

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Georgia	Project Title:	Secondary Road Improvement Project
Lending/Financing Modality:	Project Loan	Department/ Division:	Central and West Asia Department/ Transport and Communications Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: Targeted intervention—geographic

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

The government’s Socio-economic Development Strategy of Georgia (Georgia 2020)^a targets inclusive economic growth by ensuring macroeconomic stability and effective public administration, improving private sector competitiveness, developing human capital, and increasing access to finance. Private sector competitiveness will be improved by developing infrastructure; maximizing transit potential; further improving the business environment; and supporting innovation, technology, and export growth and diversification. The project also supports the government’s Regional Development Strategy, which notes “a clear need to develop smaller-scale, connecting transport infrastructure so that populations currently remote from developing transport hubs can gain access to and benefit from them; and also so that potential investors can consider locations other than the limited number that are on the main transport links”.^b

The project will contribute to the sector outcome—increased efficiency and sustainability of the transport system—under ADB’s country partnership strategy, 2014–2018.^c The strategy primarily focuses on the first pillar (high and sustainable growth to create and expand economic opportunities) and the second pillar (broader access to economic opportunities) of inclusive economic growth under the Asian Development Bank (ADB) Midterm Review of ADB’s Strategy 2020.^d It addresses some of the main barriers to inclusive economic growth, including the deficiencies in transport.

B. Results from the Poverty and Social Analysis during PPTA or Due Diligence

1. Key poverty and social issues. Widespread poverty has been a major unresolved problem for Georgia since independence in 1991. Out of around 4.5 million Georgians, about 1.0 million are estimated to be poor and about 400,000 of these people are classified as extremely poor. Georgia experienced jobless growth from 2004 to 2012 with an unemployment rate of 15.5% in 2012 and another 20.0% of the labor force underemployed. Limited job opportunities encourage a high rate of out migration. Poverty is particularly high in secondary towns. The national average is just 9.4%, confirming the United Nations Children’s Fund (UNICEF) assertion that poverty in Georgia is mainly concentrated in secondary towns.^e

The project promotes inclusive growth by targeting two regions—one (Shida Kartli) with the highest poverty rate in the country (59.4%) and the other still significantly poverty affected (Imereti, 19.1% [the national average is 9.4%]).^f The area, approximately 150 kilometers (km) west of the capital Tbilisi, is currently in economic decline and the average age of the population is rapidly increasing because of the outward migration of younger people. The remaining population suffers from lack of access to formal employment opportunities because of the dilapidated condition of the only road and infrequent service on an adjacent (for 35 km of the 50 km road corridor) railway line. The majority of the population therefore relies on subsistence farming and government pensions.

2. Beneficiaries. The project road traverses through two municipalities, Kharagauli and Khashuri, in two regions, Imereti and Shida Kartli. The total population of the two municipalities is 88,900. All Kharagauli residents (27,100) and those of Surami village in Khashuri (9,300) will benefit from an all-weather road, shorter traveling times, reduced vehicle operation costs, and improved traffic safety with improvement of the project road.

3. Impact channels. The road used to be part of the old highway from Tbilisi in the east to the Black Sea coast in the west, until it was bypassed by the present E60 highway. As such it forms an alternative route, which follows a narrow river valley, with mountain on one side and river and railway on the other. Direct impacts will be decreased travel times from about 4 hours to 2 hours for the route, and increase of motorable days (the area suffers from heavy snow and rain) from 270 to 330 days per year. Approximately 200 students at the three schools along the route will be able to utilize school bus services for an additional 2 months rather than walking through snow, and it will offer potentially life-saving access to medical facilities for those suffering catastrophic health events, including complicated childbirth, accidents, and emergencies. Access to markets for the producers of agricultural goods will be enhanced, as will access to the nearby Borjomi–Kharagauli National Park (1–7 day hiking trails, mountain biking, horse riding) and health resort of Nunisi (mineral springs, hotel, and camp site) by tourists, bringing future service sector job opportunities. Additionally, the road will serve as an alternate route to the main E60 highway in case of landslide or avalanche.

4. Other social and poverty issues. Georgia’s targeted social assistance program is key to improving living standards for the poor. One-third of officially recognized poor households and 40% of extremely poor households receive no social assistance at all. Free health insurance for vulnerable families is concentrated in the poorest quintile

<input type="checkbox"/> system arrangement	<input type="checkbox"/> Social impact matrix
<input type="checkbox"/> No action	
B. Indigenous Peoples	Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI
1. Key impacts. There are no indigenous peoples, per the Safeguard Policy Statement (SPS) 2009 definition, in the project area. The project does not trigger the ADB safeguard on indigenous peoples.	
Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
2. Strategy to address the impacts. Not applicable.	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input type="checkbox"/> Social impact matrix	
<input checked="" type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L).	
<input checked="" type="checkbox"/> (L) unemployment <input type="checkbox"/> (L) underemployment <input type="checkbox"/> (L) retrenchment <input type="checkbox"/> (L) core labor standards	
2. Labor market impact. Localized construction work opportunities for a limited duration of 2–3 years.	
B. Affordability	
Not applicable. The road is not revenue generating.	
C. Communicable Diseases and Other Social Risks	
1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):	
<input type="checkbox"/> (L) Communicable diseases <input type="checkbox"/> (L) Human trafficking <input type="checkbox"/> (NA) Others (please specify) _____	
2. Risks to people in project area.	
Due diligence noted high levels of literacy and knowledge about communicable diseases.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators.	
Project performance monitoring. The Roads Department will require the engineer to (i) collect additional data from relevant agencies, including local governments and statistics bureaus; (ii) measure the performance indicators at inception, at completion, and 3 years after project completion; and (iii) report key findings quarterly to ADB through the project's quarterly project reports.	
Compliance monitoring. The Roads Department will provide an annual report on the project's compliance with legal, financial, economic, environmental, and other covenants.	
Safeguards monitoring. The Roads Department will monitor the implementation of the environment and resettlement action plans. The quarterly report will include the status of these plans. The Roads Department will engage individual consultants for periodic inspection and reporting on safeguard and gender matters.	
2. Required human resources. Supervision and individual consultants and LARP unit of Roads Department.	
3. Information in the project administration manual. The above monitoring requirements are included in the project administration manual (section IX B).	
4. Monitoring tools. Project reporting as above.	

^a Government of Georgia. 2014. *Socioeconomic Development Strategy of Georgia (Georgia 2020)*. Tbilisi.

^b Government of Georgia. 2015. *Regional Development Programme of Georgia 2015–2017*. <http://static.mrdi.gov.ge/550c24ee0cf24147438b16f6.pdf> (accessed June 2016).

^c ADB. 2014. *Country Partnership Strategy: Georgia, 2014–2018*. Manila.

^d ADB. 2014. *Midterm Review of Strategy 2020*. Manila.

^e UNICEF. Child poverty. <http://unicef.ge/10/Child-poverty/24> (accessed on 17 February 2017).

^f World Bank. 2009. *Georgia Poverty Assessment, Report No. 44400-GE*. Washington, DC.

Source: Asian Development Bank estimates.