



Initial Poverty and Social Assessment

Project Number: 47919
May 2013

GEO: Adjaristsqali Hydropower Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

Asian Development Bank

INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	<input type="text" value="GEO"/>	Project Title:	<input type="text" value="Adjaristsqali Hydropower Project"/>
Lending/ Financing Modality:	<input type="text" value="Loan"/>	Department/Division:	<input type="text" value="PSOD/PSIF1"/>

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

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

The project is consistent with ADB's Strategy 2020 in relation to environmentally sustainable growth, as one of the three strategic agenda items. Strategy 2020 emphasizes investment in infrastructure with further emphasis on promoting private sector participation. In addition, Strategy 2020 highlights ADB's operational emphasis on expanding the use of clean energy sources, reducing fugitive greenhouse gas emissions.¹

The Project is also consistent with the country operations business plan (COBP) 2014-2016. The COBP mentions that ADB explores opportunities to finance renewable energy projects, particularly through its nonsovereign operations. The Project also conforms to the statement in the COBP which says the Private Sector Operations Department explores private sector investment in the focus sectors including renewable energy.²

B. Targeting Classification

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The Project is classified as General Intervention as power produced will be evacuated in the main grid for domestic use or export to Turkey where it will be available to the broad power users.

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The primary beneficiaries of the project are the company itself, power consumers (business, industrial, and residential in both Georgia and Turkey), and host local communities, which will generally benefit during Project construction and operation

2. Impact channels and expected systemic changes. The success of the project will send an important signal to the market and help build confidence for private sector participation in Georgia's hydropower development. The project will promote private sector development in Georgia, and foster regional cooperation between Georgia and Turkey

3. Focus of (and resources allocated in) the PPTA or due diligence. The project is in compliance with local laws and regulations as well as the bilateral arrangement between Georgia and Turkey, and the policy requirements of lenders (IFC's Performance Standards, EBRD's

¹ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2009-2020*. Manila.

² ADB. 2012. *Country Operations Business Plan: Georgia 2012-2013*. Manila.

Performance Requirements and ADB's Safeguard Policy Statement).

4. Specific analysis for policy-based lending. N/A

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? No gender elements (NGE) is anticipated since during construction and operation, opportunities for advancing gender can be difficult through jobs offered to women as the heavy work of tunnel digging, which may not be suitable for women.

2. Does the proposed project or program have the potential to make a contribution 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? The nature of the project's heavy work and location are not suitable to promote gender equity and/or empowerment. The due diligence will identify the mechanisms through which AGL engages in stakeholder consultations, including a review of the ongoing CSR initiatives and community engagement.

Yes No Please explain. If yes, a gender action plan should be prepared during PPTA or due diligence.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? The Project is not expected to cause any specific cultural or social impact upon or exclude any socioeconomic group, including women, from benefiting from the Project.

Yes No Please explain If yes, actions and measures should be prepared during PPTA or due diligence.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme) 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. Potential stakeholders include power consumers (business, industrial, residential and the Turkish power importer), national and local government, regulatory agencies, and host local communities.

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? Consultation meetings are being conducted by the Borrower with the relevant stakeholders.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design? The local and national NGOs are interested in the project and the borrower has conducted consultation with them and the process will be continued.

Information generation and sharing Consultation Collaboration Partnership

Indicate in each box the level of participation by marking high (H), medium (M), low (L), or not applicable (N) based on definitions in the ADB's Guide to Participation.

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

Details of the consultation and participation activities and grievance and dispute resolution are explained in the ESIA, LALRP and Stakeholder Participation Plan.

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 The Project facilities will require acquisition of about 50 ha agricultural land, mainly undeveloped grazing land belonging to about 315 households in two municipalities of Khulo and Shuakhevi.

2. What action plan is required to address involuntary resettlement as part of the PPTA 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 There is no Indigenous Peoples living in the Project area.

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? Yes No The project will not have any impacts on Indigenous Peoples.

3. Will the project require broad community support of affected indigenous communities? Yes No Please explain.

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

Indigenous peoples plan Indigenous peoples planning framework Social Impact matrix
 Environmental and social management system arrangement None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs Adhering to core labor standards Labor retrenchment
 Spread of communicable diseases, including HIV/AIDS Increase in human trafficking Affordability
 Increase in unplanned Migration Increase in vulnerability to natural disasters Creating political instability
 Creating internal social conflicts Others, please specify _____

Indicate high (H), medium (M), low (L) for selected boxes

2. How are these additional social issues and risks going to be addressed in the project design? Construction and operation of the project are expected to generate jobs for the local residents.

VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

Yes No If no, please explain why. There is no PPTA under private sector project but there was a TOR developed and the client has mobilized Mott MacDonald as consultant to cover social safeguards issues and other social dimension.

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 PPTA or due diligence? Due diligence undertaken by staff.