

## Environmental and Social Data Sheet

### Overview

Project Name: GEORGIA UPGRADE OF MUNICIPAL INFRASTRUCTURE  
Project Number: 2016-0405  
Country: Georgia  
Project Description: A framework loan for municipal infrastructure upgrade investments in Georgia.

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

### Environmental and Social Assessment

#### Environmental Assessment

This project concerns the financing of municipal roads, public buildings, water and waste water infrastructure in Georgia. The promoter is the Municipal Development Fund (MDF), which is a public entity that implements and manages public sector infrastructure projects and acts as financial intermediary between a number of International financing Institutions (IFIs) and donors on one side and Georgian LSGs as well as other public sector entities in Georgia, on the other side. MDF has intermediated funds from institutions such as WB, ADB, EBRD, KfW, USAID and UNDP.

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.

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

<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.

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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.

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.

Given the relative small size of the individual schemes and the nature of the sectors concerned (primarily public buildings, roads, water and waste water treatment), most of the schemes are deemed not to have significant environmental impacts or require an Environmental Social Impact Assessment (ESIA)

In case of investments in construction or renovation of public buildings and sports facilities, there are a number of positive effects expected, such as energy savings as a result of insulation of walls and roofs, changing of windows.

The traffic infrastructure schemes, mainly renovation and repair of streets and roads, 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 often are in very poor condition, vehicle operating and maintenance costs savings are likely to be significant due to reduced wear and tear. Time savings will also be achieved.

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 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.

### **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.

### **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

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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.

## Conclusions and Recommendations

The overall net environmental and social impact of the framework loan is expected to be positive, with improved environment and social conditions for the inhabitants in the targeted municipalities in Georgia.

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, all schemes must comply with the EIB Environmental and Social Principles and Standards.

The institutional capacity of the promoter MDF to manage the environmental and social issues is deemed acceptable. Therefore, given the nature of the operation and the procedures concerning ESIA and nature protection put in place by the promoter, subject to the conditions mentioned above, which are included in the Finance Contract, the Framework Loan is acceptable in environmental and social terms.