

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA14883

Date ISDS Prepared/Updated: 18-Nov-2015

Date ISDS Approved/Disclosed: 19-Nov-2015

I. BASIC INFORMATION

1. Basic Project Data

Country:	Georgia	Project ID:	P152441
Project Name:	Georgia National Innovation Ecosystem (GENIE) Project (P152441)		
Task Team Leader(s):	Thomas Edward Haven		
Estimated Appraisal Date:	20-Nov-2015	Estimated Board Date:	04-Feb-2016
Managing Unit:	GTC03	Lending Instrument:	Investment Project Financing
Sector(s):	General information and communications sector (30%), Other industry (50%), General industry and trade sector (20%)		
Theme(s):	Infrastructure services for private sector development (20%), Micro, Small and Medium Enterprise support (20%), Export development and competitiveness (20%), Technology diffusion (20%), Education for the knowledge economy (20%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	42.00	Total Bank Financing:	40.00
Financing Gap:	0.00		
Financing Source		Amount	
Borrower		0.00	
International Bank for Reconstruction and Development		40.00	
LOCAL BENEFICIARIES		2.00	
Total		42.00	
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

The PDO is to increase innovative activities of firms and individuals and their participation in the digital economy.

3. Project Description

The Georgia National Innovation Ecosystem (GENIE) Project responds to the Government's vision to transform Georgia into an innovation-driven economy. It comprises four components:

Component 1: Innovation Infrastructure

This component will support the development of Georgia's Innovation and Technology Agency's (GITA) envisioned hub-and-spoke network of innovation centers, as well as increase the use of broadband Internet services among rural households and SMEs. The component will finance: (a) the development of approximately eight Regional Innovation Hubs (RIHs), including minor rehabilitation works, equipment, personnel, and operating costs; (b) smaller Community Innovation Centers (CICs) in about fifty second-tier towns and villages, including minor rehabilitation works, equipment, personnel, and operating costs; and (c) a voucher and cash-back program to help connect eligible households and SMEs outside of Tbilisi to the digital economy.

Component 2: Innovation Services

This component will deliver services, many in coordination with the CICs and RIHs, tailored to Project beneficiaries at various stages/levels of the innovation ecosystem. It will finance: (a) building the innovation community through events (innovation competitions, exhibitions, conferences), publicity and media, and the Informatics Olympiads; (b) digital economy skills development through structured training programs; and (c) business innovation support through specialized training, coaching, mentoring, and technical consulting.

Component 3: Innovation Financing

This component will finance: (a) matching grants to private enterprises to develop innovative products, process, and services and adopt new technologies; (b) administration of the matching grants program and coaching for grant recipients; and (c) technical assistance to stimulate other types of innovation financing. Two types of matching grants are foreseen: (i) "Start-up" grants to innovative MSMEs incorporated in Georgia within the last two years; and (ii) "Innovation" grants to MSMEs that anticipate a product, technological or business process innovation or technology adoption that is new to the firm and has market potential.

Component 4: Project implementation support

This component will aim to ensure efficient and effective implementation of all Project components. This will include financing consultants to support project management, component technical implementation, procurement, safeguards, financial management, monitoring and evaluation (M&E), and an expert advisory body. The component will also finance the design and implementation of: (i) tools to monitor the results framework; (ii) M&E studies/surveys to establish baselines for Project results indicators and measure their evolution during Project implementation; (iii) impact evaluation for selected Project activities.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project will finance activities throughout the country with no geographic limitations.

5. Environmental and Social Safeguards Specialists

Darejan Kapanadze (GENDR)

Michelle P. Rebosio Calderon (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>The general focus of this Project is the delivery of technical assistance for boosting technology adoption and innovation. However Project proceeds will be used for small to medium size physical works (i.e. building renovations) and for grant-financing of micro, small and medium enterprises (MSMEs). Therefore OP/BP 4.01 is triggered.</p> <p>The Project will not support new construction and none of the expected activities will have significant, complex or irreversible impacts on the natural and social environment. Hence the GENIE Project is classified as environmental Category B.</p> <p>Individual activities to be supported by the Project are not known upfront, however their expected environmental and social impacts are known upfront, and measures required for their mitigation are simple and generic. Therefore an Environmental and Social Management Framework (ESMF) is prepared to guide site-specific safeguards work throughout the Project life. All proposed activities will be screened and classified. Category B and C activities will be eligible for the Project funding, while Category A activities will not be eligible.</p> <p>The ESMF will be included into the Operations Manual of the GENIE Project. Instructions for applying environmental and social safeguards to the preparation of applications and to the implementation of grant-funded activities will be incorporated into the MSME guidelines for accessing grants from the GENIE Project - also part of the Operations Manual.</p>
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	Grant Applications submitted to GITA under Component 3 of the Project will be screened to identify activities requiring purchase and/or use of pesticides and

		Applications involving such activities will be rejected. MSME guidelines for accessing grants from the GENIE Project will include a clear statement on the non-eligibility of purchasing and/or using pesticides in relation to the grant financing.
Physical Cultural Resources OP/BP 4.11	Yes	<p>The Project funds will be available for refurbishing existing public buildings to house several Regional Innovation Hubs (RIHs) and multiple Community Innovation Centers (CICs). These may be buildings of libraries, schools, municipal buildings, and other similar institutions. The nature of the refurbishing and if it will involve any substantial renovations, is to be determined during preparation and implementation. However, it is not excluded that some of these buildings may have cultural/historic value, in which case designs for any type of works to be undertaken on these buildings should be agreed with the National Agency for Cultural Heritage Preservation (NACHP) under the Ministry of Culture and Monument Protection. Special permission for entering the site and/or supervision on behalf of the NACHP may also be required.</p> <p>OP/BP 4.11 is triggered. The ESMF includes a blueprint of action in case a historic building is to be refurbished or chance finds are encountered in the course of the Project implementation.</p>
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	No physical activities under Components 1 and 3 will be financed that involve land acquisition and/or physical relocation of people. Environmental and social screening of all individual activities proposed for the Project support will carefully assess the risks of encroachment into private property and/or limiting/blocking access to it as well as the risks of disruption of the current use of land/property by formal or informal users. If such risks are identified, the performance of works providers will be monitored to prevent any such possible negative impacts.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p>
<p>The GENIE Project will finance retrofitting/rehabilitation of the existing public buildings to provide premises for the Regional Innovation Hubs (RIHs) and Community Innovation Centers (CICs) to be established with Project support. No new construction will be included in the Project. A grant program to be operated under Component 3 of the Project will provide funding to micro, small and medium enterprises (MSMEs) for technology acquisition and developing product and process innovations. No construction works will be supported under the grant program. Activities listed on the IFC exclusions list will be excluded and so will be activities requiring purchase and/or use of pesticides. Activities implying any type of involuntary resettlement will also be ruled out.</p> <p>Hence, none of physical works eligible for GENIE Project funding will carry significant, complex or irreversible environmental and social risks.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p>
<p>Long term environmental impacts of GENIE Project are likely to be neutral, while social impacts are expected to be positive and considerable such as job creation, inclusion of women and youth, and local development and economic growth.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p>
<p>At an early stage of Project preparation, laying fiber optic cable had been considered for expanding broadband connectivity. This activity was later dropped due to several considerations, a potential need for involuntary resettlement being one.</p>
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p>
<p>GITA developed an Environmental and Social Management Framework (ESMF) formulating guiding principles for safeguards management under the GENIE Project. The ESMF provides a blueprint of action for environmental and social screening, classification, and approval of each relevant activity proposed for Project financing. It also provides a methodology for environmental and social management planning, applying mitigation measures, and monitoring their implementation.</p> <p>GITA will be the Project implementing entity. GITA is a young institution, established in February 2014 in the capacity of a legal body of public law operating under the control of the Ministry of Economy and Sustainable Development. GITA has no experience in applying safeguard policies of the World Bank and will require capacity-building through coaching and rigorous implementation support to be provided by the Bank. It was agreed between GITA and the World Bank that GITA will hire appropriate expertise to handle technical supervision of works under Component 1 of the Project. Also, an Environmental/Social specialist will be recruited by GITA for creating basic in-house capacity for safeguards management and for overseeing environmental aspects of the grants in Component 3. Building in this type of expertise into GITA may be considered as part of technical assistance for the Agency's institutional strengthening to be delivered under Component 4.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>

The Ministry of Economy and Sustainable Development, and GITA under it, are key proponents and main stakeholders of the GENIE Project. A number of MSMEs striving to obtain new technologies and undertake innovative activities will benefit from the grants program built into the Project, and firms and workers will benefit from the training, coaching, and skills development programs. The populations of the settlements where the Project will help to establish RIHs and CICs will also benefit, as will firms and households that gain access to broadband connectivity.

GITA has disclosed Georgian and English versions of the draft ESMF through its web page and held a public consultation meeting to discuss it with stakeholders. The document will be finalized through incorporation of the received feedback. Site-specific Environmental and Social Management Plans (ESMPs) will also be disclosed and discussed with intended beneficiaries and potentially affected people as needed. In addition to publishing through the Internet, several hard copies of site-specific ESMPs will be delivered to the selected public institutions of beneficiary communities, so that public access to these documents is guaranteed.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	29-Oct-2015
Date of submission to InfoShop	18-Nov-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
"In country" Disclosure	
Georgia	12-Nov-2015
<i>Comments:</i> Public consultation on draft final ESMF kicked-off with a stakeholder meeting held on November 13, 2015 aimed at introducing the Project and its ESMF, stimulating discussion around it, receiving first round of public feedback, and entertaining questions for clarification. November 19 c.o.b. was announced as a deadline for the submission of more in-depth technical comments/questions in written.	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Thomas Edward Haven	
Approved By		
Practice Manager/ Manager:	Name: Javier Suarez (PMGR)	Date: 19-Nov-2015