contributed to some loss of the acquired capacity.

The overall rating of the risk to GEO outcome is **low**. The main reasons for this evaluation are impressive results from the GEF component of the project. The KNP and the KNR have been successfully established. The major part of designated territories is legally transferred to the protected area administrations, border demarcation is completed, functioning administration units and high quality administrative and visitor servicing infrastructure are in place. Considerable effort has been made to regulate natural resources use within the protected areas with tangible results regarding forest management, fishery and hunting. Both administrations of the project beneficiary protected areas are continuously working on further improvement of their law enforcement measures. Ownership of and support to the KNP and the KNR demonstrated by the Department of Protected Areas is fully adequate. Public funding from the State budget of these protected areas has been increasing for the last couple of years. With the current management structure on firm footing, prospects for conservation of internationally important coastal wetlands and biodiversity are generally good. It is also expected that the development of nature tourism will contribute to stabilize the protected areas.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

Bank Performance in Ensuring Quality at Entry

The Bank's overall performance in the identification, preparation assistance, and appraisal of the project is rated **satisfactory**. An Environment Specialist with extensive worldwide experience in marine biology and coastal matters was in charge of the team at the early stage of the project identification and preparation. The preparation was adequately performed in a reasonable time, resulting in a well-designed project addressing government priorities as outlined in the CAS as well as the Global objectives of conserving wetland ecosystems and their biodiversity. For shaping up the GEF-financed component, the outputs of the WWF's Conservation Program in Georgia were plugged into the project planning. Using of this resource was highly relevant, as the WWF's work had identified the Kolkheti wetlands as a location for one of the seven

potential national park sites in Georgia and produced guidelines for the development of protected areas in Kolkheti.

All key arrangements for project implementation, including placement of a PIU within the MoEPNR as well as establishment of accounting, financial reporting, and auditing systems, had been made on time and with due consideration. The Bank got assurance in the government's commitment to the introduction of ICZM policies and principles through the establishment of a central consultative body on ICZM prior to the project start-up. The State Consultative Commission for Integrated Coastal Zone Management was indeed set up through a presidential decree in October 1998.

Quality of Supervision

The Bank's supervision performance was **moderately satisfactory**. In the course of implementation, the Bank conducted 17 supervision missions (about two a year) and a MTR. The Sector Manager made important contribution to the MTR by visiting project implementation sites and participating in the discussions with the project clients, beneficiaries, and other stakeholders. In general, the composition of the Bank missions in terms of appropriate skill mix, expertise and staff continuity was assured, with consultants mobilized for specific areas when needed.

In response to the findings of MTR, a key message of which was the lack of local community involvement in and ownership of the project, the Bank's task team provided strong follow up on the development and implementation of a public awareness program. Furthermore, the task team raised Japanese Social Development Fund financing for carrying out a project for Improving Livelihood Security in Kolkheti Lowlands, as a supplemental activity to the GICM project.

The project implementation progress was carefully monitored by the supervision team and was recorded in the ISRs. The Bank systematically tracked financial management and procurement under the project through regular oversight of the financial management system of PIU, commenting on and clearing procurement documents pertaining prior review contracts and conducting regular post-reviews of other procurement. Safeguard compliance was also monitored throughout the project implementation and recorded in all ISRs.

The supervision team has been cooperative and helpful to the project implementing agency. This implied, inter alia, working closely with four different administrations of the MoEPNR and three administrations of the DPA that were in office during the project lifetime, to discuss relevance of the project concept, brief on the implementation history, explain the Bank expectations of the Borrower performance, and achieve synergy. The Bank team also maintained constructive dialogue on project related issues with the environment protection and natural resources agency of the Autonomous Republic of Achara.

One shortfall in project supervision was that the project team kept its cooperation on project matters confined to the implementing agency, and within this agency talked

mostly with one high ranking focal point designated for overseeing the Bank-assisted operations. In regular circumstances this could have been sufficient, but in a highly dynamic political environment and during a period of major policy changes the supervision team should have sought broader views on the developments which had been of multi-sectoral interest. With that the Bank could have diagnosed a need for restructuring elements of the project related to integrated planning process and could have taken initiative in discussing this matter with the government.

Justification of Rating for Overall Bank Performance

The Bank's performance was fully satisfactory at the early stage of the project identification and preparation. Supervision was also well organized and highly professional, through its efforts were affected by nation-wide political developments which raised issues of a cross-sectoral nature and, therefore, stronger higher level management attention might have been warranted at times. The rating of the overall Bank performance is, therefore, **moderately satisfactory**.

5.2 Borrower Performance

Government Performance

The government was highly committed to the project idea at the preparation stage and acted proactively on a few matters. For instance, the State Consultative Commission for ICZM was established through the Presidential Decree in October 1998, preceding the project effectiveness in May 1999. The ICZM Center was established in the capacity of the GICM PIU in April 1999, also prior to the date of effectiveness.

Shortly after the project start-up the issue of Kulevi oil terminal construction emerged. Important decisions and rulings made by the government pertaining to this construction project deviated from national legislation and the provisions of the Ramsar Convention, which certainly was not in harmony with the ICZM spirit and the best practice.

Later political and policy trends emerging in Georgia caused further weakening of the government's ownership of the ICZM approach, though no formal request was made for restructuring or dropping any of the GICM project components. Towards the end of the project life the government did not adopt ICZM legislation opting rather for non-bidding ICZM guidelines, and did not establish ICZM consultative bodies. This reduced commitment was exacerbated by numerous changes in environmental and project management over the project life.

Unlike their mixed attitude towards the ICZM principles, the government's commitment to the GEF financed component of the GICM project increased substantially over the time. Significant hindrances were experienced with implementation of this component at the earlier stage of implementation due to lack of the government's commitment and delayed decision-making. Later the new administration of the MoEPNR turned things around and provided excellent cooperation on all major aspects. The strong leadership of the MoEPNR's central administration and the DPA in achieving sustainability of protected areas of Kolkheta continues post-project and is remarkable.

Delays in co-financing of the GICM project from the State budget was a major issue early in project implementation. Significant improvement of the country's financial systems and institutions after the Rose Revolution has eradicated the glitches in co-financing and it has been smooth ever since.

Overall, the Borrower's performance is rated **moderately unsatisfactory**.

Implementing Agency or Agencies Performance

The MoEPNR provided good leadership and oversight during the preparation and implementation of the GICM project.

The ICZM Center under the MoEPNR acted as a GICM PIU for the considerable period of implementation. Closer to project completion a new legal body was established as a PIU for all Bank assisted operations being implemented by the MoEPNR. While the ICZM Center demonstrated full dedication to the project goals and objectives and carried good technical staff, it was weaker in contract management and in meeting established deadlines. Restructuring of the PIU resulted in a stronger management and closer integration of its work with the MoEPNR mainstream activities, though the skill mix deteriorated somewhat with the loss of technical professionals. Reporting progress on the project implementation was inadequate since the MTR. Eventually, the Implementing Agency with its PIU managed to deliver majority of the project outputs that had been under its control and discretion, disbursed all but negligible proceeds of the project and properly accounted for them.

Performance of the implementing agency is, therefore, rated **moderately satisfactory**.

Justification of Rating for Overall Borrower Performance

Considering performance of the Borrower, the project implementing Ministry, and the Project Implementation Unit in general during all stages of the project cycle, the rating is **moderately unsatisfactory**.

6. Lessons Learned

Community awareness and participation in a project may not always be achievable through adequate involvement of local NGOs.

Community outreach is a big challenge, as that implies extensive work with a great number of diverse people. Therefore, it is logical to try reaching communities through their representative bodies, such as elective bodies of local government and more so – local NGOs. But that may not always be a sufficient tool for public outreach in Georgia. Membership of many NGOs in this country is based on belonging to a professional field. Some are being created to set up bodies eligible for receiving grants or for selling variety of services. Such NGOs are usually good policy promoters, fundraisers or watchdogs, but they may not be reliable conduit for community preferences and concerns. Therefore, the extent to which local NGOs could be used as agents for community involvement calls for cautious consideration on case-by-case basis.

Consultative councils of protected areas in Georgia are actually dysfunctional at present and their concept needs to be rethought.

An example with the KNP and the KNR illustrated a problem with setting-up and operating consultative councils to the protected area administrations, with is a generic issue for the national network of protected areas. The *Law of Georgia on the Protected Areas System* calls for having such councils in place and this legal requirement is being concurred with by formal establishment of the councils, but there is no example of an effectively functioning council for any of the protected areas. Therefore, revisions are required to make the councils viable, as they are in other countries. This could imply altering the existing mandate of the councils, changing the current pattern of member composition, and/or other measures.

For biodiversity conservation projects it is advisable to plan development of biodiversity/protected area management plans as early in the project cycle as possible.

The timeframe necessary for the development of management plans for Kolkheti protected areas under the GICM project had been dramatically underestimated, and later it turned out not to be an exceptional case for projects being implemented in Georgia. Delays with development of management plans resulted in a lesser time and resources available for their implementation within the project life and with project's assistance. The lesson drawn from this experience is that preparation of management plans should be scheduled within a realistic timeframe and as early in the project cycle as possible – preferably during project preparation.

Efficiency of capacity building of institutions though short term training of staff is limited within the systems with high level of staff turnover.

Capacity building activities conducted under the GICM project could have only a limited effect. One reason is the high rate of staff turnover and institutional instability which affects all levels of public sector management. The second reason is the general lack of adequate professional staff in the beneficiary public institutions due to modest salaries compared to the private sector. The short term training that is possible through a project could only supplement or improve existing skills but not replace professional education. Furthermore, investing too much in staff training carries a risk of not getting an adequate outcome, as there are no guarantees that majority of trained staff will stay in their current positions through the project life and beyond. Therefore, it is advisable to carefully balance between staff training and introduction of systemic changes in institutional/managerial patterns, which are less dependant on staff turnover.

For medium term perspective projects should not focus on introduction of ambitious environmental legislation, but rather on achieving good environmental performance under current legal framework.

Provided the assumption that the trend of de-regulation and market liberalization continues in Georgia, projects would most likely not succeed in fostering establishment of overarching environmental legislation. Instead, projects should concentrate on building awareness and capacity for good environmental performance at the level of

individual institutions, administrations, and communities. This recommendation is based on the fact, that current environmental legislation is being applied to full extent and it is actually permissive for much better performance, provided that there is willingness and adequate capacity in respective institutions.

Management of protected area projects needs strong presence both centrally and locally.

Establishment of new protected areas and other conservation efforts in most cases carry implications for local businesses and gateway communities. Their sensitivity to projects supporting protected areas calls for strong local presence of project proponents and implementing agencies from the very early phase of the project cycle. In case of the GICM project this lesson was drawn during the MTR and corrective measures were taken afterwards. If the project implementation unit had had local liaison officers in place right from the beginning, some shortfalls in cooperation with local communities may have been avoided. On the other hand, a project team's role in maintaining dialogue with relevant government agencies at the central level is equally important. This is instrumental for keeping up-to-date on policy trends and political developments, which may have direct influence on project implementation and may require some fine-tuning of project activities with the evolving country context.

Success of a project under any line agency would depend on its ownership by a focal point in a politically strong branch of the government.

The GICM project implementing agency, as well as the main cooperation partner during implementation, has been the MoEPNR. Since the key decisions on urban and coastal planning are taken by other line ministries, the project could have benefited from establishing more intensive cooperation with the (former) Ministry of Urbanization and Construction and the Ministry of Economy from an early stage of implementation. The conclusion from this example is that projects, which are complex by nature and carry development objectives that could be successfully achieved only through multi-sectoral approach, should be implemented with permanent involvement of all key players.

Managing project implementation in a politically dynamic country should imply regular scanning of political trends and flexibility in adjusting to changing times.

During the lifetime of the GICM project political environment in Georgia had changed significantly, which made the Borrower out of need for some of the project's expected outputs (ICZM law, national and local ICZM consultative bodies). Though the Borrower's altered expectations of the project were not formally communicated to the Bank and no changes to the implementation plan were formally requested by the implementing agency. Under these circumstances, timely corrective actions could have been taken and a better outcome achieved if the importance of ongoing political changes for the project's success had been accurately diagnosed and sensitive components had been discussed and agreed upon with a broader group of key decision-makers in the government.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

See annex 7.

(b) Cofinanciers

(c) Other partners and stakeholders

See annex 8.

Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

INTGD COASTAL MGMT - P050911			
Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
ICZM INSTITUTIONAL CAPACITY-BLDG	1.20	2.02	1.35
EST. KOLKHETI NAT'L PARK & KOBULETI NATURE RESERVE	2.69	2.54	0.79
EST. COASTAL ENV. QUALITY MONITORING & INFORMATION SYSTEM	1.70	2.43	1.28
EVALUATION OF COASTAL EROSION	0.50	0.65	1.30
DEV. OF NAT'L OIL SPILL CONTINGENCY PLAN & MARINE POLLUTION CONTROL PLAN	0.50	0.50	1.00
Total Baseline Cost	6.59		
Physical Contingencies	0.39		
Price Contingencies	0.67		
Total Project Costs	7.65		
PPF	0.00		
Front-end fee IBRD	0.00		
Total Financing Required	7.65		
INTGD COASTAL MGMT (GEF) - P060009			
Components	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
ICZM INSTITUTIONAL CAPACITY-BLDG	1.20	2.02	1.35
EST. KOLKHETI NAT'L PARK & KOBULETI NATURE RESERVE	2.69	2.54	0.79
EST. COASTAL ENV. QUALITY MONITORING & INFORMATION SYSTEM	1.70	2.43	1.28
EVALUATION OF COASTAL EROSION	0.50	0.65	1.30
DEV. OF NAT'L OIL SPILL CONTINGENCY PLAN & MARINE POLLUTION	0.50	0.50	1.00

CONTROL PLAN			
Total Baseline Cost	6.59		
Physical Contingencies	0.39		
Price Contingencies	0.67		
Total Project Costs	7.65		
PPF	0.00		
Front-end fee IBRD	0.00		
Total Financing Required	7.65		

(b) Financing

P050911 - INTGD COASTAL MGMT				
Source of Funds	Type of Financing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Borrower	Joint financing	0.90	1.10	1.22
International Development Association (IDA)	Credit	4.40	4.58	1.04
NETHERLANDS: Min. of Foreign Affairs / Min. of Dev. Coop.	Parallel financing	1.00	1.15	1.15
P060009 - INTGD COASTAL MGMT (GEF)				
Source of Funds	Type of Financing	Appraisal Estimate (USD millions)	Actual/Latest Estimate (USD millions)	Percentage of Appraisal
Global Environment Facility (GEF)	Grant	1.30	1.31	1.01

Annex 2. Outputs by Component

	Baseline	Original Target Values	Actual Value Achieved at Completion
Project Outputs			
<i>1a. Effective Institutional arrangements for ICZM established at national and local levels</i> <i>1b. ICZM legislation and implementation plans developed and harmonized for regulation of development activities in the coastal zone</i>			
(a) The first elements of a cohesive institutional and legislative framework in place; consultative commissions in place and functioning effectively	No elements of institutional and legislative framework for ICZM in place. No consultative commissions exist	Basic elements of institutional and legislative framework for ICZM created. Consultative commissions established and functional	Basic elements of legislative framework created. Creation of ICZM-specific institutions found redundant by the government.
(b)* The most appropriate structure and functions for national and local ICZM consultative commissions identified	No structure and functions for ICZM consultative commissions identified	Structure and functions for ICZM consultative commissions identified and agreed between stakeholders	National ICZM consultative council not found relevant by the government. Structure and functions of local ICZM councils recommended in the ICZM Guidelines
(c)* Intersectoral consultative commissions for ICZM established and functioning according to objectives and procedures agreed through consultation at national, regional and local levels	No intersectoral consultative commissions for ICZM in place	Intersectoral ICZM consultative commissions established and functional	Intersectoral ICZM consultative commissions not found relevant by the government
(d)* Linkages established with national cadastral survey project to facilitate development of appropriate land use planning guidelines for ICZM	No specialized land use planning guidelines for ICZM exist	ICZM-specific guidelines for land use planning developed and made available for users	General ICZM guidelines, including basic principles of land use planning, developed and widely disseminated.
(e)* A cohesive and harmonized legislative framework for land use planning and ICZM developed and operational	No legislative framework for harmonized land use planning and ICZM in place	Legislative framework provided for harmonized land use planning and ICZM	Legislative framework for harmonized land use planning provided. ICZM not enforced, but recommended

2. Protected areas clearly demarcated, and protected area management plans fully operational			
(a) Poaching and harvesting rates reduced compared to baseline conditions; no new encroachment within Park boundaries	Encroachment within Park boundaries being attempted	No plot of the protected areas taken away for alternative use	KNP boundaries expanded in May 2006 to include additional 1300 ha of wetlands
Note: No reliable baseline data existed on poaching and illegal forest harvesting rates and no quantitative target was set for reducing poaching and forest harvesting. Towards the project completion KNP administration has been reporting dramatic decrease in poaching and significant shift towards legalized forest use within the traditional use zone.			
(b)* Regulations respected, and environmental degradation trends stabilized within the park through partnership between park administration and local communities	Park administration ineffectively enforcing regulations. Extreme cases of violation being reported (e.g. fishing with electric shock devices)	Park administration successful in enforcing regulations in result of established community partnership. Extreme cases of violation excluded.	Park administration successful in enforcing forest use regime through offering permitted alternative to local communities. Extreme cases of poaching excluded through improved patrolling. Regulations for managing Lake Paliastomi fishery in the process of formulation
(c)* Local advisory councils established to ensure the participation of communities in decision making with respect to protected area management	No advisory councils in place	KNP and KNR have effectively functioning advisory councils	KNP and KNR have formally established but not effectively functioning advisory councils
(d)* A specific community outreach staff post established within KNP administration to be responsible for engendering awareness and partnership, and to facilitate conflict resolution	No community outreach staff post present within KNP administration	Community outreach staff post exists and an incumbent performs mandated duties	Community outreach staff post exists and an incumbent performs mandated duties
(e)* The Community Grant Scheme developed and managed as an effective and transparent means of support to communities whose livelihoods are negatively affected by the establishment of the KNP	No Community Grant Scheme in place	KNP gateway communities supported through the Community Grant Scheme	29 grants in total amount of USD 942,650 equivalent were given out to the KNP gateway communities through the Community Grant Scheme
Note: The Community Grant Scheme for the KNP gateway community was provided through a supplemental project for Improving Livelihood Security in Kolkheti Lowland (ILSKL), financed with the Japanese Social Development Grant.			

(f)* Local communities empowered by development of capacity to plan, and capture funds to improve and diversify their livelihoods	Local communities isolated, carrying no capacity to plan ahead and to organize around new initiatives	Local communities capable of organizing around new initiatives, planning, and jointly implementing activities aimed at improving community livelihood	Local communities experienced in priority setting, planning, and implementing common initiatives through participation in the project for ILSKL
(g)* Linkages developed with other projects and institutions, to avoid conflict of interests, to capitalize on lessons learned and to add value from private sector	Protected areas of Kolkheti not having any alliances with other projects and institutions which would allow to avoid conflicts and develop synergies	Protected areas of Kolkheti engaged in alliances with other projects and institutions and benefiting from developed partnerships / synergies	Linkages with private sector yet in embryonic phase. KNP engaged in a partnership agreement with a sister protected area of Point Reyes, USA, and Lake Paliastomi got involved in the Living Lakes alliance.
(h)* Amendments to KNP legislation identified and formally adopted to clearly define the rights of access of local communities	KNP legislation not permissive for resource use by local communities	KNP legislation provides for regulated access of local communities to park resources	Traditional use zone established within KNP through a legal amendment
<i>3. Coastal Zone Monitoring and Information System activated and functioning for protection of public health and natural systems</i>			
(a) High demand for information from user groups; effective warning systems implemented; hardware and software effectively used in collaborating institutions	Negligible demand for coastal information. No effective warning system on beach water quality. No relevant hardware and software present in collaborating institutions	High demand for coastal information. Effective warning system on beach water quality operational. ICZM collaborating institutions exchanging information effectively.	Demand for information mostly from media. Information on beach water quality not disclosed to public in a systematic manner. Collaborating institutes equipped with relevant hardware and software, but have not started to regularly generate and exchange information.
(b)* An information node for the Black Sea regional environmental monitoring network established in Georgia	No information node in place	An information node institutionally formed, equipped and functional	ICZM unit established under the MoEPNR, equipped, but not yet functional
(c)* Web site developed to provide access to the monitoring data	Monitoring data not posted on the Web	Monitoring data being regularly posted on the Web	Web site for posting monitoring data not developed

<i>4. Future investment program to control coastal erosion prioritised and associated risks quantified</i>			
(a) Favourable response and follow-up by the government and donors	No significant action on behalf of government and donors in response to the problems of coastline erosion	Government giving high priority to addressing coastline erosion and donors willing to assist	Government established an Inter-sectoral commission on erosion problems for participatory planning and decision-making
(b)* Fundable small scale options for addressing erosion problems at a local level developed	No small scale options developed for addressing erosion at local level	Small scale options worked out for addressing erosion at local level	Artificial spreading of inert materials over the eroded beaches has been offered as a small scale option for addressing most pressing erosion problems at the selected segments of coastline
(c)* Coastal erosion control mechanisms enforced	Coastal erosion control mechanisms not being enforced	Government enforcing regulations aimed at decreasing coastal erosion	Government, through environmental inspectorate of MoEPNR, strictly enforcing regulations on mining gravel from river beds
<i>5. Tiered response strategy and implementation plan developed for oil spills and tested</i>			
(a) Contingency plan and financing plan developed and approved by government; private sector participation forthcoming	No contingency plan and financing plan in place. The role of private sector not defined	Contingency plan and financing plan approved. Private sector's participation pledged	Contingency plan and financing plan developed, but not approved yet. The role of private sector not clearly defined as the financing plan is pending approval
(b)* Oil spill response strategy and equipment tested under field conditions	No response strategy in place and no field test of equipment carried out for more than a decade	Response strategy endorsed and equipment tested out under field conditions	Response strategy developed, but not yet endorsed formally. Equipment successfully tested out under field conditions in Batumi harbor

Note: Out put indicators marked with a star (*) were added to the results framework at mid term review of the project.

Annex 3. Economic and Financial Analysis

Cost Effectiveness

The economic assessment of the project, carried out as a part of its preparation, included analysis of costs and benefits which had been likely to result from project implementation. The identified costs included the total project costs (USD 7.6 million) and potential costs of foregone economic activity as a result of establishing the KNP and the KNR. While the types of foregone economic activities had been well known at project preparation stage, the associated costs had not been found quantifiable. The expected benefits included public health benefits; tourism benefits; institutional benefits, or benefits gained through setting up more effective means for cooperation and decision making; benefits from preservation of ecological resources; benefits from establishing of an oil spill prevention program, and non-use values of nature protection such as existence values and bequest values.

The actual total project cost made USD 8.1 million, which is USD 0.5 million over the appraisal estimate. The reasons for this are several: one is the fluctuation of the rate of SDR exchange for USD; second is reallocation of the project proceeds from the categories of expenditure to be financed 100% from the Bank credit/grant to the categories financed at a lower % from the Bank credit/grant, which increased the need for government co-financing; and lastly, the government of the Netherlands increased the amount of their parallel financing of the project by USD 0.15 million equivalent during the project implementation period.

The expected types of economic activity foregone due to establishing of the KNP and the KNR had been hunting, fishing, firewood collection, reed collection, and peat and gravel mining.

- Hunting for game indeed dropped in result of establishing the projected areas and this carries certain economic cost, through decreased hunting and the associated economic impact can not be attributed exclusively to the enforcement of the protection regime in the protected areas of Kolkheti. An outbreak of the Avian Influenza and a few incidences of the disease in wild avifauna registered in West Georgia resulted in a significant impact on bird hunting, which had been even banned throughout the country for a while.
- Establishment of the KNP resulted in altered patterns of fishing in Lake Paliastomi and small rivers flowing through the park. Fishing with illegal devices (electric shock) has been generally eliminated and some effort limitation has been applied through regulating fishing equipment (specifications of fishing nets). Subsistence fishing is allowed in the traditional use zone of the KNP, which significantly decreases the cost of foregone economic activity. Regulations for the use of Lake Paliastomi fishery are not fully worked out yet and may require certain legislative changes.
- The economic impact of restricted forest use due to enforcement of the KNP protective regime has been significantly mitigated through the establishment of the traditional use zone within the park. Local communities are allowed to collect

a pre-defined volume of firewood in the especially designated forest stands seasonally, which ensures that subsistence needs of rural households around the park are met.

The project implementation did not cause any cost for resettlement, as the protected area boundaries had been drawn through an intense consultation process and avoided any change in land tenure.

Most of the expected project benefits have materialized in result of its implementation.

- Economically the most significant benefits are those received from preservation of ecological resources, including the functional values of wetlands for flood protection, pollution filtration, and habitat values.
- Tourism benefits from the project are also quite significant, as the wetlands that had been actually a no-go area prior to the project implementation, are now being advertised as a tourist destination, well suited for receiving variety of visitors, and protected area administrations are institutionally capable of selling their services and managing visitation. One indirect economic benefit for local communities coming from the establishment of the KNP is that the market prices for real estate around the park's visitor center have increased in anticipation of increasing inflow of visitors and associated job/income opportunities.
- Establishment of the protected areas of Kolkheti had been decisive for the fate of wetland habitats and, therefore, for the existence of numerous floral and animal populations of this ecosystem, which would have otherwise become extinct in Georgia. Furthermore, the project intervention allowed to document the existence of unique type of pit bogs in Kobuleti and to conserve them, which is a significant gain at the regional level. Therefore, the project fully met expectations pertaining benefits from non-use values, namely, the existence value as well as the scientific value of the coastal wetland ecosystem.
- Institutional benefits from the project implementation are also tangible. Administrations of the two wetland protected areas have been established and their institutional capacity built from scratch to the highest national standard. The Department of Protected Areas under the MoEPNR of Georgia got vast experience in planning, organizing, and managing protected areas at the international quality standard level. The project achieved increase in the awareness of the importance of wetlands among several key governmental and non-governmental institutions.

The public health benefits from the improved water quality monitoring and introducing of an effective warning system, as well as the benefits from increased preparedness for preventing and addressing marine oil spills are yet to be received from the project investments. All necessary inputs are provided and the end results are mostly a function of upcoming managerial decisions.

The below table carries the project cost benefit analysis summary.

COSTS	BENEFITS
<p data-bbox="235 342 521 369">INVESTMENT COSTS</p> <p data-bbox="235 443 683 506">COST OF FOREGONE ECONOMIC ACTIVITY</p> <ul style="list-style-type: none"> <li data-bbox="235 541 667 604">➤ Loss of hunting and peat mining activities; <li data-bbox="235 611 691 674">➤ Limitation in fishing and firewood extraction activities. 	<p data-bbox="727 342 1036 369">ECOLOGICAL VALUES</p> <ul style="list-style-type: none"> <li data-bbox="727 415 1268 478">➤ Waterfowl/bird habitat and migration route preserved; <li data-bbox="727 485 1292 512">➤ Natural buffer for flood protection preserved; <li data-bbox="727 518 1247 546">➤ Natural filtration of pollution maintained; <li data-bbox="727 552 1279 579">➤ Rare and highly endemic species conserved; <li data-bbox="727 585 1369 613">➤ Pit bogs of a unique type discovered and conserved. <p data-bbox="727 688 1092 716">INSTITUTIONAL BENEFITS</p> <ul style="list-style-type: none"> <li data-bbox="727 758 1377 884">➤ Two wetland protected areas established, their institutional capacity built from scratch to the highest national standard, a model of a modern and fully functional protected area administration set up; <li data-bbox="727 890 1369 1058">➤ The Department of Protected Areas under the Ministry of Environment Protection and Natural Resources of Georgia got vast experience in planning, organizing, and managing protected areas at the international quality standard level; <li data-bbox="727 1064 1365 1190">➤ Awareness of the importance of wetlands increased among several key Governmental and non-Governmental institutions through study tours and training delivered to their key staff. <p data-bbox="727 1226 1003 1253">TOURISM BENEFITS</p> <ul style="list-style-type: none"> <li data-bbox="727 1295 1365 1358">➤ Nature tourism benefit due to the Kolkheti National Park; <li data-bbox="727 1365 1333 1428">➤ Visitor fees generated and reinvested in the Park facilities; <li data-bbox="727 1434 1300 1497">➤ Research and other user fees generated and reinvested in Kolkheti protected area facilities <p data-bbox="727 1533 979 1560">NON-USE VALUES</p> <ul style="list-style-type: none"> <li data-bbox="727 1602 1365 1686">➤ Existence Value to society – knowledge that one of Georgia’s important natural resources has been preserved; <li data-bbox="727 1692 1349 1797">➤ Bequest value to society – knowledge that society today has done something to help preserve the environment for future generations

Fiscal Impact

Total government financing of the project during its implementation period was estimated to be \$0.9 million USD equivalent over the six year period. The actual amount of government financing made \$1.1 million USD equivalent over an eight year period, which brought the annual fiscal impact lower than expected. The project was co-financed with the GEF grant of 1.3 million USD and the Netherlands government grant of \$1.15 million USD equivalent (exceeding the appraisal estimate by \$0.15 million USD equivalent) that helped to reduce the fiscal burden of borrowing.

Establishment of the KNP and the KNR did not result in a significant increase of the number of public servants hired by the government, as the administrations of these protected areas are relatively small, and because a good part of staff units of park rangers had been created through converting staff units of forest rangers under the forest district administrations. Public funding of operation and maintenance of the KNP and the KNR has been on an ascending trend towards the end of project implementation, while the project financing of their incremental operating costs started to drop. It happened in tune with an agreed upon strategy for a smooth phase-out of the project assistance to protected area administrations. During the project life the protected areas of Kolkheti were granted a legal status allowing them to generate their own income through collection of use fees and selling services. Such diversification of income sources certainly adds to the financial sustainability of the beneficiary protected areas and provides healthy economic incentives for their administrations (at least in the medium term, while visitation to the protected areas of Kolkheti is not expected to exceed their carrying capacity).

Annex 4. Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/ Specialty
Lending			
Darejan Kapanadze	Operations Officer	ECSSD	Environment Specialist
Frances Rosenthal	Operations Analyst	ECSPE	Bank Project Processor
Karin Shepardson	Sr. Operations Officer	ECSSD	Environment Specialist
Maria Eleni Hatzios	Sr. Environmental Specialist	ENV	Task Team Leader
Supervision/ICR			
Anne N. Ranasinghe	Procurement Assistant	ECSPS	Procurement Specialist
Arman Vatsyan	Sr. Financial Management Specialist	ECSPS	FMS Supervisor
Christian Gonner	Consultant	ECSSD	Natural Resource Management and Social Specialist
Darejan Kapanadze	Operations Officer	ECSSD	Task Team Leader
Elmas Arisoy	Sr. Procurement Specialist	EAPCO	Procurement Specialist
Emanuela Montanari Stephens	Consultant	ECSSD	Nature Tourism Development and Public Relations Specialist
Guranda Elashvili	Procurement Assistant	ECCGE	Procurement Specialist
Karl Skansing	Consultant	ECSPS	Procurement Specialist
Kathleen S. Mackinnon	Lead Biodiversity Specialist	ENV	Protected Areas and Conservation Specialist
Milen F. Dyoulgerov	Operations Officer	SDNVP	Coastal Management Specialist
Phillip Brylski	Environmental Specialist	ECSSD	Biodiversity and Forest Specialist
Rita E. Cestti	Sr. Water Resources Econ.	ECSSD	Task Team Leader

b) Staff Time and Cost

Stage of Project Cycle	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	USD Thousands (including travel and consultant costs)
Lending		
0097	0	36.21
0098	0	124.38
0099	0	55.75
0000	1.3	2.29
Total:	1.3	218.63
Supervision/ICR		
0099	0	15.89
0000	32.60	116.56
0001	21.14	104.68
0002	25.09	82.35
0003	23.63	112.92
0004	24.04	63.55
0005	24.38	78.05
0006	25.79	96.43
0007	13.95	47.38
Total:	190.62	717.81

Annex 5. Beneficiary Survey Results

The KNP - a key beneficiary institution of the GEF-financed component of the project - has been periodically surveyed using a simple site-level tracking tool developed for the World Bank and WWF and intended for reporting progress at protected area sites. The first time this tool had been used in 2002 to document the baseline in terms of legal and institutional status of the KNP as well as its functionality and effectiveness of management. Based on the scores, the KNP was found 26.5% successful in August 2002. In December 2004 the evaluation outcome was 36.6 %. The last evaluation was carried out in December 2005, which found the KNP 64.5% successful. Therefore, the progress over the evaluation period made 38%.

Below provided is an evaluation sheet from the last survey of the KNP. According to the instruction on the use of this tracking tool, the evaluation has been done by the KNP administration under the professional guidance provided by the Bank consultant.

Issue	Criteria	Score	Comments
1. Legal status Does the protected area have legal status? <i>Context</i>	The protected area is not gazetted	0	
	The government has agreed that the protected area should be gazetted but the process has not yet begun	1	
	The protected area is in the process of being gazetted but the process is still incomplete	2	
	The protected area has been legally gazetted (or in the case of private reserves is owned by a trust or similar)	3	
2. Protected area regulations Are inappropriate land uses and activities (e.g. poaching) controlled? <i>Context</i>	There are no mechanisms for controlling inappropriate land use and activities in the protected area	0	No law enforcement in Gurian part of KNP. Illegal wood-cutting is better controlled now (by various cooperating government bodies: Sakrebulo, KNP, environmental inspectorate, police).
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are major problems in implementing them effectively	1	
	Mechanisms for controlling inappropriate land use and activities in the protected area exist but there are some problems in effectively implementing them	2	
	Mechanisms for controlling inappropriate land use and activities in the protected area exist and are being effectively implemented	3	
3. Law enforcement Can staff enforce protected area rules well enough? <i>Context</i>	The staff have no effective capacity/resources to enforce protected area legislation and regulations	0	Follow-up by courts often unclear. In one case large group of fishermen demanded back confiscated illegal equipment. Occasional intervention by high authorities. In marine part, coast guard conducts patrol.
	There are major deficiencies in staff capacity/resources to enforce protected area legislation and regulations (e.g. lack of skills, no patrol budget)	1	
	The staff have acceptable capacity/resources to enforce protected area legislation and regulations but some deficiencies remain	2	
	The staff have excellent capacity/resources to enforce protected area legislation and regulations	3	

Issue	Criteria	Score	Comments
4. Protected area objectives Have objectives been agreed? <i>Planning</i>	No firm objectives have been agreed for the protected area	0	Systematic planning started in May/June 2005. Activities follow identified priorities.
	The protected area has agreed objectives, but is not managed according to these objectives	1	
	The protected area has agreed objectives, but these are only partially implemented	2	
	The protected area has agreed objectives and is managed to meet these objectives	3	
5. Protected area design Does the protected area need enlarging, corridors etc to meet its objectives? <i>Planning</i>	Inadequacies in design mean achieving the protected areas major management objectives of the protected area is impossible	0	New zoning is reflecting socio-economic situation and previous conflicts. However, new problems arose with Kulevi railway route which overlaps with KNP.
	Inadequacies in design mean that achievement of major objectives are constrained to some extent	1	
	Design is not significantly constraining achievement of major objectives, but could be improved	2	
	Reserve design features are particularly aiding achievement of major objectives of the protected area	3	
6. Protected area boundary demarcation Is the boundary known and demarcated? <i>Context</i>	The boundary of the protected area is not known by the management authority or local residents/neighboring land users	0	No demarcation in Guria; changes required along Kulevi railway.
	The boundary of the protected area is known by the management authority but is not known by local residents/neighboring land users	1	
	The boundary of the protected area is known by both the management authority and local residents but is not appropriately demarcated	2	
	The boundary of the protected area is known by the management authority and local residents and is appropriately demarcated	3	
7. Management plan Is there a management plan and is it being implemented? <i>Planning</i>	There is no management plan for the protected area	0	Management plan has been finalized but not yet approved by the government of Georgia. A forthcoming new law will allow MoEPNR to approve management plans.
	A management plan is being prepared or has been prepared but is not being implemented	1	
	An approved management plan exists but it is only being partially implemented because of funding constraints or other problems	2	
	An approved management plan exists and is being implemented	3	
Additional points <i>Planning</i>	The planning process allows adequate opportunity for key stakeholders to influence the management plan	+1	Since this is the first management plan, no periodic review process has been established yet.
	There is an established schedule and process for periodic review and updating of the management plan	+1	
	The results of monitoring, research and evaluation are routinely incorporated into planning	+1	

Issue	Criteria	Score	Comments
8. Regular work plan	No regular work plan exists	0	
Is there an annual work plan?	A regular work plan exists but activities are not monitored against the plan's targets	1	
	A regular work plan exists and actions are monitored against the plan's targets, but many activities are not completed	2	
	A regular work plan exists, actions are monitored against the plan's targets and most or all prescribed activities are completed	3	
<i>Planning/Outputs</i>			
9. Resource inventory	There is little or no information available on the critical habitats, species and cultural values of the protected area	0	Baseline information is available, but not fully sufficient (e.g. no forest inventory in TUZ). Only limited monitoring is done so far (waterbirds, mire ecology).
Do you have enough information to manage the area?	Information on the critical habitats, species and cultural values of the protected area is not sufficient to support planning and decision making	1	
<i>Context</i>	Information on the critical habitats, species and cultural values of the protected area is sufficient for key areas of planning/decision making but the necessary survey work is not being maintained	2	
	Information concerning on the critical habitats, species and cultural values of the protected area is sufficient to support planning and decision making and is being maintained	3	
10. Research	There is no survey or research work taking place in the protected area	0	
Is there a program of management-orientated survey and research work?	There is some <i>ad hoc</i> survey and research work	1	
	There is considerable survey and research work but it is not directed towards the needs of protected area management	2	
	There is a comprehensive, integrated programme of survey and research work, which is relevant to management needs	3	
<i>Inputs</i>			
11. Resource management	Requirements for active management of critical ecosystems, species and cultural values have not been assessed	0	Greifswald University research on plant and mire ecology/hydrology.
Is the protected area adequately managed (e.g. for fire, invasive species, poaching)?	Requirements for active management of critical ecosystems, species and cultural values are known but are not being addressed	1	
	Requirements for active management of critical ecosystems, species and cultural values are only being partially addressed	2	
	Requirements for active management of critical ecosystems, species and cultural values are being substantially or fully addressed	3	
<i>Process</i>			

Issue	Criteria	Score	Comments
12. Staff numbers	There are no staff	0	
Are there enough people employed to manage the protected area?	Staff numbers are inadequate for critical management activities	1	
	Staff numbers are below optimum level for critical management activities	2	
	Staff numbers are adequate for the management needs of the site	3	
<i>Inputs</i>			
13. Personnel management	Problems with personnel management constrain the achievement of major management objectives	0	New director delegates tasks and makes best use of existing expertise. Staff is far more motivated than in the past.
Is the staff managed well enough?	Problems with personnel management partially constrain the achievement of major management objectives	1	
	Personnel management is adequate to the achievement of major management objectives but could be improved	2	
	Personnel management is excellent and aids the achievement major management objectives	3	
<i>Process</i>			
14. Staff training	Staff are untrained	0	
Is there enough training for staff?	Staff training and skills are low relative to the needs of the protected area	1	
	Staff training and skills are adequate, but could be further improved to fully achieve the objectives of management	2	
	Staff training and skills are in tune with the management needs of the protected area, and with anticipated future needs	3	
<i>Inputs/Process</i>			
15. Current budget	There is no budget for the protected area	0	There will be far less budget from June 2006 onwards! Possibly additional TA can be provided, and there discussions on a future USAID project for supporting tourism development and environmental education in the national parks of Georgia.
Is the current budget sufficient?	The available budget is inadequate for basic management needs and presents a serious constraint to the capacity to manage	1	
	The available budget is acceptable, but could be further improved to fully achieve effective management	2	
	The available budget is sufficient and meets the full management needs of the protected area	3	
<i>Inputs</i>			
16. Security of budget	There is no secure budget for the protected area and management is wholly reliant on outside or year by year funding	0	There is some uncertainty associated with the establishment of KNP as a legal body of public law.
Is the budget secure?	There is very little secure budget and the protected area could not function adequately without outside funding	1	
	There is a reasonably secure core budget for the protected area but many innovations and initiatives are reliant on outside funding	2	
	There is a secure budget for the protected area and its management needs on a multi-year cycle	3	
<i>Inputs</i>			

Issue	Criteria	Score	Comments
17. Management of budget	Budget management is poor and significantly undermines effectiveness	0	
Is the budget managed to meet critical management needs?	Budget management is poor and constrains effectiveness	1	
	Budget management is adequate but could be improved	2	
<i>Process</i>	Budget management is excellent and aids effectiveness	3	
18. Equipment	There is little or no equipment and facilities	0	Safety equipment for marine boat is being procured. Equipment is used according to needs. Buildings have been designed and will be constructed in the next months. <i>In situ</i> infrastructure will be developed for priority sites.
Is equipment adequately maintained?	There is some equipment and facilities but these are wholly inadequate	1	
	There is equipment and facilities, but still some major gaps that constrain management	2	
<i>Process</i>	There is adequate equipment and facilities	3	
19. Maintenance of equipment	There is little or no maintenance of equipment and facilities	0	Boat propeller has been repaired. Cars and boats are well maintained.
Is equipment adequately maintained?	There is some <i>ad hoc</i> maintenance of equipment and facilities	1	
	There is maintenance of equipment and facilities, but there are some important gaps in maintenance	2	
<i>Process</i>	Equipment and facilities are well maintained	3	
20. Education and awareness program	There is no education and awareness program	0	Multiple relevant activities have been implemented.
Is there a planned education program?	There is a limited and <i>ad hoc</i> education and awareness program, but no overall planning for this	1	
	There is a planned education and awareness program but there are still serious gaps	2	
<i>Process</i>	There is a planned and effective education and awareness program fully linked to the objectives and needs of the protected area	3	
21. State and commercial neighbours	There is no contact between managers and neighboring official or corporate land users	0	
Is there co-operation with adjacent land users?	There is limited contact between managers and neighboring official or corporate land users	1	
	There is regular contact between managers and neighboring official or corporate land users, but only limited co-operation	2	
<i>Process</i>	There is regular contact between managers and neighboring official or corporate land users, and substantial co-operation on management	3	

Issue	Criteria	Score	Comments
22. Indigenous people Do indigenous and traditional peoples resident or regularly using the PA have input to management decisions? <i>Process</i>	Indigenous and traditional peoples have no input into decisions relating to the management of the protected area	0	Irrelevant
	Indigenous and traditional peoples have some input into discussions relating to management but no direct involvement in the resulting decisions	1	
	Indigenous and traditional peoples directly contribute to some decisions relating to management	2	
	Indigenous and traditional peoples directly participate in making decisions relating to management	3	
23. Local communities Do local communities resident or near the protected area have input to management decisions? <i>Process</i>	Local communities have no input into decisions relating to the management of the protected area	0	Local communities were consulted for allocating forest stands from the traditional use zone and for establishing fishery regime.
	Local communities have some input into discussions relating to management but no direct involvement in the resulting decisions	1	
	Local communities directly contribute to some decisions relating to management	2	
	Local communities directly participate in making decisions relating to management	3	
Additional points <i>Outputs</i>	There is open communication and trust between local stakeholders and protected area managers	+1	Trust only with some communities, not with Guria.
	Programs to enhance local community welfare, while conserving protected area resources, are being implemented	+1	
24. Visitor facilities Are visitor facilities (for tourists, pilgrims etc) good enough? <i>Outputs</i>	There are no visitor facilities and services	0	
	Visitor facilities and services are inappropriate for current levels of visitation or are under construction	1	
	Visitor facilities and services are adequate for current levels of visitation but could be improved	2	
	Visitor facilities and services are excellent for current levels of visitation	3	
25. Commercial tourism Do commercial tour operators contribute to protected area management? <i>Process</i>	There is little or no contact between managers and tourism operators using the protected area	0	Initial contacts were made during tourism fair.
	There is contact between managers and tourism operators but this is largely confined to administrative or regulatory matters	1	
	There is limited co-operation between managers and tourism operators to enhance visitor experiences and maintain protected area values	2	
	There is excellent co-operation between managers and tourism operators to enhance visitor experiences, protect values and resolve conflicts	3	
26. Fees If fees (tourism,	Although fees are theoretically applied, they are not collected	0	Only fees for woodcutting in the traditional use zone are

Issue	Criteria	Score	Comments
fines) are applied, do they help protected area management? <i>Outputs</i>	The fee is collected, but it goes straight to central government and is not returned to the protected area or its environs	1	collected and transferred to Sakrebulo account.
	The fee is collected, but is disbursed to the local authority rather than the protected area	2	
	There is a fee for visiting the protected area that helps to support this and/or other protected areas	3	
27. Condition assessment Is the protected area being managed consistent to its objectives? <i>Outcomes</i>	Important biodiversity, ecological and cultural values are being severely degraded	0	Bronze-age settlement has been destroyed (though partially excavated) by Kulevi; illegal fishing, poaching, woodcutting, grazing.
	Some biodiversity, ecological and cultural values are being severely degraded	1	
	Some biodiversity, ecological and cultural values are being partially degraded but the most important values have not been significantly impacted	2	
	Biodiversity, ecological and cultural values are predominantly intact	3	
Additional points <i>Outputs</i>	There are active programs for restoration of degraded areas within the protected area and/or the protected area buffer zone	+1	
28. Access assessment Are the available management mechanisms working to control access or use? <i>Outcomes</i>	Protection systems (patrols, permits etc) are ineffective in controlling access or use of the reserve in accordance with designated objectives	0	Control of woodcutting has improved. Some success with illegal fishing, but see above.
	Protection systems are only partially effective in controlling access or use of the reserve in accordance with designated objectives	1	
	Protection systems are moderately effective in controlling access or use of the reserve in accordance with designated objectives	2	
	Protection systems are largely or wholly effective in controlling access or use of the reserve in accordance with designated objectives	3	
29. Economic benefit assessment Is the protected area providing economic benefits to local communities? <i>Outcomes</i>	The existence of the protected area has reduced the options for economic development of the local communities	0	Due to high unemployment and persisting socio-economic constraints many people have extracted resources from KNP (wood, fish, game, pasture). JSDF grant has created some economic development.
	The existence of the protected area has neither damaged nor benefited the local economy	1	
	There is some flow of economic benefits to local communities from the existence of the protected area but this is of minor significance to the regional economy	2	
	There is a significant or major flow of economic benefits to local communities from activities in and around the protected area (e.g. employment of locals, locally operated commercial tours etc)	3	

Issue	Criteria	Score	Comments
30. Monitoring and evaluation	There is no monitoring and evaluation in the protected area	0	
	There is some <i>ad hoc</i> monitoring and evaluation, but no overall strategy and/or no regular collection of results	1	
<i>Planning/Process</i>	There is an agreed and implemented monitoring and evaluation system but results are not systematically used for management	2	
	A good monitoring and evaluation system exists, is well implemented and used in adaptive management	3	
TOTAL SCORE		60 out of 93 = 64.5%	

Annex 6: Stakeholder Workshop Report and Results

A stakeholder workshop was not carried out as part of the ICR. However, the team carried out a beneficiary assessment (see annex 5) and met with key stakeholders to discuss the results of the project (see annex 8).

Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

Sustainable Development Projects Implementation Agency, acting as a PIU for the GICM Project, submitted Borrower's ICR on behalf of the MoEPNR to the Bank. Below is the summary of this document:

Introduction

Georgia's coastline stretches approximately 310 km along the Black Sea. The coastal zone is dominated by wetland ecosystems. Steep cliffs and mountains appear at its north and south edges. Up-stream 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. In 1996 a regional Strategic Action Plan for the Rehabilitation and Protection of the Black Sea was signed by all six littoral states and the process of implementing this regional strategy begun. Its major targets for advancing the ICZM process within each country include: (i) preparation of national ICZM strategies and guidelines, (ii) establishment of inter-sectoral ICZM committees, and (iii) adoption of legal and other instruments for facilitating ICZM.

The GICM project was designed to help Georgia with implementation of the regional Black Sea Strategic Action Plan through building a strong institutional base for ICZM, and creating enabling environment for the introduction of improved management techniques and investments in the coastal zone.

Project Achievements

Building Legal and Institutional Framework for ICZM

The State Consultative Commission for ICZM was established through the Presidential Decree No. 608 on October 25, 1998 to develop institutional framework for integrated planning and management of coastal resources in Georgia. This inter-agency representative body, co-chaired by the Minister of Environment and the Minister of Urbanization and Construction, served as the 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.

From April 2002 an international consulting firm had been providing assistance to Georgia through the GICM project in building ICZM capacity, which resulted in the development of a draft ICZM law and an explanatory note to it. The key features of this draft legislation included inter-sectoral cooperation and consultation, as well as public consultation and stakeholder involvement. It provided a coordination mechanism for participatory planning and management of coastal resources at national and local levels. Though, the ICZM legislation had not been passed as it was found not in tune with the government's strong fortitude towards improving investment climate through curtailing

time required for clearing business initiatives. No ICZM councils had been founded either. The draft ICZM law was re-worked into Guidelines for ICZM. This document was formally endorsed and issued by the MoEPNR in 2006. Guidelines were circulated to local governing bodies in the coastal zone as well as to relevant units in the central government, government of the Autonomous Republic of Abkhazeti, NGOs, and other stakeholders. Guidelines are also posted on the web page of the Aarhus Center Georgia. ICZM Guidelines recommend creation of temporary consultative commissions upon need during elaboration of development plans for local or regional administrative units of the coastal zone.

A knowledge and information basis for ICZM was created within the MoEPNR in January 2007. The ICZM division of the Monitoring and Forecasting Center under the MoEPNR is mandated to contribute to planning and decision making on the coastal matters through provision of data and advice.

Establishment of Kolkheti Protected Areas (KNP & KNR)

The KNP was established around an area within the larger Kolkheti wetlands lowland that had been designated as a Ramsar site in 1996. The KNR is located inland from the Black Sea coast near the city of Kobuleti and also represents a Ramsar site. Both proposed protected areas support rare and relic plant communities such as peat bogs and forests from the Tertiary period. These protected areas provide critical habitat for numerous species of migratory and wintering birds.

- **Land Transfer and Demarcation.** The work that preceded legal enactment of the KNP apparently lacked public consultation. It resulted in a lengthily and heavy process of land transfer. Eventually, the protected areas are now registered with their administrative bodies under the Department of Protected Areas and their physical demarcation is also completed.
- **Adoption of Management Plans.** After rounds of reviews by the Bank consultants and the key government agencies, the management plans for the KNP and the KNR were approved in February 2006 and June 2006 respectively. These documents carry important factual information, provide good guidance for protected area administrations, and are of a high quality by international standards.
- **Building Capacity of Protected Area Administrations.** The KNP administration, established in the capacity of a legal body of Public Law, is granted the right to generate, retain, and re-invest its own revenues in the not-for-profit areas of activity that are specified in its charter. The GICM project provided good training opportunities for the staff of the KNP and the KNR. Due to significant turnover, some of the trained staff is no longer employed in these protected areas.
- **Development of Protected Area Infrastructure.** Under the GICM project the administration buildings were constructed/refurbished for the protected areas of Kolkheti. A visitor center for the KNP has been constructed following the principles of green architecture and this building is the first example of such environment-friendly construction in Georgia. Some limited infrastructure for nature-based

tourism such as boardwalks, shelters, a bird ringing station, hiking trails, observation towers for bird watching, etc. were provided to the KNP and the KNR. Top quality bi-lingual interpretation materials on the history, culture, and ecology of the Kolkheti lowland were developed in cooperation with the US Park Service and installed in these protected areas.

- **Raising Public Awareness of Kolkheti Protected Areas.** The project assisted administrations of the KNP and the KNR with a startup of environmental education and awareness activities. During the project life the beneficiary protected areas organized children excursions, environmental lectures in local elementary and high schools, published articles on the regional and international importance of Kolkheti wetlands, facilitated community discussions on the local hot issues pertaining conflicts between nature conservation and commercial interests. A number of radio programs and video materials on wetlands and their protection have also been aired. The project sponsored participation of the KNP in several tourism fairs.

Establishment of Coastal Environmental Quality Monitoring and Information Systems

An urgent need to monitor the quality of near-shore and off-shore waters, rivers and estuaries, as well as ports and sources of pollution was identified in a regional study commissioned by EU TACIS in 1994. Untreated sewage, municipal waste, pollution from dilapidated oil facilities, vessel waste, industrial pollution, and agricultural runoff represented a well known but insufficiently measured threat to both public health and coastal ecosystems, with negative impacts to tourism development.

A feasibility study and design for the coastal environment quality monitoring and information system were developed by an international consulting firm under the GICM project and groundwork was laid for its implementation. This implied refurbishment of three beneficiary coastal monitoring laboratories; delivery of sampling, measurement, and analytic equipment to them; improvement of monitoring standards and data protocols; provision of training and technical assistance; and establishment of a basic structure for an effective information system. More specifically, the key elements of the developed monitoring and information system are: (i) the design and implementation arrangements for the monitoring and computer-based information systems; (ii) re-establishment of an off-shore water quality monitoring program with selected biodiversity monitoring; (iii) strengthening of pollution monitoring in the coastal zone, including rivers and estuaries; and (iv) creating foundation for a computer based ICZM information system.

Institutional set-up of the entities responsible for coastal environment quality monitoring and data management had been changing during the GICM Project life. Due to uncertainty and a persisting process of restructuring of institutional affiliation and set-up, the current structure of coastal information system is yet to enter into operation. Batumi laboratory of the Institute of Marine Ecology and Fisheries has not fully settled in its new capacity under the Monitoring and Forecasting Center, and a recently established ICZM section of this Center is yet in the process of formation. On the other hand, the outcome of the above institutional reforms is fully justifiable and permissive for effective

operation of the ICZM function. The main chemical and biological facility for marine ecosystem research and monitoring – which is the laboratory in Batumi, as well as the main geological and engineering facility for researching and managing coastal dynamics are now both consolidated within the Monitoring and Forecasting Center under MoEPNR. All hardware, software, databases and intellectual property, accumulated under the GICM Project, also belong there. Therefore, there is a permissive environment for successful operation of the coastal quality monitoring and information system, conditional to the strong ownership and management provided from MoEPNR.

Coastal Erosion and Municipal Water Management Study

A comprehensive study of coastal erosion in Poti and Batumi regions, morphology of main rivers draining into the Black Sea (including patterns of sediment transport), as well as an overview of water supply systems in the main coastal municipalities, their drainage and sewer systems, waste water disposal and solid waste management delivered important information which had been used for pre-feasibility studies of possible interventions and identification of investment priorities.

The project helped to develop a coastline dynamics model and to transfer of the Dutch experience in this field to the specialists of the Georgia's Coastal Dynamics Institute. A workshop on coastal modelling was delivered in 2000 to train local staff in the use of the coastline and river modelling software (products of the Delft Hydraulics). Hands-on experience was gained through a joint assessment of erosion processes for Batumi and Poti by the Dutch and Georgian specialists. The updated beach profile measurements and historical data to run the model were obtained and its validation was also carried out.

Capacity building of the Coastal Dynamics Institute (currently under the MoEPNR) included provision of PCs, portable radio transmitters, river and coastal modelling software, an echo-sounder, and a tachometer.

Preparation of a National Oil Spill Contingency Plan

Preparation of a contingency plan for accidental offshore oil spills, as well as assessment of port waste reception facilities and development of an investment plan for the control of marine pollution were carried out by an international consulting company in cooperation with the Maritime Administration and the Convention Inspection for the Protection of the Black Sea. The work resulted in a report which contains two volumes of background information, and a draft National Oil Spill Contingency Plan for Georgia. It was reviewed by relevant line agencies and stakeholders in Georgia and was also commented by the International Maritime Organization. The Oil Spill Contingency Plan has not been adopted by the government so far. Its new iteration is being circulated to the government's line agencies again.

The Convention Inspection received a set of portable and stationary monitoring equipment for confirmation measurements of chemicals, oil identification spectroscopy, etc.

In 2001 an oil spill response exercise was conducted in the Batumi harbour for the first time in more than a decade. The Georgian public agencies as well as international oil transporting companies involved in Georgia participated in this exercise. It demonstrated ability of the Georgian authorities to manage complex activities of multiple actors on the scene of emergency. The exercise had been a unique opportunity for sharpening response action skills and for checking out reliability of the available equipment. Recommendations were produced for the creation of a funding instrument enabling coverage of maintenance costs of the oil spill preparedness and response.

Training and Capacity Building

Project has contributed to the capacity building of the Ministry of Environment and State Department of Protected Areas and other agencies through training and sponsoring attendance at various international meetings related to the protection of marine environment and protected areas management. A few most important training events attended with the GICM project support by the Georgian public servants and members of NGOs include:

- the ICZM Law meeting for the Black Sea country representatives, Bucharest, Romania, 2000,
- 1st Black Sea Conference on Ballast Waters Management and Control, Odessa, Ukraine, 2001,
- international seminar on watershed management, Izmir, Turkey, 2001,
- international course on wetlands restoration, Lelystad, the Netherlands, 2002,
- 1st Meeting of the Contracting Parties to ACCOBAMS (Agreement on the Conservation of Cetaceans of the Black Sea, Mediterranean Sea and Contiguous Atlantic Area), Monaco, 2002,
- 5th International Symposium on GIS and Computer Cartography for Coastal Zone Management, Genoa, Italy, 2003,
- 4th East-West Fisheries Conference, Tallinn, Estonia, 2003,
- study tour on park infrastructure, USA, 2004
- international conference on the Management Challenges for Wetlands, Mires, and Peatlands in the 21st Century, Argentina, 2004,
- 10th International Living Lakes Conference on Responsible Stewardship by Lake Communities, Tagaytay City, Philippines, 2005
- workshop on Laboratory measurement of salinity, Hampshire, UK, 2005

Achievement of Project Objectives and Rating of Key Performance Indicators

***Project development objective:** The project aimed 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.*

The development objective is **partially achieved** by the project.

***Global development objective:** The project also aimed 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 included 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.

The global development objective is **achieved** by the project.

- (a) *Intersectoral consultative commissions for ICZM established and functioning according to agreed objectives and procedures at national and local levels*

Unsatisfactory. The State Consultative Commission for ICZM that has been established for interpreting and coordinating existing policies among the various sectors/stakeholders involved in coastal and marine resource use along Georgia's Black Sea Coast is not functioning any more.

- (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*

Moderately Satisfactory. Training efforts in land use planning and zoning failed, but there were several successful trainings delivered in protected areas management. These were study tours to the neighbouring Turkey, Ukraine, Romania, and the USA. Five individuals were trained on wetland management and restoration in the Netherlands. The GIS capacity of the ICZM Center had been highly recognized by users, but this Center has been dissolved upon project completion. The GIS database of ICZM information is now owned by the Monitoring and Forecasting Center under the MoEPNR, which comprises the newly established ICZM unit.

- (c) *Draft legislation outlining mandate and responsibilities of a coastal authority and codes of conduct for coastal resource/landscape use prepared*

Moderately Unsatisfactory. ICZM draft law has been developed, but not adopted by the government of Georgia. A law on Spatial Planning and Urban Development, adopted in 2005, provides a permissive legal environment for ICZM, though it does not carry legally binding requirements for participatory planning of coastal resource use.

- (d) *Legal status of KNP and KNR established and boundaries demarcated*

Highly Satisfactory. Legislation is in place. It has been amended with acknowledgement of subsistence needs of local communities. Boundaries of the KNP and the KNR are digitally and physically demarcated.

- (e) *Encroachment, illegal poaching and harvesting rates reduced over baseline conditions*

N/A. This indicator could have not been used in a meaningful manner due to difficulty of determining baseline conditions, as many uncertainties were involved.

- (f) *Information node for Black Sea regional environmental monitoring network established in Georgia*

Moderately Satisfactory. The sampling, measurement, and analytic equipment for the selected monitoring laboratories were procured; monitoring standards and data protocols improved; training and technical assistance provided; and a basic structure for an effective information system put in place. There are sufficient prerequisites for the monitoring and information network to operate successfully, but it is not fully functioning to date.

- (g) *Computer links and information sub-nodes in collaborating institutions up and running*

Satisfactory. Many partner institutions developed simple internet nodes in line with the overall technical development in the country. The Internet dial-up connection is available now many coastal zone cities – Batumi, Poti, Zugdidi, Ozurgeti, etc. The project provided Internet connectivity to the KNP through equipping it with strong computers, internet node with institutional email address, and a homepage. Relevant hardware and software has also been delivered to a number of institutions in the coastal zone as well as in Tbilisi which handle the coastal information.

- (h) *Oil spill contingency plan and financing plan developed and approved by government*

Moderately Satisfactory. A high quality draft contingency plan developed, combined with a field testing through a high-seas equipment deployment exercise. The government's continued interest in the development of the national capacity for oil spill response is evident from the approval of the non-pipeline component of the Energy Transit Institutional Building project. An approval of the draft plan is still pending.

Lessons Learned

The critical lesson from the GICM project is that it had been overly ambitious to expect that Georgia would have a fully-fledged functioning ICZM system by project completion. It should be recognized that the ICZM is a long term process and outcomes of the component A of the project would be a platform for further development over the years to come. The international experience from the Mediterranean, Baltic, and Black Sea Programmes also indicates that the process of implementing change requires long time and much effort. Many institutions in Georgia are yet in a young stage and considerable work is needed at all levels of the government to create the structure for and the culture of cross-sectoral functions.

Somewhat similar conclusions could be driven from the attempts to lay a foundation for coastal environment quality monitoring system. The general institutional constraints are affecting its functionality as well and it would be a major challenge to achieve flawless operation of mechanisms for receiving and communicating data and information across ministerial and regional boundaries.

The project faced difficulties under the protected areas component in localities with high occurrence and much depth of poverty. Social environment and the magnitude of problems associated with communities' dependence on the natural resource extraction should be fully recognized under conservation projects. The other critical issue to find effective means for communicating project objectives and offered solutions to a variety of stakeholders that may significantly vary in terms of their social and material status, vested interests, and aspirations.

Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

Comments on the project outcomes, their importance, and lessons learned were obtained from several key stakeholders through meetings and discussions held several months past completion.

Department of Environment Protection and Natural Resources of the Autonomous Republic of Achara. On March 28, 2007 the ICR mission met with Mr. I. Goradze, Head of the Department of Environment Protection and Natural Resources of Achara, to discuss how the Autonomous Republic, covering about one third of Georgia's coastline, has benefited from the implementation of the GICM project. The Head of Achara's environment agency told the mission that he sees particular importance of the GICM project is catalyzing numerous initiatives for sustainable management of the coastal zone. A package of assistance delivered to the KNR is highly valuable for conserving a particular unique wetland ecosystem. Furthermore, the positive experience with the KNR stimulated the new similar initiatives in the Autonomous Republic. With the assistance of the WWF the first national park had been planned and legally established in Achara in 2005. Protected area planning gained indeed a strong momentum and work has commenced towards establishment of two more, one of which is conceived as a trans-boundary protected area to be co-managed by Georgia and Turkey.

Assistance delivered under the GICM project for strengthening water quality monitoring in the coastal zone and identification of challenges associated with an ambition to introduce the Blue Flag Program to Georgia's Black Sea beaches has sensitized the environmental agency of Achara to water pollution problems. It led to an initiative to introduce of program for point source pollution control. The government of Achara financed inventory of water pollution hotspots and is supporting regular monitoring of discharge at the selected high risk sites.

The GICM project helped to test a model for improved management of public beaches through a pilot activity in Kobuleti, Achara. It implied delivery of beach equipment to the local government for leasing it to a concessionaire under the condition of quality maintenance of the concession area, including adherence to high standards of sanitation and waste management. Due to institutional and staff changes in the beneficiary local government unit, this pilot activity had not been sustained beyond one season, through it actually produced the intended outcome. The Prime Minister of Georgia and the Minister of Environment of Georgia, both attending the season opening event at the pilot beach, found the proposed model of its management highly relevant and called for applying it throughout the coastline. Currently concessions are being issued for segments of public beaches along great part of Achara's coastline, which allowed to improve service delivery and to increase public health and environment standards of beach maintenance.

IUCN Programme for Southern Caucasus. On March 22, 2007 the ICR mission met Mr. R. Gokhelashvili, Director of the IUCN Programme Office for the Southern Caucasus, to hear his opinion on the GICM project outcomes. Mr. Gokhelashvili noted the importance of the assistance delivered through the project with conservation of wetland ecosystems,

including those representing habitat for migratory birds. The project provided some infrastructure and equipment for birdwatching in the beneficiary projected areas and sponsored a publication on avifauna of Kolkheti, which is an excellent educational material and a guide for birdwatches.

Speaking of the challenges of managing protected areas, Mr. Gokhelasvili mentioned that the consultative board established for the KNP, alike similar bodies set for other protected areas in Georgia, did not succeed in becoming a functional and a meaningful tool for the park management. The generic reason for that could be the composition of the consultative boards, which mostly comprises pretty high level officials, many of them based in the capital city of Tbilisi. Furthermore, the entire institutional concept and status of consultative boards may need rethinking. There should be much more emphasis on local participation, all way through creation of a forum for community co-management of protected areas.

WWF Caucasus Programme. On June 27, 2007 the ICR Team discussed impact of the GICM project with Mr. Nugzar Zazanashvili, Conservation Director, WWF Caucasus Programme. He noted, that the support provided through the project to the KNP is highly valuable, as this Park is a key instrument for preserving ecological balance in the Priority Conservation Area #26 of the Caucasus Ecoregion, as identified by experts from six countries of the region (*Ecoregional Conservation Plan for the Caucasus. WWF, KfW, BMZ, CEPF, MacArthur Foundation, May 2006*). Also, the KNP protects the last remaining sections of unique lowland swamp forests and wetlands in the Caucasus. It plays a crucial role in conservation of globally threatened species of sturgeon, including critically endangered Atlantic (Baltic) sturgeon (*Acipenser sturio*), which spawns only in the rivers in the Kolkheti Lowlands. Establishment of the Kolkheti protected areas is instrumental for preservation of the most significant bird habitats of the Black Sea coastal zone.

The KNP is the only protected area in the Black Sea basin with a formally designated marine park. This directly contributes to one of the main goals and the respective suggested action of the Convention on Biological Diversity (CBD) Programme of Work on Protected Areas: "1.1.3. As a matter of urgency, by 2006 terrestrially and by 2008 in the marine environment, take action to address the under-representation of marine and inland water ecosystems in existing national and regional systems of protected areas..." Though management of the marine part of the KNP calls for further refining and strengthening.

Mr. Zazanashvili mentioned, that while the GICM project successfully met the main conservation objectives, it had some shortfalls as well, including a weakness in guiding the protected area proponents around the conflict of interests with local population. Despite later measures aimed at problem shooting, long term solutions are still to be worked out. Implementation of alternative livelihood programs for local communities could be among further measures for sustaining co-existence of the protected areas of Kolkheti and their gateway communities.

Mr. Zazanashvili shared with the ICR mission his concerns about potential threats to the KNP that come from its neighboring Kulevi oil terminal. He expressed a hope that proper monitoring and mitigation plans are applied to address sensitivity of the western sections of the KNP to an ongoing construction of railway access to the terminal.

Achara-based NGO *Chaobi*. On June 27, 2007 the ICR team received feedback on the GICM project outcomes from Ms. I. Machutadze, Head of an NGO *Chaobi* (mire), which advocates for conservation of Kolkheti wetlands. The main point made by Ms. Machitadze is that the project had an outstanding impact in terms of raising awareness of wetlands among diverse parts of society, ranging from the local communities all way up to the government. During the Soviet epoch wetlands had no other interpretation than being wasted areas that also carried venomous wildlife and disease vectors. Therefore, the State policy called for draining as much wetlands as physically possible for converting them to agricultural plots. Huge public funding had been spent on this drainage campaign. With such historical background, it is difficult to overestimate difficulties associated with educating society on the functions and value of wetlands and altering perceptions strongly entrenched in public mentality. Establishing protected areas with a mandate to conserve wetlands has been a strong signal and became pivotal in altering attitude towards peat bogs of Kolkheti. Furthermore, during the project life and with its support the KNR became an object for international research and unique nature of its ecosystem has been scientifically proven.

Ms. Machutadze also mentioned difficulties of reconciling conservation objectives with the social needs of local poor rural communities. Allocating areas for nature protection usually carries potential conflicts of economic/social character, which should not be underestimated or ignored from the very early stages of planning. In case of the KNP, a good part of the social tension, associated with limiting of the natural resource use, could have been avoided through including the traditional use zone in the KNP at the time of its establishment.

Annex 9. List of Supporting Documents

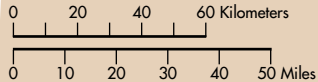
1. Project Information Document, PID5864, July 1998
2. Project Appraisal Document, Report No. 17131-GE, November 1998
3. Development Credit Agreement, Credit No. 3156 GE, January 1999
4. GEF TF Grant Agreement, GEF TF No. 021598, January 1999
5. Environmental Assessment, E469, January 2001
5. ISRs filed, along with the attached Aide Memoires, in the World Bank Project Portal



GEORGIA

- SELECTED CITIES AND TOWNS
- AUTONOMOUS OBLAST (AO) CENTER
- ⊙ AUTONOMOUS REPUBLIC (ASSR) CENTERS
- ⊕ NATIONAL CAPITAL
- RIVERS
- MAIN ROADS
- RAILROADS
- - - AUTONOMOUS OBLAST (AO) BOUNDARY
- AUTONOMOUS REPUBLIC (ASSR) BOUNDARIES
- - - INTERNATIONAL BOUNDARIES

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NOVEMBER 2004

IBRD 33410