

## Environmental and Social Data Sheet

### Overview

Project Name:	GEORGIA URBAN RECONSTRUCTION AND DEVELOPMENT FL
Project Number:	2015-0172
Country:	Georgia
Project Description:	Framework loan to finance investments in i) Emergency Reconstruction of damaged infrastructure in Tbilisi and surrounding areas and (ii) Municipal and Tourism Infrastructure throughout the whole country
EIA required:	No

This is multi-scheme Framework Loan operation. If located in the EU, some of the schemes might have fallen under Annex II of the EIA Directive and would need to be screened by the Competent Authority. Should any scheme be screened in, the Promoter shall deliver the NTS of EIS, the full EIS, and if applicable the social assessment, to the Bank, before the Bank funds can be allocated under the loan.

Project included in Carbon Footprint Exercise<sup>1</sup>: No

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

Given the relative small size of the individual schemes and the nature of the sectors concerned (e.g.: public buildings, roads, water and waste water treatment, waste management, sheltering and tourism infrastructure), most of the schemes are deemed not to have significant environmental impacts.

In case of investments in reconstruction and/or renovation of public buildings and sports facilities, there are a number of positive effects expected, including energy savings in buildings owned by the municipalities as a result of insulation of walls and roofs, changing of windows and other energy efficiency measures.

A major flood occurred in the Vere River valley in Tbilisi, the capital of Georgia, on the night between 13<sup>th</sup> and 14<sup>th</sup> of June 2015. This operation includes recovery of natural disaster and emergency reconstruction of urban infrastructure contributing to climate change adaptation.

The traffic infrastructure schemes, mainly renovation and repair of streets and roads in urban areas, are expected to reduce travelling times and vehicle operating costs, as well as reducing current air emissions and noise levels. Since the foreseen street/road segments to be improved are either in poor or extremely poor conditions, vehicle operating costs savings are likely to be significant due to reduced wear and tear on motor vehicles. Time savings will also be achieved, although limited as the street/road segments are relatively short. The impact of these street/road improvements will be greatest for the most adjacent residents, but since these segments are in urban areas, positive impacts will be realised for several thousands of residents as well as business establishments.

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<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

The street/roads reconstruction works are expected to have some minor negative impacts during the construction/implementation period. Once the works are completed it is generally expected that the overall net environmental impact will be positive.

The foreseen investments in sewerage, water and wastewater treatment and waste management will have an overall positive impact on the environment. The investments are expected to offer improved access to clean and safe water and ensure proper sanitation. This will bring both improvements in public health and in time savings, in particular for women, as it affects the time they spend on household tasks, such as obtaining water and ensuring sanitation.

As smaller part of the framework loan can be used to develop tourism infrastructure. Investments in tourism infrastructure will make the country more attractive for tourists, both for local Georgian and international visitors, and make the concerned mountain resorts more attractive for both visitors and for local businesses. It can be expected that increased visitor numbers will create more employment in typical tourism services, such as hotels, restaurants, laundry service, equipment rentals and other. The overall social impacts are deemed to be positive. Before any EIB funds can be allocated to any tourism infrastructure schemes, an environmental and social screening shall be performed. Should an ESIA be deemed necessary, the ESIA process must be completed before any EIB funds can be disbursed to the schemes in question.

The overall net environmental and social impact of the framework loan is expected to be positive, with improved environment and in particular social conditions for the inhabitants in the concerned municipalities in Georgia. The framework loan will also help reconstruction of damaged infrastructure caused by flood occurred in the Vere River valley in Tbilisi, the capital of Georgia, on the night between 13<sup>th</sup> and 14<sup>th</sup> of June 2015.

Should any scheme be screened in for ESIA, the Promoter shall deliver the NTS of ESIA's to the Bank, if applicable, before the Bank funds are allocated. For all schemes with potential or likely impact on a conservation site, the Promoter shall make a declaration that the scheme comply with Georgian law on Ecological Examination and within the spirit of EU Habitats and Birds Directives. For schemes with an effect on conservation sites, Forms A or B of the EIB, or equivalent will be required. In addition, for all schemes triggering off any of the social guidelines of the EIB, a social impact assessment should be performed and the document submitted to the Bank before EIB funds can be disbursed to the schemes concerned. In addition, the Bank will receive information to complete the due diligence relating to emergency reconstruction component of the project. This information will cover all relevant aspects of due diligence in areas including environment and social issues.

Given the nature of the operation and the procedures concerning ESIA and nature protection put in place by the Promoters, subject to the conditions mentioned above, the Framework Loan is acceptable in environmental and social terms.

## **Environmental and Social Assessment**

### **Legal Framework for Environmental Assessment**

The project will be implemented by three promoters; The Municipal Development Fund of Georgia (MDF) for the Municipal Infrastructure Component, the state-owned company Mountain Resorts Development Company (MRDC) for Tourism Infrastructure Component and Ministry of Regional Development and Infrastructure (MRDI) for the Emergency Reconstruction Component.

Georgia's legal framework for environmental assessment and permitting is governed by three relevant acts:

- The Law on Licenses and Permits (2005);
- The Law on Environmental Impact Permits (EIP) 2008, and,
- The Law on Ecological Examination (EE) 2008.

The EIA process and required content of an EIA document is described in the Regulation on EIA adopted by the Decree No. 31 of Ministry of Environment of May 15, 2013.

The Law on Licenses and Permits was adopted by Parliament of Georgia, on June 24, 2005. The Law regulates legally organised activities posing certain threats to human life and health, and addresses specific state or public interests, including usage of state resources. It also regulates activities requiring licenses or permits, determines types of licenses and permits, and defines the procedures for issuing, revising and cancelling of licenses and permits (Article 1, Paragraph 1). This is more generic law and for the details of Environmental Permitting Procedures it refers to the Laws on Environmental Impact Permit and Ecological Examination, published on 14.12.2007 and in force since 01.01.2008.

The Law of Georgia on Environmental Impact Permits, determines the list of the activities and projects subject to the ecological examination (Article 4, Paragraph 1) and the legal basis for public participation in the process of issuing an environmental impact permit. According to this law, construction of 220kV and 500 kV transmission lines and substations requires preparation of EIA and obtaining of the Environmental Impact Permit through the procedure of Ecological Examination.

Where a project needs an Environmental Impact Permit and at the same time requires a Construction Permit, the administrative body responsible for issuance of the Construction Permit ensures involvement of Ministry of Environment. Ministry of Environment issues its Conclusions with respect to the Ecological Examination of the project to the administrative body issuing the Permit (in the case of highways, the Department of Roads). The Conclusion on the Ecological Examination of the Ministry of Environment and compliance with any condition is obligatory for the project proponent and the conditions become part of the Construction Permit. Where a project requires ecological examination but does not require Construction Permit, the Ministry of Environment will issue the Environmental Impact Permit with some conditions.

The aforementioned laws do not provide details of screening procedure and do not define the responsibilities of parties. Screening of project proposals, preliminary assessment of environmental impact and proposed mitigation measures (scoping) are carried out by the project proponent in consultation with the Ministry of Environment.

If the project would be located in the EU, some of the individual schemes under this framework loan could potentially fall under the Annex II of the EU EIA Directive. In those cases, the Competent Authority would be responsible for screening the schemes concerning the need to perform an EIA. In this framework loan, the screening of the need for EIA will be performed by the Environmental and Social Unit in the Municipal Development Fund of Georgia. This Unit was set up in the context of two previous World Bank operations in Georgia with the Municipal Development Fund as the Promoter. It will be required that schemes will be screened and assessed against the requirements of Georgian environmental law and in line the EIB Environmental and Social Standards. In addition, the Bank will receive information to complete the due diligence relating to emergency reconstruction component of the project. This information will cover all relevant aspects of due diligence in areas including environment and social issues.

### **Nature and Biodiversity Assessment**

Should any scheme have any impact on a protected site, the Promoter, the Municipal Development Fund, will have to provide evidence of the compliance with Georgian Nature Protection Law and EIB Environmental and Social Standards. The written evidence will be submitted to EIB in the standard Forms A/B or equivalent. The Nature and Biodiversity Assessment of the concerned schemes shall follow the spirit of the EU Habitats (92/43/EEC) and Birds 2009/147/EC Directives and other applicable international agreements.

### **Social Assessment**

Based on the information available about the nature and types of schemes, the sizes of the schemes, no significant negative social impact are expected in any of the schemes. However, EIB social standard requirements apply, should any scheme under this framework loan trigger

off any of the EIB's social safeguard standards, a separate social assessment shall be performed under the supervision of the Environmental and Social Unit of the Municipal Development Fund.

The June 2015 flood inflicted severe damage on the important infrastructure and nearby houses in the capital city of Tbilisi. More than 40 families were left homeless and 22,000 people were left without electricity. The loan will contribute to improve the standards and the basic infrastructure needs of sheltering for the people affected by the flood.

### **Public Consultation and Stakeholder Engagement**

Many of the schemes are demand-driven and in line with Georgia's decentralisation agenda for municipalities (Local Self-Governments). Given that the initiative for undertaking many schemes is driven by the local demand in the concerned municipalities, it is expected that public consultation has taken place in most cases, before an application for MDF support is requested. It is also expected, given the nature of the schemes, that there is a strong stakeholder engagement, as the very reason for undertaking the schemes is driven by the need to improve public services.

Nevertheless, the MDF will ensure that public consultations have or will be undertaken for each scheme to be financed under this framework loan regarding municipal and tourism infrastructure investments. In addition, transparency will be promoted and project-related documents will be disclosed on MDF's and the concerned municipality's website.

The Bank will receive information to complete the due diligence relating to emergency reconstruction component of the project. This information will cover all relevant aspects of due diligence in areas including environment and public consultation.