



Ministry of Foreign Affairs

Report Batumi Economic Analyses Green Boulevard

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End Report “Economic Analysis Green Boulevard Batumi” (PST21GE01.)

22/02/2022

This report serves as the end report of the Economic analyses Green Boulevard Batumi study, awarded on 29-11-2021. We report the activities conducted; the stakeholders met, the obtained results, and recommendations for further development.

Project background

The city of Batumi in Georgia, located in the delta of the Chorokhi River, is highly vulnerable to climate change and disasters, in particular to the impacts of sea-level rise, heat stress and urban flooding. Severe heatwaves and floods (2018, 2020) have been observed and are expected to increase in frequency and intensity in the near future. The heat stress events coincide with the tourist season.

The objective of the proposed project is to increase the climate resilience of this climate hotspot environment by developing and implementing green-blue infrastructure on the location of the historical Boulevard, Zhiuli street.

At the same time, the city of Batumi is developing rapidly, and particularly the tourism sector is one of the key drivers to this growth. So, inevitably, the old town of Batumi is mainly experiencing growing pressure and needs to catch up in public infrastructure investments.

By managing and developing the central Batumi Boulevard as an urban park in the center of the new urban hotspot with a profound water storage function and a greening function to safeguard heat reduction during heat spells and water security. The Batumi Green Boulevard project with related developments is envisaged to lead to an increased climate-resilient tourist and business area connected with the Batumi beach, leading to an increase in tourism and economic development of the area.

The Batumi Green Boulevard project has come forward from a Batumi resilience (pre-scoping) study, financed by Netherlands Enterprise Agency, and inspired by the GCAP and raingarden city ambitions. The Boulevard has been defined as the backbone of the (new) city center. The physical and institutional developments that go hand in hand with the realization of the Green Boulevard are envisaged to become an example for innovative Water Sensitive Urban Design solutions and rain garden city concept in Georgia while developing the area and making it more resilience to flooding and heat stress.

The Municipality of Batumi will be the executing agency at the city level.

Activities Conducted

The project team of consultant Royal HaskoningDHV and Spectrum has executed several activities for this assignment. These activities have been described in the RfP and our Proposal:

The activities are listed below:

- Internal Kick-off meeting (Teams, 3-12-2021, 11:00)

- Asmat Abesatze (Spectrum), Giga Chemia (Spectrum)
- Kees Lakerveld (RHDHV), Lars Ruig (RHDHV) and Dirkjan Douma (RHDHV)
- Kick-off meeting (Teams, 3-12-2021, 13:00)
 - Participants:
 - Jurre Bok (RVO)
 - Loes Lammerts (EKN, Deputy head of mission), Maia Todria (EKN),
 - Asmat Abesatze (Spectrum), Giga Chemia (Spectrum)
 - Kees Lakerveld (RHDHV) and Dirkjan Douma (RHDHV)

Agenda Kick-off meeting

- Introduction – Jurre/Dirkjan
- Intro team members - all
- Methodology/workplan - Dirkjan
- Planning - Dirkjan
- Mission Tbilissi/Batumi (14 -18 december Kees/Dirkjan) – required arrangements upfront/support EKN
- Progress meetings and other arrangements during the assignment – Dirkjan
- what else comes up on the table

Mission to Batumi and Tbilisi (15– 18 December 2021, Giorgi, Asmat, Kees and Dirkjan)

- Meeting Municipality of Batumi, City Hall Batumi (16-12-2021: 13:00)
 - Participants:
 - Levan Davitadze (Deputy Mayor Batumi), Rusudan Zhzhadze, Lika Tsintsadze (Municipal Policy department)
 - Eka Bakhtadze, Head of Economic Development Department, Adjara AR Ministry of Finance and Economy
 - Asmat Abesatze (Spectrum), Giorgi Khutsishvili (Spectrum) Giga Chemia (Spectrum), Kees Lakerveld (RHDHV) and Dirkjan Douma (RHDHV)



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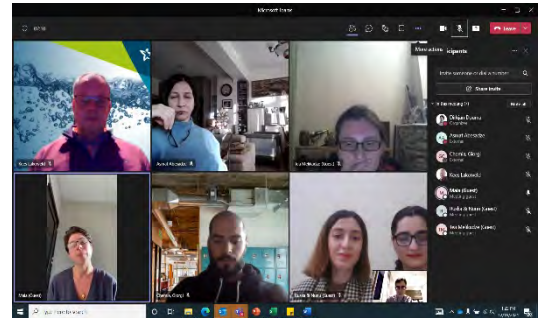


- Field visit Boulevard (16-12-2021)
 - Afternoon stroll (see attachment 1 photos_)
- Meeting EKN (17-12-2021; 14:30)
 - Participants:
 - Loes Lammerts (EKN, Deputy head of mission), Maia Todria (EKN),
 - Kees Lakerveld (RHDHV) and Dirkjan Douma (RHDHV)

- Meeting EBRD (17-12-2021; 16:15) (online due to Covid)

- Participants:

- Thea Melikadze (EBRD),
 - Maia Todria (EKN),
 - Rusudan Zhzhadze, Lika Tsintsadze (Municipal Policy department),
 - Asmat Abesatze (Spectrum), Giga Chemia (Spectrum), Kees Lakerveld (RHDHV) and Dirkjan Douma (RHDHV)



- Meeting United Nations Development Programme in Georgia, (17-12-2021)

- Participants:

- Nino Antadze (Mrs) Team Leader, Energy and Environment Portfolio
 - Kees Lakerveld (RHDHV) and Dirkjan Douma (RHDHV)

Activities at home office:

- Concept report drafted (December and January)
- Concept report delivered for review to RVO (mid January)

Second Mission to Batumi and Tbilisi (15 – 18 February 2022, Asmat and Dirkjan)

- Meeting (presenting final results) with the Minister of Finance and Economy of Adjara A.R (16/02/2022)

- Participants:

- Mr. Jaba Putkaradze- Minister of Finance of Economy of Adjara A.R.
 - Tamar Diasamidze -Mass Media and Public Relations specialist of the Ministry of Finance and Economy of Adjara
 - Asmat Abesatze (Spectrum)
 - Dirkjan Douma (RHDHV)



- Meeting(presenting final results) with the Municipality of Batumi (16/02/2022)

- Participants:

- Levan Davitadze (Deputy Mayor Batumi), Rusudan Zhzhadze, (Municipal Policy department) and 2 staff members of the architectural department
 - Asmat Abesatze (Spectrum) and Dirkjan Douma (RHDHV)

- Meeting with the Embassy (17/02/2022)

- Participants:

- Loes Lammerts (EKN, Deputy head of mission),
 - Dirkjan Douma (RHDHV)

Stakeholders met

The following stakeholders have been met or been consulted:

- Municipality of Batumi

- Ministry of Finance and economic development Adjara region
- ~~Ministry of Finance (central government)~~ – upon request of the Municipality not contacted. The Municipality will take the lead in this
- ~~Private sector – PPP~~, upon request of Municipality not contacted. The Municipality will take the lead in this
- UNDP
- EBRD
- KfW (urban mobility program)– (during mission not been able to meet in-person. The online meeting is envisaged after Tamar returns from maternity leave (beginning of March).
- GIZ Mobility4Cities (urban transport program for the Caucasus)– due to covid, online call schedule for the beginning of March.
- Invest International(drive) – Informal call on Dutch instruments for Georgia

Obtained results

This assignment obtained the following results:

- Municipality ownership and interest reconfirmed
- Acceptance criteria for the EBRD are obtained.
 - Minimal info required for the EBRD:
 - Actual investment needs more detail
 - Financial structure
 - Sustainability
 - Cash flow
 - For feasibility support
 - The outcome from this assignment required
 - Willingness from government obtained (i.e., read min. of finance)
 - A feasibility study (also less than <75K) needs to be tendered - this is a risk for further development
- Blended financing with co-financing DRIVE further explored with EKN and Invest International. It could be that Georgia will no longer be on the country list.
- Option for PPP with private investors along the Boulevard proposed by Municipality and needs to be included in the feasibility study phase.
- Enthusiasm at the ministry of Finance and Economy of Adjara A.R. confirmed: New urban developments planned on the east side of the Zhiuli street, encompassing an Urban Park with Rope way, and other facilities. The Ministry of Finance and Economy of Adjara have a keen interest to develop the Boulevard to tune with the urban park.
- EKN is willing to explore and play a role.
- The study itself shows the project is economically viable and a good investment
- The financing strategy reconfirms EBRD as the preferred financing institution for the implementation.
- Financing for the development phase is uncertain.
- A precondition for any IFI to step in is consent and ownership from the central government

Recommendations

In the economic analysis, report recommendations are provided. The following financial structure would be most preferred:

- Feasibility study financed by EBRD
- Implementation through blended financing EBRD and co-financing Drive (depending on the new country list)
- If Georgia is on the list, also feasibility study financing could come from D2B
- The lobby for the willingness of the central ministry of finance needs to start, for which the Municipality is in the driving seat. It needs to be explored how EKN and the consultant could support the Municipality.

Risks

- The Municipality of Batumi and the Ministry of Finance and Economy of Adjara A.R, are interested but hesitate to discuss the next steps with the central government.
- Interfaces with ongoing investments, such as:
 - ORBI financing/construction bridge. (Seems not to be put on paper and as such can remain scope of the project – needs confirmation in next phase)
 - MDF scope of the greening Boulevard is unclear, and the Municipality is not in the driver seat. In the next phase, the MDF plan needs to be integrated into the project scope.
 - Parking lot under the mobility program of GIZ.

Next steps

- Seek ways to support Municipality and Adjara in getting consent from the Central government
- Seek development funding possibilities

Once development funding is in place:

Re-define project scope with MDF scope, parking lot and Orbi Bridge.

Annex A. Photo's Boulevard



Figure 1. Current construction at the seaside of the Boulevard (dec 2021)



Figure 2, new concrete at seaside of the Boulevard (dec 2021)



Figure 3, view towards the sea, construction work at the Boulevard (dec 2021)



Figure 4, new high rise buildings next to the Boulevard (dec 2021)



Figure 5, Ongoing construction works next to and on the Boulevard (dec 2021)

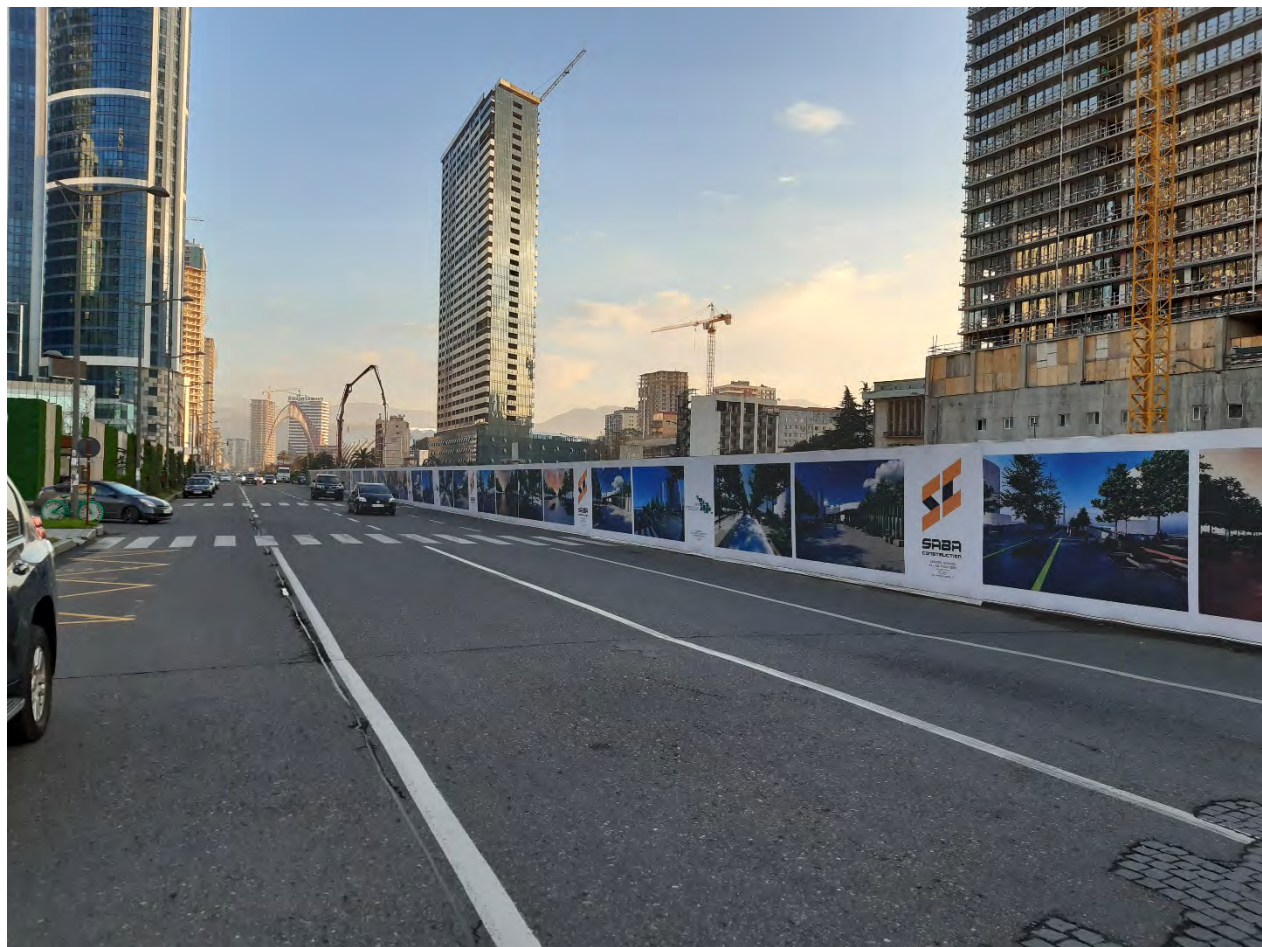






Figure 6, the coastal Boulevard with will be connected to the central boulevard



Figure 7, location of the envisaged iconic bridge, vied on the coastal Boulevard













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