

CHAPTER I. BACKGROUND

1. **Context and Purpose.** In early August, hostilities occurred in northern Georgia. On August 13, a cease-fire agreement that triggered a staged withdrawal of troops from the territory of Georgia was signed between the parties. Monitors from the European Union have now started patrols in an area north of Gori and adjacent to the administrative border with South Ossetia, Georgia, which contains some 50 villages with an estimated population of 24,000, and is known as the “adjacent areas”, the remaining military forces have now begun to withdraw. The European Union-brokered agreement also calls for the return of OSCE monitors to South Ossetia. UN observers are expected to remain in Abkhazia, Georgia.
2. This report – the *Joint Needs Assessment* (JNA) – responds to a request from the Government of Georgia for the World Bank to lead a post-conflict needs assessment of the damage and economic loss resulting from the conflict and to develop estimates of the financial assistance required to address the losses and re-establish the conditions for a return to sustained growth.
3. The United Nations Development Group (UNDG) and the World Bank have developed a joint methodology for post-conflict needs assessments (PCNA), and have endorsed it as the framework to be used jointly in these situations.¹ Building on the partnership on the same topic with the European Commission², a needs assessment mission was mounted between September 7-21, 2008.
4. **Coverage.** The assessment covers the whole territory of Georgia, although the JNA team did not make field visits to South Ossetia because of difficulties of access, nor to Abkhazia given the minor extent of conflict-related damage there. Consequently, a partial listing of the needs in these two regions is presented in the JNA, based on information and data from other parties, such as EC satellite imagery and assessments by the UN system. Once in-depth assessments can be made, the UN may make a separate appeal for these regions.
5. **Organization of the Report.** The *JNA* examines the overall impact of the conflict, and needs for early and medium-term recovery based on losses and damages resulting from the conflict, and presents an overall strategy for recovery as well as priority actions and investments.
6. Chapter I presents the background to the work of the JNA mission. Chapter II discusses the immediate impact of the conflict and response to it, as well as information on

¹ The PCNA methodology has been endorsed by the WB, UNDG principals, as well as by the regional development banks and has been included by the OECD-DAC on the principles of engagement in fragile states. Building upon this experience, the UN system and the WB are finalizing the negotiations of a broader partnership agreement for post-conflict situations.

² This EC-UN-WB partnership was formalized by the signature of the tripartite *Joint Declaration on Post-Crisis Assessments and Recovery Planning*, signed by the three institutions in New York, on the 26th of September 2008.

the regions of Abkhazia and South Ossetia. Chapter III discusses the strategy for economic recovery, associated risks and measures to mitigate risks. Chapter IV presents priority activities and financing needs to support the strategy. Chapter V discusses financing options that are open to donors and how coordination, implementation and reporting arrangements are being developed so as to ensure the integrity of the recovery and growth program. Annex I contains a comprehensive table of the financing needs for the recovery program that is being presented to donors for assistance.

7. Actions required have been prioritized and presented in three sequential time frames, the first six months (to March 2009); the next 12 months (to March 2010) and a last phase of a further 12-18 months (up to September 2011). Actions presented in the first phase include the immediate humanitarian response, which is also reflected in the U.N. Georgia Humanitarian Flash Appeal.

8. **Acknowledgement.** The JNA team would like to recognize the Georgian government's close partnership in the work. The Prime Minister, Mr. Lado Gurgenedze, and several government colleagues provided detailed comments on drafts of the report and were generous with their time in assisting the mission. Numerous ministers have taken part in discussions in their areas of responsibility. The engagement of the authorities has enhanced the quality and the relevance of the report. The mission also held consultations with civic society at various stages.

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