

1. Historical Background

The 1992-1993 civil war in Abkhazia, Georgia, led to a displacement of over 250,000 persons and devastation of this once thriving agricultural centre and tourist destination squeezed between the Black Sea and the Caucasus mountains. In 1994 the Georgian and Abkhaz sides, under the auspices of the United Nations (UN) and with the facilitation of the Russian Federation, signed the Moscow Agreement on the separation of forces, bringing two years of fighting to a halt.

The Commonwealth of Independent States Peace Keeping Force (CISPKF) has been deployed to monitor compliance with the Agreement, with the United Nations Observer Mission in Georgia (UNOMIG) monitoring the implementation of the Agreement and observing the operation of the CISPKF. In the same year, the Quadripartite Agreement on the Return of Refugees was signed and the process of return of refugees and internally displaced persons commenced.

In 1997, peace negotiations resumed in Geneva, leading to the establishment of the Coordinating Council. The Council consisted of representatives of the two parties to the conflict, was chaired by the Special Representative of the UN Secretary-General (SRSG) for Georgia, assisted by the Russian Federation as facilitator, the Organisation for Security and Cooperation in Europe (OSCE) and the Group of Friends of the Secretary-General on Georgia. The Coordinating Council comprised three working groups on: 1) Security and Non-Resumption of Hostilities; 2) IDPs and Refugees; 3) Social and Economic Issues.

In February 1998, within the framework of the Working Group on Social and Economic issues, the UN-led Needs Assessment Mission (NAM) visited Abkhazia. The Mission was able to identify short- and medium-term needs in the primary production and social sectors. However, in May of the same year, fighting broke out in the Gali District, causing the renewed displacement of 30,000-40,000 persons, many of who were now displaced for the second time. During those events, many facilities rehabilitated by UNHCR to support returnees were destroyed.

Starting from 1999, a number of new spontaneous returns have been observed in the Gali District. However, the safety and dignity of returnees have not yet been guaranteed and international humanitarian organisations have not resumed regular assistance programs in the area. Thus, the living conditions of these returnees have not been satisfactory either from the security point of view or in terms of the process of rehabilitation of their homes, infrastructure or socio-economically normal living conditions.

In November 2000, a Joint Assessment Mission (JAM) visited the Gali District. The JAM was led by the United Nations and the purpose of the mission was to evaluate conditions for the safe, secure and dignified return of IDPs to the region.

Under the auspices of the SRSG and with the consent of the two parties, the UN carried out a Security Assessment Mission (SAM) to the Gali District in late 2002. The purpose of the SAM was to determine the ways and means of improving security conditions in the Gali District. Among its recommendations, the SAM emphasized the importance of economic rehabilitation of the area through support to economic programs/projects for the Gali and Zugdidi districts and possibly in adjacent areas.

Despite continuing efforts by the international community, there had been little progress in the Georgian-Abkhaz peace process by 2002. The Group of Friends of the Secretary-General held a brainstorming session in Geneva in February 2003, in which the Friends reaffirmed their commitment to the principles of political settlement of the Georgian-Abkhaz conflict and recommended the establishment of three task forces to deal with economic rehabilitation, IDPs and refugees, and political and security issues.

The Presidents of Georgia and the Russian Federation met in Sochi in March 2003. The Sochi process has been designed to function through three working groups, two dealing with

economic rehabilitation, with the emphasis on the railroad link restoration and the Inguri Hydro-power station, and the third one on the return of IDPs and refugees.

In December 2003, upon invitation of the SRSG, UNDP led a mission to Abkhazia to look at the feasibility of building a sustainable recovery and rehabilitation process for IDPs, returnees and local communities focusing on the Gali, Ochamchira and Tkvarcheli Districts in the east of Abkhazia. The UNDP-led Mission broadly concluded that initial recovery and rehabilitation work was possible under the present security situation. Participating in the mission were representatives from UNOMIG, UNHCR, UNICEF and UNV.

The UNDP-led feasibility study recommended that an integrated programme should be implemented in three phases. The *Preliminary Phase* would address immediate recovery needs; the second phase would be a *Basic Rehabilitation Phase* while the final *Recovery Phase* would address further recovery needs, based on lessons learned developed during the preceding phases. The recommendations were proposed as a means of establishing an environment conducive to the return of IDPs as well as the rehabilitation and recovery of the local population.

In November 2002, Mr. Guehenno, the UN Under-Secretary-General (USG) for Peacekeeping Operations, paid an official visit to Georgia, including Abkhazia. This was the highest-ranking UN official's visit ever to Abkhazia. A second visit was paid by the USG in November 2003 and a third one in February 2005. The visits included a series of high-level meetings in Tbilisi, and Sukhumi. Mr. Guehenno highlighted the firm commitment of the UN to a peaceful settlement as well as the need for real progress on practical issues.

2. UNOMIG's role in the conflict zone

UNOMIG remains one of the most visible entities in the conflict zone.. It has been operating without any major interruptions since the Mission's deployment there in 1993. Those internally displaced persons (IDPs), who have spontaneously returned to their home villages in the Gali district following their displacement as a direct consequence of the hostilities in 1992-1993 and again during the clashes in 1998, foster high expectations towards the Mission in terms of meeting their most urgent humanitarian and economic needs. Ad hoc humanitarian assistance to the returnees in close partnership with international humanitarian organizations and local NGOs has thus become an integral part of the peace efforts.

In fact, by recalling the Security Council resolution 937 of 21 July 1994, when UNOMIG's mandate was expanded, it can be emphasized that

[The SC] "requests the Secretary-General to establish a voluntary fund for contributions in support of the implementation of the Agreement on a Cease-fire and Separation of Forces signed in Moscow on May 14 1994 and/or for humanitarian aspects including de-mining, as specified by the donors, which will in particular facilitate the implementation of UNOMIG's mandate, and encourages Members States to contribute thereto".

S/RES/937 1994, excerpt of paragraph 10

Furthermore the Secretary-General in his Report of 18 January 2001 concerning the situation in Abkhazia, Georgia (S/2001/59) pointed (paragraph 29) that:

"The absence of effective law enforcement and the continuing extreme economic hardship in the UNOMIG area of operations contribute to the overall volatility of the situation, which, if not remedied, might deteriorate. Bearing that in mind, and in the light of the obligation of UNOMIG under its mandate to "contribute to conditions conducive to the safe and orderly return of refugees and displaced persons", the Mission will, together with the Resident Coordinator and the Humanitarian Coordinator, explore the possibilities for increasing

humanitarian aid to the population, including by allocating in the UNOMIG budget a sum for limited ad hoc assistance”.

S/2001/59, excerpt of paragraph 29

Following the approval of the Report, UNOMIG requested the UN Controller to amend the Terms of Reference (TOR) of the 1994 established Trust Fund by expanding the range of activities and including the provision of implementing quick-impact projects. The authorization was granted in November 2002. In 2004, in light of the further expansion of the mandate with the inclusion of the CIVPOL activities, UNOMIG requested a second amendment to the TOR¹ which was approved in January 2005 by the Controller.

As a result, in the first two years of quick-impact projects existence 68 projects were approved by the SRSG as well as two long-term projects.² The overall turn-over for those projects was approximately 600,000 USD and donations were made by the Governments of Finland, Italy, the Netherlands, Switzerland and the United Kingdom. UNOMIG implemented the projects in its area of responsibility with a balanced and equilibrated approach for both regions across the cease-fire line.

As indicated in the Report of the Secretary-General on the situation in Abkhazia, Georgia of 14 July 2004, under the leadership of the SRSG, UNOMIG

“[...] continued to implement quick impact projects, designed to improve the difficult living conditions and to repair basic infrastructure in the zone of conflict. ... Continuing letters of appreciation from local authorities and the population demonstrate that the quick-impact projects lead to a qualitative improvement in the lives of the local population”.

S/2004/315, para 27

3.3. Protect complementarity

UNOMIG shares the same objectives as other UN-Agencies and believes in the mutual benefit deriving from complementary cooperation. In this light, the Special Representative of the Secretary-General (SRSG) for Georgia has actively promoted several studies in the field of security and economic rehabilitation in the zone of conflict.

In that regard, it is important to mention that UNOMIG first led a Security Assessment Mission (SAM) in 2002 in order to evaluate the situation in the zone of conflict.

Additionally, following the SAM report and the support of its recommendations by the parties to the conflict and the UN Security Council, UNOMIG appealed to other UN agencies and international organizations to contribute more to the solution of acute security and economic problems of the Gali district and the adjacent areas. This appeal resulted, *inter alia*, in the UNDP feasibility study mission to the Gali district of late 2003, which subsequently issued its report with recommendations for economic rehabilitation in the Gali and adjacent districts of Ochamchira and Tkvarcheli.

The UNDP-led feasibility study was well received by the two parties and in its Resolution 1554 of 28 July 2004, the UN Security Council emphasised the importance of transforming the findings and the recommendations contained in the report into concrete actions.

Specifically the Security Council

¹ A copy of the Terms of Reference is attached at the end of the document.

² Long-term projects are those projects with an estimated budget exceeding USD 15,000.

“Welcomes the report of the mission led by United Nations Development Programme to the Gali region (December 2003) to assess the feasibility of a sustainable recovery process for the local population and potential returnees and to identify further actions to improve the overall security conditions and ensure sustainable return, and looks forward to further consultations by UNDP and UNOMIG with the parties aimed at implementing its recommendations”

S/2004/1554, para17

The European Commission's (EC) rehabilitation programme envisages the full cooperation of UNOMIG and the UN-Agencies with the EC. For this purpose a Steering Committee mechanism has been outlined and will be utilized for the coordination of relevant activities. . This mechanism will help avoiding any duplication of activities.

4. Project objectives

The need for rehabilitation in the conflict zone is irrefutable, particularly the rehabilitation of essential infrastructure. The EC rehabilitation programme aims at preventing a further degradation of such an infrastructure. Both sides are suffering from the collapse of the economic system but in the Gali, Ochamchira and Tkvarcheli districts the war effects are exacerbating the economic and social conditions.

Furthermore, the EC rehabilitation programme represents an important milestone in the creation of preconditions for economic rehabilitation at local level and, therefore, in the facilitation of safe and dignified return of refugee and displaced persons. UNOMIG will primarily focus on basic infrastructure for education and health (respectively schools and hospitals) and rehabilitation of essential services (electricity network and water and waste management service).

UNOMIG activities are complementary to those carried out by UNDP and other local partners. The Action is conceived as complementary being UNOMIG focusing more on the infrastructure rehabilitation and UNDP with the other UN-Agencies focusing on capacity building in support of the physical rehabilitation.

The ultimate cumulative aim by all Agencies involved in this Action is, on the one hand, to restore basic services and, on the other hand, to increase the capacity of the stakeholders to run them effectively in the medium- and long-term period the utility services such as electricity, water, public health and education.

5. Implementation and management arrangements, monitoring and reporting

In general terms, the implementation of the projects contained in this Annex are under the general responsibility of UNOMIG's Trust Fund Programme Officer.

In light of the volume and intensity of the activities, and in order to ensure proper accountability, monitoring and reporting, UNOMIG suggests to allocate part of the budget to increase the Mission's human resources posts by three units (those new posts are for locally recruited staff). The posts are meant to strengthen by one unit each of the Offices of the Trust Fund, Procurement and Engineer.

In the Office of the Trust Fund, the Project Assistant will be directly involved in the general planning, monitoring and reporting of the Action in accordance with the instruction directed by the Trust Fund Officer. Mainly based in Sukhumi HQ, the Project Assistant will frequently travel to the Sectors to monitor the implementation of the projects, to evaluate the adherence

of the on-going activities with the project planning and to assess the outcome against predetermined milestones.

The Procurement Assistant will be placed in the Procurement Section, directly supervised by the Chief Procurement Officer, for the procurement of goods and services according to the UN rules and regulations. The establishment of a post in the Procurement Section will permit to have a proper channel and a dedicated person exclusively for the implementation of the EC rehabilitation programme.

The Engineer Assistant will be placed in Gali since most of the Action for this first phase will be concentrated in the Districts of Gali, Ochamchira and Tkvarcheli. Furthermore, the most complex projects (the electrical rehabilitation of the distribution network in the districts of Gali, Ochamchira and Tkvarcheli) require a constant presence in the field to monitor the implementation of the Action in an effective and continuous manner.

The Engineer Assistant will be the constant monitoring of the projects in the field and, in coordination with the Project Assistant, the regular update to the Trust Fund Programme Officer.

UNOMIG will additionally support the Action by allocating other resources for the smooth implementation of the Action. In particular Finance Section will assist the EC rehabilitation programme by identifying one Officer as focal-point for the programme.

Additionally to the Civilian Staff, UNOMIG Military Branch will increase the number of CIMICs (Officers for the Civilian and Military Cooperation) from three to five units having one CIMIC Officer placed at HQ level in Sukhumi and two CIMIC Officers in both Gali and Zugdidi Sectors.

With the finalization of the Agreement and its acceptance by both sides, the legal framework will be set for the implementation of the Action. In order to gain time, UNOMIG is already anticipating some of the actions (exhibit 1, line 2) in the selection of potential candidates capable to serve in the team that will lead the activities for the EC Action under the guidance of the Trust Fund Programme Officer.

In general terms, before any concrete action takes place (exhibit 1, line 5) UNOMIG will clarify with the different stakeholders the mutual duties and responsibilities. In particular, special attention will be devoted to safeguard any change in use of the edifices, facilities or infrastructures, newly built or rehabilitated. This could include any change of property or privatisation, as well as any unconfirmed written commitment from representatives of the sides might result in the termination of the implementation of the project.

Furthermore, for each single project a specific Memorandum of Understanding will be signed between the beneficiary and UNOMIG. This MOU will be integrated by a Letter of Guarantee, released by the Institutional Body of reference, and will contemplate financial responsibility in case of non-respect of the MOU by the beneficiary.

After 90 days (milestone 3, see exhibit 1, line 8) the strategy for the programme is set and the programme will be ready to be operationally launched. After a final consultation among the stakeholders, and subject to approval of the appropriate group, for each project funds will be obligated and items and/or companies will be consequently procured.

For the first phase two main activities will be carried out, namely the rehabilitation of electricity and the improvement of public health (preventive and curative). The next paragraph will more specifically outline which steps will be taken into account vis-à-vis the specific action.

6. Project activities and expected output and outcome

6.1 In general. UNOMIG for the first phase of the Action will focus its attention on the electricity network in the Districts of Gali, Tkvarcheli, Ochamchira and Zugdidi, in the rehabilitation of public health structure in Gali, Tkvarcheli, Ochamchira and Zugdidi and in the basic water and waste management infrastructure in Zugdidi.

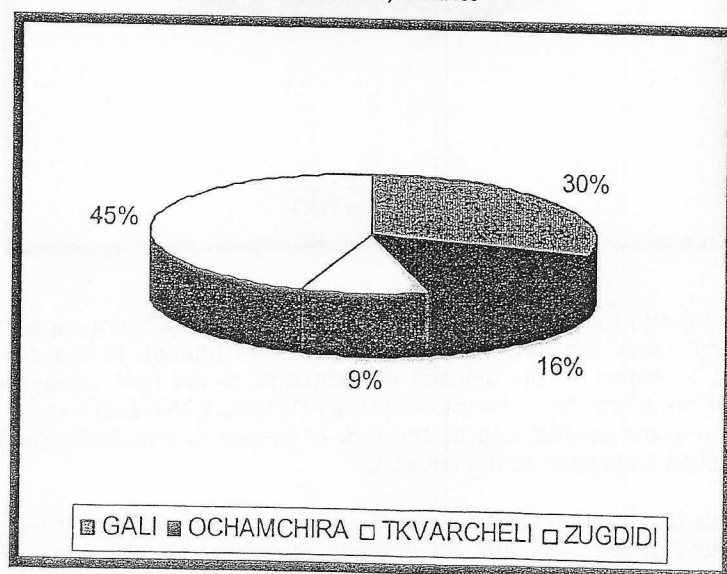
The modus operandi is based on the previous experience acquired by implementing 68 quick-impact projects in the area as well as with two long-term projects.

From a strategic perspective the Action proposed with the EC rehabilitation programme will systematize and give an organic coherence to the already completed projects. One of important goals is to incentive the return of IDPs by making available the basic services and at the same moment, with the complementary action led by UNDP, other UN-Agencies and International Organizations, to build capacity of the local stakeholders to have a running system liable to consolidate and develop in the medium- and long-term period.

From a general perspective the Action would considerably contribute to the implementation of recommendations of the Joint Assessment Mission of 2000 and the Security Assessment Mission to the Gali district of 2002. It is also in line with recommendations of the high-level Geneva meetings of the Group of Friends of the Secretary-General and relevant Security Council resolutions.

Furthermore, the Action also takes into consideration the preliminary findings and first conclusions contained in the two assessment reports on electricity network³ and health management⁴ mandated by the European Commission in 2004. Among other measures, new budget lines were introduced to reflect the need for hospitals to have an independent direct link for electricity to the medium voltage network.

Exhibit 2 EC rehabilitation phase; funds distribution by District



³, Rehabilitation networks in Gali (District) and in Ochamchira, Tkvarcheli and Zugididi, TACIS Action Plan 2004 (draft).

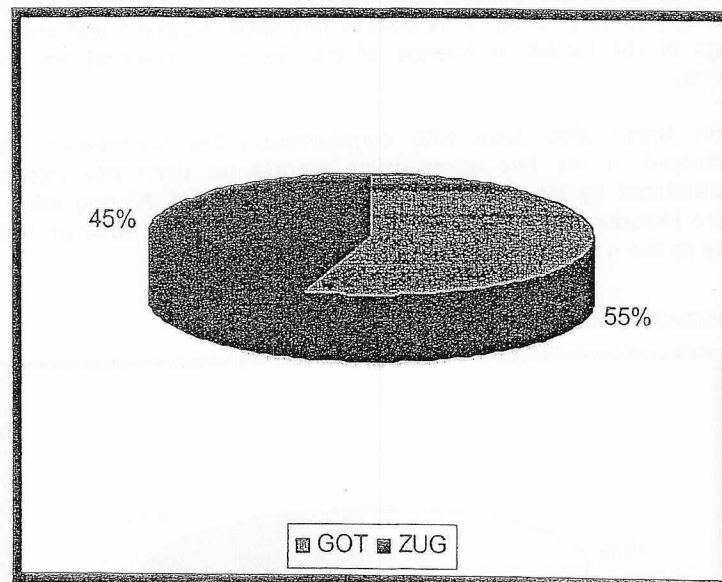
⁴ Report of the feasibility study for the rehabilitation of the public health sector in the Georgian-Abkhaz conflict Zone, TACIS Action Plan 2004 (draft).

Another element to be taken into consideration for the implementation of the Action is that the pledge of funds by the EC would greatly enhance both the EC and the Mission's positive image vis-à-vis the parties to the conflict and among the local population. It could also facilitate progress in other domains of the Georgian-Abkhaz peace process and serve as complementary confidence building measure for both sides. .

In fact, the area along the cease-fire line, particularly in the lower Gali district, is still inaccessible for most of international agencies and local NGOs, and UNOMIG represents practically the only entity with the 10-year well-established presence there, a very good knowledge of the area, and a positive experience with the implementation of various kind of projects and the provision of humanitarian aid there.

Finally, the involvement of the European Community in the Georgian-Abkhaz peace process would be a highly positive signal and should be in interest of UNOMIG to search synergies for potential collaboration with this Organization.

Exhibit 3 Share of funds' allocation for Gali, Ochamchira and Tkvarcheli Districts (GOT) and Zugdidi District (ZUG) for the first phase of the EC-UN Rehabilitation Programme



6.2 Electricity. Despite the fact that Abkhazia has potentially sufficient capacity to provide for its own electricity needs the network supporting the distribution in the zone of conflict is posing a serious limitation to the delivery of electricity to the final consumer. This is even more so valid for the electricity network in the Gali District, which is the most affected by the war-activities during the conflict and by the lack of means to effectively conduct timely and proper rehabilitation and repair to the network.

UNOMIG will focus its attention on the rehabilitation of the network and, if technically possible given the allocated budget, conduct an upgrade of the system from an antenna-like low voltage distribution network to a ring-like one. UNOMIG strategic approach is to initiate the activities within the District of Gali, starting from the town itself, and then move into Ochamchira and Tkvarcheli adjacent districts.

In order to have a better understanding of the situation on the ground, the EC Delegation to Georgia specifically hired an electricity expert with the primarily aim to further assess the weaknesses of the current electricity network and, secondly, to identify clear priorities for the rehabilitation program.

Electricity, along with security and education, is one of the three main elements IDPs are taking into consideration when facing the option of returning to the Gali, Ochamchira and Tkvarcheli Districts. The most tangible and direct benefit of the project is that the population in the three Districts will benefit from a better (both in terms of quality and in quantity) electricity distribution. It is therefore expected that this project will represent a concrete incentive for IDPs to return and re-settle in the three Districts.

The electricity component should absorb about half of the total budget for the first phase of the Action. Taken into consideration the exchange rate⁵ and the deduction of the direct and indirect costs, a prudential estimate of available funds for this specific component is approximately USD 590,000 (further details, see paragraph 9).

In Gali, Ochamchira and Tkvarcheli District the electricity rehabilitation will mainly concern the amelioration of the network system for the final user. For that purpose approximately USD 380,000 will be specifically earmarked. The identification of the appropriate programme will be conducted by UNOMIG in collaboration with the local electrical companies after the programme is launched.

It is expected that for Ochamchira and Tkvarcheli Districts, the projects will be outlined in a faster manner. The reason being is the better organization of the two company providing services in the Ochamchira and Tkvarcheli districts. Additionally, the infrastructure in the latter two Districts is far better than the existing infrastructure in the Gali District.

This specific component takes into account the recommendations contained in the EC-sponsored report on the Rehabilitation network in the Gali, Ochamchira, Tkvarcheli and Zugdidi Districts. In particular, the introduction of budget lines specifically earmarked for the connection of the Hospitals of Gali, Ochamchira, City Hospital and TB Hospital with the medium voltage line was taken based on the findings of the report itself.

In details, the *Report* emphasized that in the conflict zone area one main abnormality characterizes the electrical supply from the network to the Hospitals, which were taken into consideration. In fact, the outcome of the field investigation highlighted that all Hospitals are linked to the low voltage electrical network and not, as it should be, to the medium voltage network.

The fact that the Hospitals are linked to the low level electricity network is aggravated by a second gross pitfall in the health sector management: the Hospitals do not have a back-up generator system. This cumulative shortage in preventive measures is currently leading to fatal consequences: e.g. a patient under surgical intervention would die today as a result of lack of electricity.

The cause of the lack of electricity is of secondary importance (system failure, electricity switched off, network instability, etc...), since the result can lead to tragic consequences like the death of a patient under surgical intervention.

In light of the important finding made by the electricity expert, UNOMIG decided to complement the electricity component by earmarking a budget slightly over USD 100,000 for the connection of Gali Hospital, Ochamchira Hospital, City Hospital Zugdidi and TB Hospital Zugdidi with the medium voltage electricity system.

It is believed that the importance of this action will grant wider benefits to any patient hosted in one of the four health edifices and therefore extend benefits beyond boundaries. It is also assumed that the visibility of those four projects will receive particular mass-media relevance given the extreme importance of the subject.

⁵ Calculations are based on the official UN exchange rate for April 1 USD = 0.771 Euro

For a full implementation of the project in Gali, which will absorb approximately USD 260,000, it will be essential for UNOMIG to work out the plan in conjunction with the partner-in-charge for the non-infrastructure portfolio. As a matter of fact, it appears unlikely that the Gali Electrical Company would be simultaneously able to re-engineer the internal structure and conduct a major rehabilitation project.

Key factor for success in the electricity component will therefore be the inter-Agency role played by the *ad hoc* Working Group for Electricity. Timely management and proper exchange of information shall ensure appropriate initiative by UNOMIG and the other partner for a successful implementation of the rehabilitation of the Gali District electricity network.

In Tkvarcheli and Ochamchira the upgrade of the electricity system is estimated to absorb USD 130,000 equally distributed. For those two projects UNOMIG will work in close collaboration with the respective company providing care to the network. An initial master plan will be developed and assessed against benefits and subject to agreement will then be implemented.

The last budget line of USD 98,000 is earmarked for Zugdidi town and the assessment made by the electricity Expert of the EC Delegation, recommended the implementation of the project for the installation of meters in for private and public users. This project should ultimately provide a higher grade of control over electric consumption.

From a methodological point of view, and within the 30 days and 60 days verification points (refer to exhibit 1, lines 6 and 7), UNOMIG should be in the position to clearly identify the cost for each single project. Furthermore, it would be fully assessable for the Mission the evaluation of the attitude and the role assumed by the local, regional and national Authorities.

Exhibit 4 Cost estimates for the electricity component (overall budget Euro 455,000 – USD 590,141)

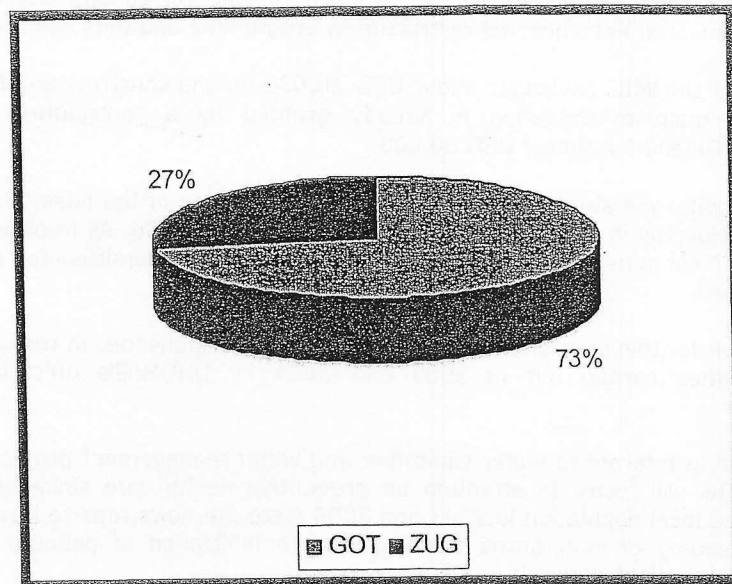
	Object	Approximate budget for sub-activity	
		Euros	USD
		200,000	259,403
1.	Infrastructure Gali District		
2.	Gali Hospital linked to medium voltage line	20,000	25,940
3.	Ochamchira Hospital linked to medium voltage line	20,000	25,940
4.	Ochamchira District	50,000	64,851
5.	Tkvarcheli District	50,000	64,851
6.	City Hospital Zugdidi linked to medium voltage line	20,000	25,940
7.	TB Hospital Zugdidi linked to medium voltage line	20,000	25,940
8.	Infrastructure Zugdidi District	75,000	97,276
	Total	455,000	590,141

In fact, as a precondition for the major rehabilitation is the active support of the projects by providing both the necessary guarantees and the necessary information to complete the collection of information. Any cost-saving or cost increase will be weighted against the overall budget for the component electricity of the Programme.

Finally, it is worth to mention that UNOMIG will actively conduct further fund-raising activities trying to ensure a full rehabilitation of at least one substations currently transforming HV electricity into MV electricity. This complementary action is estimated to start at the time when the master-plan for the rehabilitation of the Gali District is finalised.

6.3 Public Health: preventive and curative measures. Health care clearly does not meet the needs of the population in all four regions. In general the performance and efficiency of health services and quality of the medical care are all very low. The health system in the villages is poor to non-existent and ambulatory services as well as local hospitals are poorly equipped. UNOMIG so far financed several quick-impact projects in all districts to establish and equip ambulatory services at village level. In addition there is a need to rehabilitate the local hospitals.

Exhibit 5 Share of funds' allocation for the electricity component in Gali, Ochamchira and Tkvarcheli Districts (GOT) and Zugdidi District (ZUG)



In addressing the need to rehabilitate local health services UNOMIG will focus on targeted operations at the level of local hospitals by proposing to rehabilitate the hospitals in Ochamchira, Tkvarcheli and Zugdidi. For the Gali Hospital UNOMIG already received a donation from the Government of Finland and will implement the rehabilitation in light of the comprehensive strategy adopted with the EC and the other relevant UN-Agencies.

Health care is directly linked to basic services as water sanitation and waste management. The lack of basic facilities for drinking water, sewerage and waste management regularly leads to waterborne diseases and epidemics in the region. Health care is mostly curative and not preventive. UNOMIG proposes to link medium-scale operations on the rehabilitation of drinking water system, as well as of solid waste and sewerage management.

The activities carried out by UNOMIG are going to be complemented by those initiated by UNDP. These operations should cover preventive health care activities as well as training and management to increase the technical and managerial capacity of medical staff and local public administrators responsible for public health and basic service.

Furthermore, health care activities will be linked to water sanitation and waste management in the Zugdidi area of the Samegrelo region. A specialist needs assessment is required to fully assess needs and actions of this part of the programme. For this project it is pivotal the commitment and the support from the local authorities for the definition of the action plan.

The assessment conducted under the aegis of the EC Delegation clearly demonstrated the lack of minimal standard for the day-by-day operations in such health edifices. In the same report it was recognised the necessity of both interventions in the structures and in the management (for which UNOMIG will be complemented by other Organizations).

UNOMIG will focus its attention on three different levels for the public health component. The first action being is the rehabilitation of the four main hospitals (Gali, Tkvarcheli, Ochamchira and Zugdidi City Hospital) with specific attention to the role played by the hospital in the region.

In light of the planned national hospital restructuring programme of the Georgian Ministry of Health, Labour and Social Affairs (MoHLSA), the rehabilitation of the Zugdidi city hospital is conditional to the official confirmation by the MoHLSA that the Zugdidi city hospital will be included in the government's hospital restructuring programme and thus will not be privatised.

For Gali Hospital UNOMIG envisages about USD 20,000 for the construction of an emergency hall while the main rehabilitation is already granted by a contribution made by the Government of Finland for almost USD 60,000.

Ochamchira hospital will also undergo a complete rehabilitation of the hospital. The estimated budget for the Hospital in Ochamchira is estimated in USD 115,000. As in other similar cases, the final budget estimate will be elaborated by UNOMIG and submitted for approval to the appropriate board.

The second pillar for this component is the construction of dispensaries in remote areas, in line with the activities carried out in 2003 and 2004 by UNOMIG's quick-impact projects programme.

The third action is referred to water sanitation and water management project in the Zugdidi district. UNOMIG will focus its attention on preventive health care since one of the main concerns for the local population in 2003 and 2004 were the news reported by the local press about the spreading of waterborne diseases due to infiltration of polluted water into the drinkable water pipelines network.

It is strongly believed that, beside a safer drinkable water network, the implementation of the project will have a highly positive impact in the minds of the local population given the emotional attitude whenever the spreading of such diseases is manifested. The main aim is to rehabilitate the basic infrastructure and thus limit the waterborne diseases in the District.

Similar to the electricity component, also for the public health component 30, 60 and 90 days milestone are set. At the 30 days and 60 days cuts, UNOMIG will define the budget to allocate to each project by having a defined strategy to support the implementation of the first phase of the programme.

Exhibit 6 Cost estimates for public health action divided into curative health component and preventive health component (overall budget Euro 419,988 – USD 544,732)

	Object	Approximate budget for sub-activity	
		Euros	USD
1.	Gali Hospital (construction of emergency hall)	15,000	19,455
2.	Tkvarcheli Hospital	40,000	51,881
3.	Ochamchira Hospital	90,000	116,732
4.	Zugdidi City Hospital	110,000	142,672
5.	TB Hospital Zugdidi	50,000	64,851
6.	Water sanitation & waste management / Zugdidi	85,000	110,246
7.	Reserves	29,988	38,895
	Total	419,988	544,732

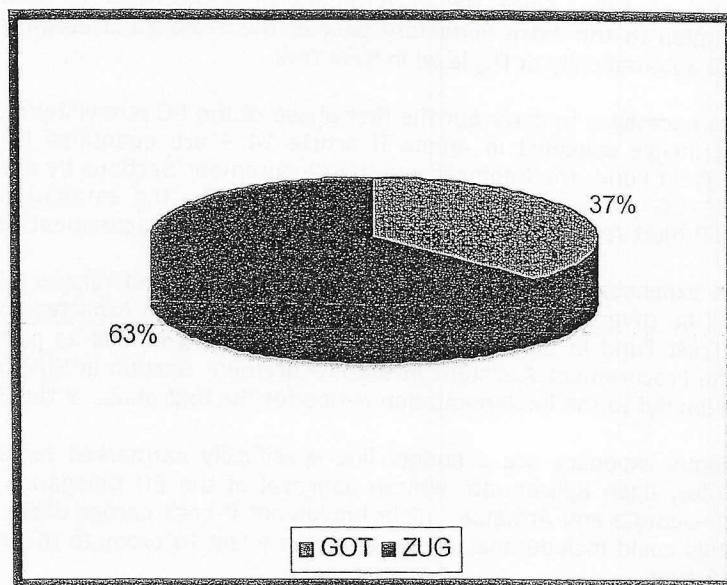
7. Duration

The phase I of the EC rehabilitation programme is expected to start in the second quarter of 2005 and last for 36 months.

Visibility

The EC rehabilitation programme will receive appropriate visibility in line with the principle contained in Annex II, article 6. In particular UNOMIG will take all appropriate measures to publicise the fact that the EC rehabilitation programme allocates funds for 990,000 Euros from the European Union.

Exhibit 7 Share of funds' allocated for the health component in Gali, Ochamchira and Tkvarcheli Districts (GOT) and Zugdidi District (ZUG)



Budget estimate

Project title: EC rehabilitation programme for Abkhazia / Georgia

Overall budget (first phase): 990,000 Euros

Main activities:

- Electricity rehabilitation (GAL, TKV, OCH), 500,000 Euros
- Hospital renovation (ZUG, TKV, OCH, GAL), 400,000 Euros
- Water sanitation and waste management (ZUG), 90,000 Euros

Figure 1 Cash flow forecast

<i>Receipts</i>	Euro	USD⁶
EC rehabilitation programme	990,000	1,284,047
TOTAL	990,000	1,284,047

<i>Disbursements</i>	Euro	USD
Projects	875,000	1,134,890
Programme Support Costs (6%)	56,038	72,683
Salaries for period of the implementation of the programme:		
- Project Assistant (G5-7 level)	17,000	22,050

⁶ Calculations are based on the official UN exchange rate for April 1 USD = 0.771 Euro.

- Procurement Assistant (G5-7 level)	17,000	22,050
- Engineer Assistant (G5-7 level)	17,000	22,050
Miscellaneous	7,962	10,324
TOTAL	990,000	1,284,047

Detail Explanation of Figure 1 Cash flow forecast. The Programme Support Costs (PSC) is a flat rate charged by the United Nations on donations in respect of programme support services that are of general nature. The applicable rate considered for this action is a reduced one (6% instead of 13%) since the Government of Switzerland is contributing with an earmarked donation to the extra-budgetary post of the Trust Fund Programme Officer. The PSC is deducted automatically at HQ level in New York.

The direct costs necessary to carry out the first phase of the EC rehabilitation project – and in line with the principle specified in Annex II article 14 – are quantified in the necessity of expanding the Trust Fund, the Engineer and the Procurement Sections by one unit each. More specifically UNOMIG proposes to directly allocate funds for the establishment of one post respectively as Project Assistant, as Engineer Assistant and as Procurement Assistant.

All the indirect expenses – with the exclusion of the salaries and related allowances – of the three posts will be covered by the PSC. The Project Assistant is expected to be based in the Office of the Trust Fund in Sukhumi, the Engineer Assistant in Gali as part of the Engineer Section and the Procurement Assistant in the Procurement Section in Sukhumi. The duration of the posts is limited to the implementation period for the first phase of the EC rehabilitation.

The miscellaneous expenses are a budget line specifically earmarked for activities that the Trust Fund Office, upon appropriate written approval of the EU Delegation of the European Commission to Georgia and Armenia, might implement if both parties deem as necessary. As an example, this could include one, or more, media event to promote the visibility of the EC rehabilitation Action.