

Mar 31, 1998

UNITED NATIONS NEEDS ASSESSMENT MISSION TO ABKHAZIA, GEORGIA

1. As in the rest of Georgia, all economic indicators in Abkhazia fell precipitously in the wake of the break-up of the Soviet Union. The material destruction caused by the Georgian-Abkhaz war in 1992-93 ensured further decline in the social and economic arena, and economic activity in the Abkhaz region is now at a virtual standstill. Its people, decimated by the exodus of over half of its population, are experiencing severe hardship. Earlier one of the most prosperous regions of the former Soviet Union, earning wealth from the export of agricultural crops and from tourism, Abkhazia has been reduced to an economy of subsistence and survival.
2. Recovery is impeded by the continuing political stand-off with Georgia, by the inability of most displaced people to return to their places of origin, and by a CIS-imposed regime of trade restrictions. Equally important, there is an almost total lack of capital and virtually no access to credit.
3. The peace process has received new impetus as a result of the dialogue now taking place within the Coordinating Council created under the auspices of the United Nations, and through direct bilateral contacts. In January 1998, the Coordinating Council requested UNDP to field an inter-agency needs assessment mission, which visited the region in February-March and reported to the United Nations Resident Coordinator on 7 March.
4. The present Mission report examines at some length the current political context, the evolving macro-economic environment, and visible trends in the fields of production, trade and public finance. It reviews the impact of humanitarian aid and further looks at future development potentials in the fields of agriculture, energy, transportation and tourism, in the light of existing constraints.
5. The general situation in each of the various primary production and social sectors is examined in more detail, leading on to the identification of priority needs in the short and medium term. A general feature of the Mission's findings is the dire state of physical infrastructure in all sectors. Much of this infrastructure suffered extensive damage and widespread looting during the war and continues to deteriorate as a result of the inability of the de facto authorities as well as of individuals to maintain and repair public assets and private housing. The reconstruction of most of these assets represents a major effort demanding substantial investment, which is not available at present and can only be secured in the medium and long term.
6. With economic activity and the tax base for public revenue at an all-time low, expenditure for public services is minimal and have produced a situation where health care and educational services can only survive thanks to provision of medical supplies by humanitarian organisations and to the payment of fees for services to beneficiaries. In the schools, parent committees have been created to collect student fees for the payment of teachers, who more often than not receive no salary from the state. A particularly critical situation prevails in the field of
 - 4 sanitation and in the provision of veterinary services where lack of resources has led to prolonged neglect of water supply and sewage installations and in protecting the health of livestock.
7. Whereas food security is assured through the shift towards subsistence agriculture, the production of the traditional cash crops for export, tea, citrus, tobacco and hazelnut, which constituted the mainstay of the Abkhaz economy, have plummeted to fractions of the output ten years ago. Only maize, as the staple crop, has held at earlier production levels. Recovery will only be possible once state farms, collectives and individual growers have access to credit for obtaining the farm inputs of fertiliser and pesticides that are necessary to again make plantations productive.
8. The report further reviews the existing threat of land mines and establishes the need for the continued survey and marking of mine-fields as well as for conducting mine awareness programmes to help civilians avoid land mine injury. The status of local governance and the prospects for growth of civil society organisations are also examined.
9. A policy framework for international assistance is proposed in the light of the fact that Georgia's sovereignty over the region is recognized without qualification by the international community. The Mission was accordingly guided by the development policies outlined by the Government of Georgia in its Country Strategy Note and other related documents, as well as the need for external actors to move away from the present humanitarian focus to more development oriented activities. As a result of its findings, the Mission proposes a dual approach comprising, firstly, a series of sectoral interventions and, secondly, community-based programmes designed to bring fresh resources directly to the target communities, involving their participation in planning and implementation, and to integrate work in the different sectors at the local level. In particular,

action is foreseen to repair community infrastructure, to provide small-scale credit to farmers and entrepreneurs and to create employment. In this way, also, host communities will be better equipped and prepared for receiving any displaced persons that will wish to return to their villages of origin.

10. Short term sectoral interventions are listed and outlined in brief summaries in ANNEX IV, with budget estimates aggregated at US\$ 47.3 million. Medium and long term programmes requiring resources estimated in the order of US\$ 140 million are listed and described in ANNEX V. Given the time constraints, the Mission was unable, as a group, to review the project proposals presented or to make recommendations as to the relative priority of the different interventions.

11. Issues of programme delivery inevitably arise in the context of providing international rehabilitation and development support to Abkhazia. The existing differences between the Government of Georgia and the Abkhaz authorities in matters of jurisdiction are an obvious complication. Furthermore, service and maintenance organisations and local capacity to implement projects in general have been seriously weakened over the years. Some of the conventional methods of dealing with the basic problems that lie at the root of Abkhazia's predicament, such as commodity or programme aid, do not appear to be practicable in the near future. Security concerns affecting in particular the Gali region add to the difficulties of setting up the field organisation needed to implement projects.

12. In its concluding observations, the Mission states the view that these constraints are not insurmountable and should not be an obstacle to initiating development activities in Abkhazia; rather it sees project work by United Nations agencies as a catalyst able to contribute to restoring good neighbour relations between different ethnic groups. On the matter of trade restrictions, the Mission holds that these are of secondary importance as a barrier to trade exchanges and recovery, the principal constraint being one of resource deficiencies. The trade restrictions have however a far-reaching impact in psychological terms and in creating a sense of isolation which tends to solidify political positions and opposition to compromise and economic integration. An easing of the restrictions would, in the Mission's view, help promote reconciliation and create a more conducive climate for the negotiation process.