

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Development partner assistance in the water supply and sanitation (WSS) sector commenced in 1995 with the World Bank's Social Infrastructure Development Project. The first assistance from the Asian Development Bank (ADB) in the sector was in 2008 with the first Municipal Services Development Project.¹ Nonlending assistance in the sector has amounted to \$15 million (Table 1), while lending assistance in the sector has been \$282 million in a lending portfolio of \$442 million (Table 2). ADB's lending assistance in the sector amounted to \$18 million (6.5%) and nonlending \$2.15 million (14%). World Bank and ADB assistance aimed to improve dilapidated WSS infrastructure in towns across the country, while German development cooperation through KfW and assistance from the European Bank for Reconstruction and Development, Millennium Challenge Georgia, and the Swedish International Development Cooperation Agency targeted improving WSS infrastructure in the major cities.

Table 1: Nonlending Assistance

Development Partner	Project Name	Duration	Amount (\$ million)
Water supply and other municipal infrastructure and services (environmental sustainability and capacity development)			
ADB	PPTA 7487: Preparing a Multitranchise Financing Facility for the Georgia Urban Services Improvement Investment Program	2010	0.49
ADB	PATA 7492: Developing an Urban Water Supply and Sanitation Sector Strategy and Regulatory Framework for Georgia	2010–2011	0.86
ADB	CDTA 7551: Developing a Geospatial Urban Water Supply and Sanitation Utility Management System	2010–2011	0.80
CRDA	Georgia—Water Testing Laboratories Development Plan	2010	0.04
CRDA	Construction of New Boreholes in Six Villages of the Buffer Zone	2010–2011	0.50
EBRD	Rehabilitation of Water Supply Systems in Inner Kartli Region Affected by War	2009–2011	0.35
EBRD	Corporate Development and Institutional Building Project	2010–2012	0.88
EIB	Neighborhood Investment Facility grant: Capacity Development and Project Preparatory Technical Assistance	2010–2011	5.44
ICRC	Technical Support to the Regional Water and Sewage Board	2010	0.07
ICRC	Rehabilitation of Water Supply Systems in the Areas Adjacent to the ABL and the Former Buffer Zone	2010	0.50
KfW	Utility Capacity Building TA for Batumi Communal Infrastructure Rehabilitation (Phase 1)	2006–2010	2.04
KfW	Utility Capacity Building TA for Batumi Communal Infrastructure Rehabilitation (Phase 2)	2010–2012	2.72
UNDP	Capacity Development Training	2009	0.01
UNICEF	Public Awareness Campaign: Water, Sanitation, and Hygiene	2009–2010	0.04
USAID	Water Sector Reform Program: Water Sector Reform Plan	2007–2009	0.40
Total			15.14

ABL = administrative boundary line, ADB = Asian Development Bank, CDTA = capacity development technical assistance, CRDA = Czech Republic Development Agency, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, ICRC = International Committee of the Red Cross, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance, TA = technical assistance, UNDP = United Nations Development Programme, UNICEF = United Nations Children's Fund, USAID = United States Agency for International Development.

Note: €1 = \$1.359 on 16 November 2010.

Source: ADB Georgia Resident Mission.

¹ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to Georgia for the Municipal Services Development Project*. Manila (Loan 2441-GEO, for \$40 million, approved on 12 September).

2. With the Urban Services Improvement Investment Program, the government will target assistance to improve WSS services in key economic growth centers and address its economic growth strategy laid out in the *Program of the Government of Georgia* (2008–2012). Through its nonlending assistance, ADB will provide an enabling environment for development partners' long-term engagement in the sector. ADB facilitated the development of the country's urban WSS policy, sector development strategy, social and gender strategy, tariff, and regulatory framework. It is also helping to develop a geospatial WSS utility management system that will pave the way for better WSS asset management and strengthening and decisions on capital planning.

Table 2: Lending Assistance

Development Partner	Project Name	Duration	WSS (\$ million)	Amount (\$ million)
Water Supply and Other Municipal Infrastructure and Services (Environmental Sustainability and Capacity Development)				
ADB	2441 GEO(SF) first Municipal Services Development Project	2008–2011	2.20	40.00
ADB	2534-GEO(SF): Municipal Services Development Project (Phase 2)	2009–2011	16.13	30.00
EIB	Georgia Water Infrastructure Development Project	2010–2014	54.36	54.36
KfW	Batumi Communal Infrastructure Rehabilitation (Phase 1)	200–2012	23.10	23.10
KfW	Batumi Communal Infrastructure Rehabilitation (Phase 2)	2008–2012	61.16	61.16
KfW	Community Mobilization and Infrastructure Development	2002–2007	1.54	5.00
MCG, EBRD, SIDA, EU	Poti Water Supply Rehabilitation	2007–2009	11.07	11.07
MCG, EBRD, ORET	Kobuleti Water Supply and Waste Water Rehabilitation	2008–2011	24.68	24.68
EBRD, EU, MCG	Borjomi Water Supply and Tskaltubo Water Supply Rehabilitation	2008–2011	15.71	15.71
EBRD, SIDA, MCG	Kutaisi Water Supply Rehabilitation	2008–2010	17.79	17.79
MCG	Bakuriani Water Supply Rehabilitation	2008–2010	8.90	8.90
World Bank	Regional and Municipal Infrastructure Development Project	2008–2010	11.71	40.00
World Bank	Regional and Municipal Infrastructure Development Project (Phase 2)	2010–2012	10.29	45.00
World Bank	Municipal Decentralization and Development Project (Phase 2)	2004–2007	14.00	27.00
World Bank	Municipal Decentralization and Development Project	1997–2005	4.00	24.00
World Bank	Social Infrastructure Development Project	1995–2003	5.80	15.00
	Total		282.44	442.77

ADB = Asian Development Bank, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, EU = European Union, MCG = Millennium Challenge Georgia, ORET = Development-Related Export Transactions (Netherlands), SIDA = Swedish International Development Cooperation Agency, WSS = water supply and sanitation.

Note: €1 = \$1.359 based on 16 November 2010 exchange rate.

Source: ADB Georgia Resident Mission.

B. Institutional Arrangements and Processes for Development Coordination

3. At the government level, development partner activities are coordinated through the joint needs assessment (JNA), a comprehensive document prepared following the August 2008 war between Georgia and the Russian Federation with extensive collaboration among government

agencies and development partners including ADB, the European Commission, the United Nations, and the World Bank. The JNA is regularly updated through consultations among the government and development partners guides medium-term development assistance.

4. At the sector level, development partner meetings are held every 6 months, chaired by the minister of regional development and infrastructure. ADB's Georgia Resident Mission actively participates in these meetings and attends working meetings held by the State Committee on Water Supply and Energy, the key policy-making body in Georgia, which is chaired by the Prime Minister. Such participation informs operational divisions on project preparation and implementation.

5. ADB's Georgia Resident Mission and operational divisions regularly consult with all major bilateral and multilateral development partners to examine potential areas for cooperation and address common concerns. In particular, sharing KfW experience in WSS projects in Batumi through a series of working consultations proved very beneficial to developing the investment program architecture. With the recent entry of the European Investment Bank (EIB), regular consultations were held to coordinate interventions, identify synergies and cooperation opportunities, and eliminate overlap and duplication. In particular, comprehensive designs and cost estimates developed for WSS infrastructure in the six investment program towns will be shared with EIB to determine areas of intervention. Effective development partner coordination through loan review missions during investment program implementation will enhance cooperation and avoid duplication.

C. Achievements and Issues

6. Through its sectoral development and holistic approaches, ADB has helped the government (i) address primary needs for effectively prioritizing and planning infrastructure rehabilitation, (ii) stimulate development partner coordination and cooperation, and (iii) consider public–private partnership opportunities.

7. ADB's support to the Ministry of Regional Development and Infrastructure and the United Water Supply Company of Georgia resulted in recommendations for (i) a coherent sector development strategy, (ii) enabling regulatory and legislative frameworks, (iii) a framework for developing a geospatial WSS utility management system, and (iv) a WSS tariff regime. Developing detailed engineering designs for the six investment program towns will significantly reduce other development partners' project preparation costs, especially for the EIB, which proposes financing investments in the six investment program towns. Consultations and information exchange enabled a coordinated effort between ADB and EIB to allow EIB to optimally integrate its interventions in the investment program towns and harmonize its support for capacity-building initiatives in the United Water Supply Company of Georgia with that of ADB.

D. Summary and Recommendations

8. The JNA framework, development partner coordination meetings, and established practice of consultations provide a robust basis for coordinating WSS interventions in Georgia. Close coordination between ADB and other partners to support the government's sector development policy and road map will ensure improved WSS service delivery. The proposed public–private partnership intervention through the investment program will provide to development partners an opportunity to channel resources to improve the quality of infrastructure and ensure investment sustainability in the long term.