



# Initial Poverty and Social Analysis

---

Project Number: 55132-001  
April 2021

## Georgia: Georgian Railway Green Bond Project

This document is being disclosed to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 31 March 2021)

Currency unit	–	gel
GEL1.00	=	\$0.3030
\$1.00	=	GEL3.30

## **ABBREVIATIONS**

ADB	–	Asian Development Bank
ESCA	–	Environment and Social Compliance Audit
ESMS	–	Environment and Social Management System
GR	–	Georgian Railways JSC

## **NOTE**

- (i) In this report, "\$" refers to United States dollars.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.



## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Georgia	Project Title:	Georgian Railway Green Bond Project
Lending/Financing Modality:	Debt Investment	Department/ Division:	Private Sector Operations Department / Infrastructure Finance Division 1

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Asian Development Bank (ADB) will finance up to \$[50] million of Georgian Railway's new and existing capital expenditures. Georgian Railways JSC (GR) is 100% owned by the Government of Georgia through the Partnership Fund JSC. The proceeds are expected to be allocated up to (i) \$4 million for the new capital expenditures related to the upgrade of two existing substations; and (ii) \$46 million on finalized capital expenditures incurred for the improvement of existing railway lines as part of the ongoing modernization project, covering preliminary works, subgrade works, the upgrade of associated infrastructure and electric traction supply lines, and railway track enhancements. The project is consistent with ADB's Strategy 2030, which prioritizes promoting gender equality, making cities more livable, and addressing cross-border infrastructure needs.<sup>a</sup> The project is also aligned with the strategic objectives of Georgia's Country Partnership Strategy, 2019-2023, in its promotion of Georgia's economic development, improvements to urban areas by making them more livable, and strengthening the governance and institutional capacity of a Georgian company.<sup>b</sup>

#### B. Poverty Targeting:

General intervention  Individual or household (TI-H)  Geographic (TI-G)  Non-income MDGs (TI-M1, M2, etc.)

The operation of this project, both for cargoes and people alike, will result to increased volume of the flow of people and goods with a shorter travel time. GR is one of Georgia's largest employers.

#### C. Poverty and Social Analysis

**1. Key issues and potential beneficiaries.** Since 2010 Georgia has recorded moderate economic growth with its gross domestic product averaging 3.9% between 2014 and 2018. Still, a significant share (20.1%) of Georgia's population lives below the poverty line and less than 20% of Georgians (around 700,000 people), or one third of the working age population, are formal wage workers.<sup>c</sup> Socially and economically, the country exhibits 'islands' of rapid progress and a large, mostly rural, hinterland that has not benefited as much from growth and has fewer opportunities (endnote c). The program will provide general and specific benefits through an expanded, safer and faster rail infrastructure which connects rural and urban areas. The primary beneficiaries of GR's continuous operations are its current over 12,000 employees, and it will provide opportunities for enhanced employment, including specific measures targeting increased participation of women in GR's workforce. GR's freight forwarding services also benefit companies that supply both liquid cargoes and various dry cargoes to different parts of the country and nearby countries including those in the Mediterranean basin. It also benefits the recipients of this cargo, which has been particularly important during the current and ongoing COVID-19 pandemic.

**2. Impact channels and expected systemic changes.** The improved cross-border connectivity will contribute to increasing trade, strengthening Georgia's role as an important regional gateway. Impact channels include increased volume of freight and passengers carried, increased speed of trains and enhanced company and contractor environmental and social performance through the adoption of ADB compliant environmental and social management procedures.

**3. Focus of (and resources allocated in) due diligence.** ADB's due diligence will focus on the Corporate Environment and Social Management System (ESMS) audit and Environmental and Social Compliance Audit (ESCA) that will be undertaken for the project components being financed by ADB to be undertaken by E&S specialists on behalf of the Company.

### II. GENDER AND DEVELOPMENT

**1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program?** Key issues considered in designing and implementing transport projects are access, safety, and providing equal opportunities for employment in the sector.<sup>d</sup> In practice, very few women are employed in this sector (2% in construction and 4% in transport and communication) in Georgia.<sup>e</sup> Moreover, there are often significant gender differences in transport usage, trip patterns, and mobility constraints. When there is access to public transport, it is often considered unsafe: sexual harassment on public transport has been reported as a growing problem in many CAREC (Central Asia Regional Economic Cooperation) countries<sup>f</sup>. A number of trains (GRS trains) and stations are adapted to wheelchair users and have special seats, bathrooms and elevators. Specific gender-sensitive reference and provisions could be enhanced to further promote women's empowerment and safety in GR's operations.

**2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?**  Yes  No

The project will include a gender action plan which will target [improvements for female workers and passengers' safety], increased participation of women in technical fields, development of policies on gender inclusion and anti-sexual harassment, and actions to raise awareness of staff and contractors about gender issues in the transport sector.

**3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?**

Yes  No

**4. Indicate the intended gender mainstreaming category:**

GEN (gender equity)  EGM (effective gender mainstreaming)  
 SGE (some gender elements)  NGE (no gender elements)

### III. PARTICIPATION AND EMPOWERMENT

**1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.** The local and international passengers using the railway as a mode of transportation, suppliers and related supply chain of the dry and liquid cargoes using railway freight transport as mode of delivery, and the company investors, employees and contractors are the stakeholders of the project. Due diligence will include an assessment of GR's capacity and resources for managing engagement with its identified stakeholders and capacity to ensure benefits and requirements are achieved.

**2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?** Due diligence will determine if GR has an effective environmental and social management system which includes procedures for stakeholder engagement, grievance mechanisms, information disclosure. Where these are absent or determined to be ineffective, ADB will require GR to undertake actions to ensure enhanced engagement with relevant stakeholders.

**3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?**  
 Information generation and sharing (L)  Consultation  Collaboration  Partnership

**4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed?**  Yes  No

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  FI

**1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?**  Yes  No

ADB's financing will focus on activities that will not involve any temporary or permanent land acquisition. ADB's support is for refinancing completed and ongoing activities on railway lines, infrastructure and power substations which are on GR's existing land and rights of way. However, due diligence will assess GR's capacity to manage involuntary resettlement impacts, and will review how GR manages any ongoing or planned activities not to be financed by ADB that will generate IR impacts. IR impacts are categorized as B due to the potential for unanticipated economic displacement impacts that may arise out of ongoing project related activities related to rail line replacements.

**2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?**

Resettlement plan  Resettlement framework  Social impact matrix  
 Environmental and social management system arrangement  None

**B. Indigenous Peoples Category**  A  B  C  FI

**1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?**  Yes  No

ADB's support to GR's modernization project will focus on activities that are on existing railway lines, rights of way and lands and, as such, will not directly or indirectly affect the culture, livelihood system, dignity, or human rights of Indigenous Peoples nor affect the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as their ancestral domain. However, due diligence will assess GR's capacity and procedure on screening and categorization to ensure that no ADB funds are utilized for project activities with category A or B Indigenous Peoples impacts.

**2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?**  Yes  No

<p><b>3. Will the project require broad community support of affected indigenous communities?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p><b>4. What action plan is required to address risks to indigenous peoples as part of the transaction due diligence process?</b></p> <p><input type="checkbox"/> Indigenous peoples plan   <input type="checkbox"/> Indigenous peoples planning framework   <input type="checkbox"/> Social impact matrix</p> <p><input checked="" type="checkbox"/> Environmental and social management system arrangement   <input type="checkbox"/> None</p>
<b>V. OTHER SOCIAL ISSUES AND RISKS</b>
<p><b>1. What other social issues and risks should be considered in the project design?</b></p> <p><input checked="" type="checkbox"/> Creating decent jobs and employment (L)   <input checked="" type="checkbox"/> Adhering to core labor standards (L)   <input type="checkbox"/> Labor retrenchment</p> <p><input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS   <input type="checkbox"/> Increase in human trafficking   <input type="checkbox"/> Affordability</p> <p><input type="checkbox"/> Increase in unplanned migration   <input type="checkbox"/> Increase in vulnerability to natural disasters   <input type="checkbox"/> Creating political instability</p> <p><input type="checkbox"/> Creating internal social conflicts   <input type="checkbox"/> Others, please specify _____</p> <p><b>2. How are these additional social issues and risks going to be addressed in the project design?</b></p> <p>During due diligence, GR and its contractors' compliance with Georgia's labor code and related policies, and measures to adhere to the core labor standards will be assessed and corrective measures applied if required. GR's current approach to managing COVID-19 related risks will also be assessed.</p>
<b>VI. TRANSACTION DUE DILIGENCE RESOURCE REQUIREMENT</b>
<p><b>1. Do the terms of reference for the transaction due diligence contain key information needed to be gathered during the transaction due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</b></p> <p><input checked="" type="checkbox"/> Yes   <input type="checkbox"/> No</p> <p><b>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction due diligence?</b></p> <p>As required under ADB's SPS (2009), GR will engage an external consultant to conduct a Corporate ESMS and existing facility environmental and social compliance audit which will be supported with guidance from ADB environmental, social and gender specialists.</p>

Source: Asian Development Bank.

- <sup>a</sup> ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.
- <sup>b</sup> ADB. 2019. *Country Partnership Strategy: Georgia, 2019-2023—Developing Caucasus's Gateway to the World*. Manila.
- <sup>c</sup> World Bank. 2018. *Georgia: From Reformer to Performer. A Systematic Country Diagnostic*. Washington DC.
- <sup>d</sup> ADB. 2018. *Georgia Country Gender Assessment*. Manila.
- <sup>e</sup> National Statistics Office of Georgia. 2020. *Women and Men in Georgia: Statistical Publication*. Tbilisi.
- <sup>f</sup> ADB. 2021. *CAREC Gender Strategy 2030: Inclusion, Empowerment and Resilience for All*. Manila.