



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 05/22/2023 | Report No: ESRSC03543



**BASIC INFORMATION**

**A. Basic Project Data**

|                      |  |                          |                            |
|----------------------|--|--------------------------|----------------------------|
| Country              | Region   | Project ID               | Parent Project ID (if any) |
| Georgia              | EUROPE AND CENTRAL ASIA  | P179950                  |                            |
| Project Name         | Enhancing Energy Security through Power Interconnection and Renewable Energy Program |                          |                            |
| Practice Area (Lead) | Financing Instrument   | Estimated Appraisal Date | Estimated Board Date       |
| Energy & Extractives | Investment Project Financing   | 10/16/2023               | 1/30/2024                  |
| Borrower(s)          | Implementing Agency(ies)   |                          |                            |

Proposed Development Objective

Enhance the implementation readiness of the Black Sea Submarine Cable Project.

| Financing (in USD Million) | Amount       |
|----------------------------|--------------|
| <b>Total Project Cost</b>  | <b>25.00</b> |

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The proposed Black Sea submarine cable would connect Georgia and Romania stretching for 1,195 km. The interconnector would include a 500 kV HVDC line with a capacity of 1,500 MW and a fiber-optic cable, for a total estimated cost of more than EUR2.5 billion. The feasibility study, supported by the World Bank under the Electricity Supply Reliability and Financial Recovery Project and implemented by the Italian company CESI, was launched in May 2022 and is expected to be completed in December 2023. An investment decision is expected in late 2024 at the earliest.



The Energy Security through Power Interconnection and Renewable Energy (ESPIRE) Program would support the Government of Georgia over an estimated ten years and three phases in the different stages of preparation and implementation of the proposed Black Sea submarine cable.

An indicative description of the activities expected in the current and subsequent phases is provided below. The scope and timing of the future phases will depend on the availability of, and government demand for IBRD financing. Depending on nature of activities proposed under subsequent phases and their environmental and social risks, each subsequent phase could be presented to the Board for approval.

a. Phase 1: Preparatory technical assistance financing (US\$25 million IBRD loan). This phase would finance the geophysical and geotechnical investigations of the Black Sea seabed (the two key technical studies that still need to be launched prior to bidding besides the ongoing feasibility study), legal and commercial advisory to the Government of Georgia to support the structuring and financial negotiations, preparatory studies for the connection to the domestic high-voltage grid as well as the related preparatory technical assistance (TA).

The implementing agency would be Georgia State Electrosystem (GSE).

b. Phase 2: On-land transmission grid strengthening (US\$50 million IBRD loan). The second phase would finance investments required to strengthen the Georgian high-voltage electricity transmission network to interconnect and transmit power through the undersea cable. These investments would include a 500 kV double circuit overhead transmission line (OHL) between the Jvari substation in north-western Georgia and the site of the new converter station where the undersea cable would connect to the Georgian network near Anaklia at the Black Sea coast. Procurement for the construction of the Anaklia-Jvari OHL would be initiated early enough to be ready for construction immediately after the final investment decision of the undersea cable has been taken. Phase 2 would also include a TA component that could support, among others, the development of a roadmap for ENTSO-E integration.

The implementing agency would be GSE.

Pre-conditions to proceed with Phase 2: (i) a final investment decision on the construction of the Black Sea undersea cable has been taken; (ii) tender documents for the OHL have been prepared; and (iii) the environmental and social (E&S) instruments for the OHL have been prepared.

c. Phase 3: Undersea cable financing (estimated US\$300 million IBRD loan, estimated public and private capital mobilized: US\$2,350 million). The overall cost estimate for the undersea cable is EUR 2,500 million, or US\$2,650 million. While the evaluation of project structuring and financing options is still ongoing as part of the feasibility study, the Government of Georgia expects a substantial share of public financing to undertake the project. Phase 3 would provide financing for a share of Georgia's public borrowing for the undersea cable. Substantial leveraging of public and private financing from a range of investors and financiers is expected as part of the overall project structure. Private financing is expected especially for the fiber-optic cable portion. Phase 3 would also include a TA component.

The implementing agency would be the project company (to be formed).



Pre-conditions to proceed with Phase 3: (i) the Black Sea Submarine Cable Project Company has been formed; (ii) tender documents for the undersea cable have been prepared; (iii) the E&S instruments for the undersea cable have been prepared; and (iv) a clear roadmap towards ENTSO-E compliance has been prepared.

The proposed ESPIRE Program (“the Program”) is consistent with the Georgia Country Partnership Framework (CPF) for FY19-22 (extended to FY23). The proposed Program is well aligned with Focus Area 1 (Enhance Inclusive Growth and Competitiveness). In particular, the Program would support the achievement of Objective 1.2 (Improved Connectivity and Integration) under this Focus Area through enhancing energy security in Georgia and the South Caucasus by increasing direct electricity interconnection capacity and electricity exchanges with Southeast Europe.

#### D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Program envisions geophysical and geotechnical investigations of the Black Sea bed (Phase 1), building an overhead transmission line (OHL) between the Anaklia substation on the Black Sea coast and the Jvari substation in north-western Georgia (Phase 2), and laying an underwater cable from Georgia to Romania across the Black Sea bed (Phase 3). The OHL will connect the undersea cable with the Georgian backbone power transmission infrastructure (partially under construction) that links Jvari to Tbilisi, and then onto Azerbaijan and Armenia. Connection of the undersea cable landing point to Romania’s power transmission infrastructure will be an associated facility for the Program.

The undersea cable will pass the territorial waters of Georgia, Romania, Turkey, and, possibly, Bulgaria. While the exact location remains to be identified for the cable’s landing point in Georgia, it will be selected in the vicinity of Anaklia. The second landing point on the coast of Romania is yet to be selected.

Anaklia settlement is located on the Southern side of the administrative border of occupied Abkhazeti (the Autonomous Republic of Abkhazia). In recent years, the Government of Georgia had some attempts to develop the coastline of Anaklia and its neighboring Ganmukhuri as tourist destinations. However, this has not led to major infrastructure investments. The Government also tries to revitalize the idea of developing Anaklia as a major seaport. To this end, some land acquisition has already been undertaken by the Government of Georgia. The port construction did not commence as planned and was put on hold but is still regarded as a priority project awaiting new investment arrangements to take off. The OHL is expected to pass north of the potential port development area, closer to the demarcation line of Abkhazeti. The OHL will have to pass through the Samegrelo-Zemo Svaneti region, which is quite densely populated in its lower part. The route will most likely avoid major settlements, such as the town of Zugdidi, the regional center of Samegrelo. However, as the preliminary design of the OHL is not yet available, it is hard to assess even approximate resettlement impact. To reach Jvari, the OHL will have to cross difficult terrain ascending from zero to 280 meters above sea level and passing forested mountains. Selection of the alignment may be challenged with potential overlaps with important biodiversity areas, natural and/or critical habitats, and nationally and/or internationally designated protected areas.

The undersea cable has landing points in Georgia and Romania. The landing point and, possibly, a short transmission line to be constructed in Romania for connecting the undersea cable with Romania’s electricity grid will be an associated facility for the ESPIRE Program.



D. 2. Borrower’s Institutional Capacity

The Program implementing entity is the Georgian State Electrosystem (GSE), a State-owned joint stock company, which is the single electricity transmission system operator acting in Georgia. GSE has been actively working on strengthening the electricity transmission grid in Georgia for the last 10 years and has tangibly improved in capacity and expertise.

Currently, the World Bank has two active projects with GSE, with high and complex E&S risks, one of which is under the Safeguard Policies (Transmission Grid Strengthening Project, P147348) and the other (Energy Supply Reliability and Financial Recovery, P169117) is under the Environmental and Social Framework (ESF). The latter has a satisfactory E&S performance rating, whilst the Transmission Grid Strengthening Project (TGSP) has a moderately satisfactory rating. TGSP was not compliant with the Bank’s E&S requirements during the early stage of implementation, as impact had occurred without paying easement compensations. However, this was later rectified as the GSE developed a Standard Operating Procedure (SOP) to ensure that E&S safeguards were mainstreamed into operations. To duly identify and manage E&S risks, GSE has optimized institutional set-up and increased staff capacity. The improvements included establishing a unified E&S department and hiring Community Liaison Officers (CLOs). Also, with support and guidance from the Bank, GSE has adopted a corporate Environmental and Social Management System (ESMS) and developed an operations tracking software that allows to effectively monitor the resettlement process, including handling of grievances. The software continues to evolve and is likely to include other useful functions, including environmental management features. By the time the decision is made to construct the OHL and the undersea cable (Phases 2 and 3), Phase 1 of the Program will have contributed to further strengthening the E&S capacity of GSE to ensure that E&S considerations are effectively identified and managed.

Public Disclosure

**II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)**

Substantial

**Environmental Risk Rating**

Substantial

Physical activities under Phase 1 of the Program would be confined to seabed investigation, and the associated environmental risks are expected to be moderate. However, conclusions of studies undertaken under this Phase and site-specific E&S instruments prepared for the construction of OHL will shape E&S due diligence to be applied at Phases 2 and 3. Therefore, Environmental risk of Phase 1 of the Program is rated substantial. Construction of the Anaklia-Jvari OHL in Phase 2 of the Program will carry multiple environmental risks. Part of works may have to be undertaken on steep slopes with natural forest ecosystem and little if any access roads. Vegetation clearance for creating the right-of-way (ROW), earth works, erection of towers and stringing of OHL will be highly challenging in the difficult terrain and will carry risks of excessive damage of vegetative cover, disturbance of wildlife, triggering erosion, and polluting environment with waste dumped down the slopes as well as risks to the health and safety of workers. Poor organization of work sites, lack of planning for the disposal of excess material and waste from vegetation clearing, delayed action and ad hoc approach to site reinstatement have been experienced during the implementation of the ongoing TGSP. The risk of encountering similar issues is present for the ESPIRE Program, however, GSE has learned from that experience and has improved its capacity for risk management since then. At the stage of detailed design, resilient decisions are to be made in the selection of exact locations for towers as their placement will define the extent of permanent impacts on the aesthetical and touristic value of the impact area. Seabed studies to be undertaken under the ongoing Energy Supply Reliability and Financial Recovery Project will



provide technical information required for exhaustive understanding of environmental dimensions of laying the undersea cable in Phase 3 of the Program. It is known upfront that construction of the undersea cable will mostly imply its dropping to the bottom with moderate physical intervention to the seabed landscape. Impacts are expected to be greater in shallow waters, closer to the landing point, where the cable will have to be buried or otherwise protected from exposure to mechanical damage. As for the operation phase impact on aquatic life, it will be studied as part of the ESIA along with construction phase impacts, however, it is scientifically established that there is no life in the Black Sea below 150-200 meters due to absence of oxygen and high concentration of hydro-sulfur. It suggests that impacts on the organic receptors will be confined to shallow areas of the sea closer to the landing points. Overall, environmental impacts of the undersea cable are believed to be more modest than those of the OHL, to be confirmed through the seabed studies and ESIA. Scope and nature of terrestrial works to be undertaken in the territory of Romania are yet to be identified in cooperation with the Romanian stakeholders of the Project and the Bank staff engaged in Romania. Works on this associated facility in Romania will be regulated by the national legislation of the EU member state of Romania and the external financier, if involved.

**Social Risk Rating**

Moderate

The social risk is classified as moderate. Overall, the investments will have positive impacts over the medium and long term in the energy sector including on the sustainable use of energy. The Program in its Phase 1 will finance the geophysical and geotechnical investigations of the Black Seabed towards optimizing the routing of the cable, the preparatory studies for the connection to the domestic high-voltage grid, as well as related preparatory technical assistance including the preparation of the E&S documents, and the legal and commercial advisory. The seabed studies and siting of the landing site will have very limited social impacts, mostly relating to labour and working conditions on board the vessel and the potential for disrupting fisheries-based livelihoods. Phase 2 would finance investments required to strengthen the Georgian high-voltage electricity transmission network to interconnect and transmit power through the undersea cable. These investments would include the OHL between the Jvari substation in north-western Georgia and the site of the new converter station where the undersea cable would connect to the Georgian network near Anaklia at the Black Sea coast. The construction and operation of the OHL will mainly have risks related to minor permanent and temporary land acquisition land acquisition or easement restrictions affecting livelihoods; labour and working conditions risks during construction; community health and safety risks during construction and operation; sexual exploitation and abuse/sexual harassment (SEA/SH) risks during construction; and risks relating to inadequate stakeholder engagement and grievance management. These impacts are expected to be mostly temporary and predictable and can be managed with adequate management plans, and human and financial resources. In recent years, GSE has optimized institutional set-up and increased staff capacity in terms of E&S with specialists in place. Improvements also include the establishment of a unified E&S department and hiring of CLOs. GSE also has operationalized an ESMS which allows management and monitoring of risks and impacts. With support and guidance from the Bank, GSE also has developed an operations tracking software that allows to effectively monitor the resettlement process, including handling the grievances. The software continues to evolve and is likely to include other useful functions covering other aspects of E&S risk management. Phase 3 would provide financing for a share of Georgia’s public borrowing for the undersea cable. As is usual for seabed impacts, laying down of the cable will have very limited social impacts mainly relating to labour and working conditions and the potential for disrupting fisheries-based livelihoods.

Public Disclosure

**B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

**B.1. General Assessment**



## ESS1 Assessment and Management of Environmental and Social Risks and Impacts

### **Overview of the relevance of the Standard for the Project:**

All Environmental and Social Standards (ESSs), other than ESS7 on Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and ESS9 on Financial Intermediaries, are considered relevant. OP 7.60 Projects in Disputed Areas is not triggered. OP 7.50 Projects on International Waterways is triggered because E&S screening identified the impact on marine habitat and biodiversity from emission of electric, magnetic and/or electromagnetic fields (EMF) and thermal radiation as potentially significant. Since the seabed studies to be financed in Phase 1 of the Program are part of the feasibility study, the exception to the notification requirement applies and it will be obtained from RVP before appraisal. Phase 1 studies will include an assessment of potential riparian impacts and, with respect to the Bucharest Convention, the results of the assessments of the likely impact of the undersea cable will be made available to the Black Sea Commission before commencing physical works. The first phase of the Program will finance preparatory studies for the intended infrastructure and provide TA for the preparation of the required E&S documents. This would include further strengthening of E&S capacity of GSE and ensure that all E&S aspects of the construction and operation of the proposed infrastructure are duly identified and managed.

The seabed studies and siting of the landing site will have limited E&S impacts. Social impacts will relate mostly to labour and working conditions on board the vessel and the potential for disrupting fisheries-based livelihoods. Physical activities under Phase 1 of the Program would be confined to seabed investigation, and the associated environmental risks are expected to be moderate. However, conclusions of studies undertaken under this Phase and site-specific E&S instruments prepared for the construction of OHL will shape E&S due diligence to be applied at Phases 2 and 3. Therefore, environmental risk of Phase 1 of the Program is rated Substantial.

The main environmental risks of the Program are associated with the construction of Anaklia-Jvari OHL that would connect the undersea cable to Georgia's national grid. OHL will pass difficult terrain climbing from the seashore up to the forested mountains. The OHL corridor is not identified yet, but given the geographic location and the landscape, the OHL is likely to cross fragile ecosystems of the coastal zone and natural forests of high biodiversity value. Environmental aspects will have to be taken into full consideration while identifying of the OHL alignment, the priority being to bypass nationally and internationally designated protected areas and critical ecosystems. Main environmental implications of laying the undersea cable will be clarified before appraisal once more technical details are available, including types of vessels to be used, methods of physical intervention on the seabed, etc. However, risks are believed to be lesser as compared to those carried by terrestrial works. Residual environmental risks will include permanent transformation of landscape in the OHL corridor where towers will be placed and vegetation growth controlled, and impacts at the undersea cable landing point, where a part of the natural beach will be transformed.

Key social risks and impacts of the Program relate to land acquisition under for the OHL under Phase 2 of the MPA. Physical displacement will be minimized with land acquisition mainly resulting in economic displacement. No ethnic or religious minorities are known to be present in project areas. Vulnerable groups may include internally displaced persons, low-income households, and families with persons with disabilities. Risks related to labour influx, GBV and community health and safety are generally limited. Local people do not rely heavily on provisioning ecosystem services for livelihoods. Key social risks and impacts as a result of the seabed studies (Phase 1) and laying down of





the cable (Phase 3) relate mainly to potential disruption to fisheries and labour and working conditions on board of the vessel/s.

For activities to be funded by the Program, the following E&S documents will need to be prepared:

Before appraisal: E&S Scoping Study covering marine and terrestrial sections of the cable that would expand understanding of E&S risks of the Program identified at the screening stage and outline a need for further in-depth field studies to be undertaken at the ESIA stage; draft terms of reference (TOR) for the ESIA of construction and operation of undersea cable and Anaklia-Jvari OHL; draft Labor Management Procedures (LMP), including workers' grievance mechanism and a template of Contractor's LMP (C-LMP) to be attached to the Bidding Documents; draft Stakeholder Engagement Plan (SEP); and draft Environmental and Social Commitment Plan (ESCP). E&S Scoping Study, LMP, SEP, and ESCP will be disclosed and consulted with stakeholders, including with representatives of affected communities.

During Phase 1: ESIA report, including Environmental and Social Management Plans (ESMP) for Anaklia-Jvari OHL; Draft Resettlement Policy Framework (RPF) covering the OHL and any impacts to livelihoods from laying down of the undersea cable; and site-specific Resettlement Action Plan (RAP).

During Phases 2 and 3: ESIA report, including ESMP for the undersea cable. Once on board, companies contracted for the construction of Anaklia-Jvari OHL and the undersea cable will develop C-ESMPs, including Waste Management Plan, Landscape Reinstatement Plan, C-LMP, Health and Safety Management Plan, and Community Engagement Plan - as to be specified in the Bidding Documents.

The small section of an OHL for grid connection to be constructed in the territory of Romania will be an associated facility for the ESPIRE Program. Essential technical information about this infrastructure, including likely financiers, engineering parameters, scope of E&S risks, etc. will be obtained during Program preparation and included in the appraisal-stage documents. Based on what is known at present, land-based works in Romania are likely to be of a lesser scale than those in Georgia and E&S management of those works will comply with the European Union (EU) standards to which Romania's national legislation is aligned due to membership.

**Areas where “Use of Borrower Framework” is being considered:**

The Borrower's framework will not be used for the Program. However, it will comply with all relevant national legal and regulatory requirements.

**ESS10 Stakeholder Engagement and Information Disclosure**

In general, the potential ESPIRE Program has high visibility in Georgia and in Europe and is generally viewed as positive and welcome initiative in light of achieving energy security and greater connection between the EU and the South Caucasus.

As in other similar projects, Affected Parties will likely include people affected by land acquisition in Phase 2 (i.e., those losing assets and/or private land and/or access to common resources due to project's land requirements), people residing in the project area, (i.e., those living along the transmission line route, access tracks and in the vicinity of the proposed substation, who are likely to be affected by disturbances caused by the heavy vehicle traffic,





construction impacts, but may also benefit from Program-related employment opportunities), people who conduct fishing activities near the cable landing area in Anaklia; and affected municipality and village representatives (e.g., mayor, city council with a chairman, trustees of a mayor and governors, etc.). Expected vulnerable groups are those registered as poor with the local social services; women-headed households; elder-headed households without any other household member bringing in income; and households headed by disabled people. No ethnic or religious minorities are known to be present in project areas. Vulnerable groups are likely to include low-income households and families with persons with disabilities. The alignment for the OHL is not known and depending on which settlement it crosses there is the potential that vulnerable groups may include internally displaced persons.

The other interested parties are the central government agencies and their regional branches; municipalities and villages; local, national and regional NGOs; business and workers' organizations; academic institutions; other Program developers reliant on or in the vicinity of the Program areas (e.g., associated facilities) and their financiers (e.g., ADB, EBRD, KfW, etc.); the press and media; and finally - general public, tourists, and jobseekers.

Conduct of seabed studies (Phase 1), laying of the undersea cable and arrangement of its landing points (Phase 3) in Georgia and Romania have the potential to disrupt fishing activities. As part of the engagement for the SEP, key stakeholders will be mapped, best ways of their engagement worked out, their perception of the expected risks recognized, and the measures to minimize disruption identified. This will inform the Scoping Study to be undertaken before appraisal, as well as the ESIA report and RPF to be prepared under Phase 1.

Prior to appraisal, GSE will develop the SEP, which will be informed through engagement with key stakeholders. The SEP will specify the range of stakeholders classified into (potentially) affected parties and other interested parties. GSE will make efforts to identify vulnerable, disadvantaged, or marginalized groups including those undertaking fisheries-based activities and identify their specific needs. The SEP will outline the various engagement mechanisms, their tentative timelines, roles and responsibilities for their implementation, and resources allocated for implementing the SEP activities. Mechanisms for stakeholder engagement are expected to include interviews and focus groups discussions. Stakeholder engagement mechanisms will be tailored to the needs of vulnerable groups as identified in the SEP. Mechanisms for continuous information sharing and feedback in consultation with stakeholders, that may be maintained beyond the life of the Program.

In 2019-2020, GSE participated in GRM strengthening capacity-building initiative delivered by the Bank. As a result, GSE has strengthened its recording and classification system of grievances and is preparing an electronic database to ensure efficient data management. GSE staff has also undergone trainings on prevention and mitigation of sexual exploitation, abuse, and harassment and received support from a SEA/SH expert in conducting service provider mapping, developing Codes of Conduct, and developing SEA/SH-sensitive grievance protocol. GSE's CLOs work with local communities to identify and record grievances. However, GSE allows multiple channels for grievance intake. In 2022, GSE also developed a software for resettlement that also functions as grievance collecting and monitoring tool.

The SEP will summarize and build on any consultation activities that have already been conducted. The ongoing Energy Supply Reliability and Financial Recovery Project is being implemented in Samegrelo region, and GSE has conducted stakeholder engagement with some of the local communities there. To support stakeholder engagement, GSE has produced two types of communications materials/brochures for awareness-raising on the Program SEP,



GRM, and health risks from electric magnetic fields. Social media is being handled by the Public Relations Department of GSE, with frequent posting of relevant information on their Facebook page. However, recommendation of the ESMS Action Plan is to consider development and adoption of the corporate Stakeholder Engagement Plan for a more systemic approach to public relations.

To ensure capacity building on GBV, the human resources department of GSE worked with a qualified expert to deliver awareness sessions; prepare and adopt Code of Conduct and protocol for sensitizing on GRM to address SEA/SH complaints; and introduce a mechanism to ensure that such complaints are dealt with confidentially and anonymously.

## **B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

Project workers include direct workers (GSE’s core staff assigned to work on the Program and a few consultants hired on part-time basis), and employees of civil works contractor and their sub-contractors. Community workers will not be engaged. The minimum age for project workers will be 18 years. Like the two ongoing projects, it is expected that under the ESPIRE Program, the primary suppliers will be companies that manufacture transmission towers and conductors, electrical switching equipment, transformers, and other major electrical equipment. These sectors are not known to involve significant risks of child labour and forced labour.

Phases 1 and 3: Seabed studies and laying of the underwater cable will be undertaken from specialized vessels. Observing rules of safety at sea will be required. More information about OHS challenges associated with marine activities under ESPIRE Program will be obtained before appraisal.

Phase 2: Occupational Health and Safety (OHS) risks related to the construction of the OHL are well known from the similar activities undertaken under past and ongoing projects. The most important aspects are disciplined use of harnesses and other protective gear while working at heights, standard and reliable scaffolding, safe operation of machinery, safe handling of electric wiring and equipment (especially during test powering of the stringed OHL), proper warning and limiting signage at worksites, and relevant training of personnel. Part of works may be undertaken in remote and poorly accessible areas. If an accident occurs in such locations, availability of proper medical kits and presence of staff trained in delivery of emergency medical aid may be a lifesaver.

Based on the experience under the Bank-finance infrastructure projects, OHS management will be a challenge requiring close attention from GSE and tight oversight by the Bank. Georgia’s OHS regulatory framework, including institutional set-up, has been upgraded and reorganized not long ago, and national capacity to implement it requires significant enhancement. Law on Labor Safety, passed in 2019, provides adequate frame for OHS management and the Labor Inspection Office under the Ministry of Internally Displaced Persons from Occupied Territories, Labor, Health, and Social Affairs is mandated to oversee safety at worksites and working conditions of workers through the specially accredited staff. Regulations are in place for identifying, recording, and reporting on OHS incidents, and the list of activities entailing heavy labour and working under high risk and hazardous conditions is also formally established for the purposes of closer monitoring. However, limited manpower, experience, and technical means



prevent the Labor Inspection Office to have sufficient presence at the multitude of worksites all over the country and to invest sufficient effort in proactive action. Therefore, ensuring good OHS discipline and preventing incidents will greatly depend on GSE's own due diligence. In-house capacity of GSE for OHS management remains in the need of considerable enhancement.

The national Labor Code includes provisions on non-discrimination, freedom of association, minimum employment age, OHS and dispute resolution. However, the enforcement of workers' rights under the Labor Code is weak. In line with the EU-Georgia Association agreement, Georgia has introduced some mechanisms of OHS inspection, but enforcement and the capacity of the Labor Inspectorate remains low. The Program needs to develop strong monitoring procedures and workers' GRM to fill these gaps. GSE will develop LMP to address potential labor risks, including OHS risks, of the program activities. Civil works contractors, when selected, will prepare their own labor management procedures - Contractor's LMP (C-LMP), including the GRM for their own workers (contacted workers) in line with the requirements of ESS2, based on the principles, procedures and responsibilities laid out in GSE's LMP.

The risks associated with GBV, and child or forced labour are considered low for all phases. Risks related to labour and labour influx relate mainly to the works for the OHL and onboard the vessel conducting sea-bed studies for the cable. An LMP, including OHS requirements in line with the EHS of the World Bank Group and GIIP, will be prepared prior to appraisal. The procedures will also include: the requirement that an adequate grievance redress mechanism be available to all project workers; a Code of Conduct which includes prohibition of SEA/SH to be adopted by all employers, who implement project activities, and is signed by all project workers; prohibition of child and forced labour as per the national legislation of Georgia and the requirements of this Standard.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

Environmental damage due to improper management of excess material and organic waste from vegetation clearing is a significant risk of the upcoming works for the construction of Jvari-Anaklia OHL. Pushing of excavated earth, extracted tress and/or their parts, and other construction waste down the steep slopes or their dumping into nearby forest stands will cause unnecessary expansion of the Program's environmental footprint over the natural habitats and a high-value forest ecosystems, as well as loss of future revenues from nature tourism at the seaside and mountains of Samegrelo. Noise and dust emission, and soil and water pollution coming from the operation of construction machinery, typical for medium to large-scale construction works, will occur during construction of the OHL. Household waste and discharge will originate from construction camps. Relatively small volumes of hazardous waste are expected in the form of discarded automobile tires, filters, and lubricants. Vegetation clearance for the arrangement of the OHL corridor will generate organic waste. Lesson learned from other infrastructure projects in Georgia is that dealing with extracted trees may be problem for contractor. Depending on the federal or municipal authority over the area where tress are felled, logs are subject to handover to different entities. Temporary safe storage of timber, its formal transfer to relevant agencies, and physical removal from the construction zone may be a lengthy and challenging process, unless planned and well-managed. The same is true about temporary storage and final disposal of excess earth and rock. Although construction of OHL will not generate large volumes of cut-to-spoil material, its disposal may still become an issue if no prior arrangements are in place.

These risks and types of required mitigation measures will be described in the ESIA report laid down in the Environmental and Social Management Plan (ESMP) to be developed for the OHL by GSE. Contractor will be obligated



to commit to the development of a detailed Waste Management Plan, as part of C-ESMP, prior to mobilization to the site, having it approved by GSE, and implementing throughout the contract life. GSE will operate the constructed OHL. No significant streams of waste are expected in the operation phase. Vegetation trimming under the OHL wires will be undertaken on regular basis and no large volumes of organic waste will accumulate, therefore. Herbicides are not used for vegetation control under OHLs in Georgia.

The type of works to be undertaken at sea while placing the cable on the bottom are known not to cause much pollution. Depending on the type of vessel(s) to be used for cable laying, operational and accidental fuel spills may need to be considered and risk of their occurrence mitigated in line with the recommendations under relevant international treaties concluded under the auspices of the International Maritime Organization.

As for the associated facility, construction waste management during terrestrial works in Romania is likely to be less challenging because this country is already a long-time member of the EU. More detailed information on the waste management risks related to the associated facility will be compiled and analyzed as part of the Scoping Study.

#### **ESS4 Community Health and Safety**

Community health and safety risks relate mainly to activities to be financed under Phase 2. Based on the country experience, public perception of health risks coming from Electro Magnetic Fields (EMF) existing around OHLs and the distances to which the radiation may be emitted by power lines is often distant from the scientifically proven facts. Lack of knowledge and trust among local population has fueled public pushback and caused issues during construction of OHLs in the past. Georgia's national regulatory framework requires transmission lines of various capacity to have buffer zones with no artificial structures and no residence allowed inside. Standard width of these buffer zones is greater than the distance at which EMF impacts may be felt. However, there will be a need to educate local communities on the above in a simple, clear, and convincing manner. This will be achieved through a communication campaign and will be captured in the SEP. For the previous projects, GSE has produced print and video content to address the concerns about EMF. Under TGSP, a high-level communications specialist was hired who developed the tailored communication plan and recorded videos with leading energy experts talking about EMF. The printed booklets were distributed by CLOs in target communities.

Landslides triggered by construction works on the slopes is another concern often voiced by people residing in proximity of corridors of linear infrastructure. This concern is valid due to general instability of slopes and multitude of landslide-prone areas in west Georgia. At higher altitudes, vegetation clearance on hill and mountain slopes may also increase the likelihood of avalanches in winter and threaten safety of communities residing at foothills. Increasing occurrences of extreme weather conditions (e.g., heavy rainfall, heatwaves causing rapid snow melting, etc.) as a result of climate change further increase risks of flooding, mudflows, and landslides around the construction sites where tree-cutting and excavations are being undertaken. Therefore, exposure of communities to such risks of uphill construction works expected under Phase 2 of the Program will be carefully examined and mitigation measures will be included in the ESMPs.

Disruptions to livelihoods related activities can also impact well-being in particular vulnerable persons and households that may be disproportionately impacted. Such risks will be identified through the Scoping Study and as



part of the process for preparing the RPF and measures put in place to assess further as part of the ESIA and address as part of ESMPs.

The SEA/SH risk is considered low. Awareness of community health and safety risks, including on SEA/SH, and systems in place to address these will be communicated to workers and any communities neighboring work sites. The details of the campaign will be captured in the LMP for workers, and in the SEP for affected communities.

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

Resettlement-related risks and impacts are likely to result mainly from the construction of the Anaklia-Jvari OHL (Phase 2) and, to a lesser extent, from the seabed studies (Phase 1) and laying of the undersea cable and arrangement of its landing points (Phase 3).

The exact scale and scope of land acquisition and relocation required for the construction of Anaklia-Jvari OHL (Phase 2) is currently not known, since the exact locations of towers, as well as the exact location of the landing point of the cable or the converter station in/around Anaklia will be determined later. If the cable landing point or the converter station will be placed in the area where the Government has already acquired land for the purposes of Anaklia port, the Bank would have to undertake a social audit of the land acquisition process. Any potential disruptions to fisheries, which will be very temporary, as a result of the seabed studies will be identified as part the engagement for the SEP and measures identified to avoid and minimize.

To understand and manage risks at preparation stage an RPF will be prepared, during Phase 1 of the Program, in line with requirements of ESS5 based on the information collected for the preliminary route and based on experience from the two ongoing Bank-financed projects. Based on the experience of these projects, the RPF will include following elements:

- Acquisition of private lands for the construction of towers. Each tower will require about 400 meters of land.
- Land use restriction under easement. All lands within OHL corridor other than where towers will be built and where private lands need to be acquired for safety reasons mentioned above will remain under the ownership of current owners with easement arrangements. Applicable prohibitions under easement arrangement, as under the on-going projects, will include prohibitions of any buildings, use of tall equipment that could reach the energized wires, and on trees or other plants that grow over four (4) meters in height. Since production of annual crops, grazing of livestock and other typical livelihoods activities engaged by local people will be allowed under easement arrangement, livelihoods impact is not expected to be significant for majority of people affected under land use restrictions.
- Temporary land occupation. The contractor will lease land near the OHL corridor for offices, storage, and other activities during construction period.
- Structures. Both residential and non-residential structures within the OHL corridor will be demolished, if realignment is not possible, although no residential structure was identified in the preliminary OHL corridor. Businesses will need to be identified in areas that may be affected. Overall, the OHL corridor will be adjusted where necessary to avoid and minimize physical relocation or loss of livelihoods.
- Tree felling. All trees that are currently, or have the potential to grow, over four (4) meters high will be cut to a height of 0.7 to 1.0 meters.



- Vulnerable and severely affected people. Vulnerable and severely affected households and persons will be entitled for additional support including one-time allowance equivalent to five times the national minimum subsistence income. Those who lose more than 10 percent of productive lands or income will also be entitled for additional compensation, depending on the level of impact as defined in the RPF. The SEP will include provisions for tailored outreach and assistance to vulnerable groups.

The RPF will also take into consideration any potential impacts on fisheries as a result of the laying down of the cable and on the small section of an OHL for grid connection to be constructed in the territory of Romania will be an associated facility for the ESPIRE Program.

RAP(s) will be developed prior to commencing land in line with requirements of the RPF. Acquisition of land and related assets in preparation for civil works may only take place after the RAP is finalized and compensation is paid or agreed. Once the land acquisition procedure is ongoing, there are options for the works to proceed where the owner has provided written consent to civil works in agreement to clearly defined compensation arrangements or, where rejected, the compensation has been placed in escrow and due process described for resolution. Relevant local authorities, contractors, and institutional stakeholders need to communicate that there is to be no land acquisition prior to RAP preparation, review and clearance by the Bank, disclosure, consultation with stakeholders, and payment of or agreement on compensation with each land user. Compensation and livelihoods restoration will be implemented prior to the beginning of construction in accordance with the RAP. Consultations with affected communities should aim to ensure that they are aware of the health and safety risks associated with the construction activities.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

No considerable impacts on biodiversity and natural resources are expected in Phase 1 of the Program. Construction of Anaklia-Jvari OHL (Phase 2) will affect forest ecosystems, including natural habitats and areas of high conservation value. It is also expected that parts of the OHL corridor will be poorly accessible due to lack of existing road infrastructure. Environmental footprint of construction will be significant in such locations. ESIA will identify importance of the affected forest ecosystems for supporting populations of rare/threatened animal and plant species and will identify presence any critical habitats in the proposed OHL corridor. OHL alignment will be adjusted to avoid/minimize impact on the most sensitive receptors and avoid entry to the natural areas allocated for protection to the extent feasible. ESMP will require that contractor designs access roads with full consideration of environmental impacts, confines clearing of vegetation to the designated corridors of OHL and access roads, prevents uncontrolled movement of construction machinery and vehicles outside of these corridors, and restricts environmentally damaging behavior of contractor's personnel. Presence of and adherence to the agreed-upon arrangements for on-site storage and final disposal of construction waste, use of excess material for backfilling, and timely reinstatement of landscape around each OHL tower and service road will be critical to keep residual biodiversity impacts low, and to create enabling environment for natural revegetation of the affected sites. Detailed plans for landscape restoration must be produced by contractor as part of C-ESMP, be approved by GSE in consultation with the Bank, and enforced during construction.

In Phase 3, at the cable landing point, works may damage sand dunes, wetlands, and other fragile elements of the valuable coastal landscape. Marine ecosystem in proximity to the shoreline is also known to be important for





supporting aquatic life (including the high-profile species of dolphin) and vulnerable as well. Depending on the selection of the landing point location, it may be in immediate proximity to terrestrial and marine parts of the Kolkehti National Park. ESIA of the OHL, to be undertaken contemporaneously with the design, will identify impacts of various types of habitats and species and prescribe relevant mitigation measures. If impacts are substantial and mitigation / compensation measures are complex, ESIA report may include Biodiversity Management Plan. Information on the likely biodiversity impacts will inform the design of OHL so that exact alignment minimizes impacts to the extent feasible. Coastal and forest biodiversity impacts of the ESPIRE Program are likely to generate much attention from the civil society of Georgia.

**ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

This standard is not relevant as there are no Indigenous Peoples in Georgia who meet the definition provided in this standard.

**ESS8 Cultural Heritage**

Impacts on cultural heritage are not expected in Phase 1 of the Program. Once the corridor for Anaklia-Jvari OHL is identified, the area will be screened for the presence of tangible cultural heritage and alignment will be adjusted to void/minimize impacts. The latter may include (in Phase 2) noise and vibration from the movement and operation of construction machinery, presence of work force, etc., as well as permanent impact on the visual/aesthetic view and tourist experience during visitation of these heritage monuments. Mitigation measures will be worked out as part of the ESIA.

Georgia's coastal area has been inhabited since time immemorial and many unique artifacts have been retrieved by archaeological expeditions over the years. There is a high likelihood of a chance finds in the course of earth works to be undertaken as part of ESPIRE Program (Phases 2 and 3). Therefore, the ESIA report will include change find procedures and respective guidance for contractors will be included in the ESMPs.

Whether placement of towers and other infrastructure of the OHL will affect intangible cultural heritage, will be assessed in the ESIA.

**ESS9 Financial Intermediaries**

Program implementation will not require involvement of any financial intermediaries.

**B.3 Other Relevant Project Risks**

All relevant risks that have been identified are summarized against each of the standards.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways**

Yes

Public Disclosure





**OP 7.60 Projects in Disputed Areas**

No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?**

Yes

**Financing Partners**

The involvement of additional financiers is expected in works for laying the undersea cable which is expected in Phase 3. That decision is yet to be undertaken by the Government of Georgia and its development partners. At that point, a common approach will be considered depending on whether the World Bank and other bilateral/multilateral agencies are involved in financing the undersea cable and what is the modality of such financing. Decision on sources for funding construction of on-land infrastructure in Romania is yet to be taken.

A common approach will not be applied for Phase 1 of the Program.

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

Actions to be completed prior to Approval of Phase 1 of the Program are to:

- Prepare the Program E&S Scoping Study, disclose, consult, and revise;
- Prepare TOR for the construction of on-land infrastructure in Georgia (the Anaklia-Jvari OHL) and Romania, and the undersea cable ESIA, disclose, consult, and revise;
- Prepare SEP, including the Program GRM, disclose, consult, and revise;
- Prepare LMP, including templates of workers’ Grievance Mechanism and Contractor's LMP;
- Prepare Environmental and Social Commitment Plan (ESCP) for Phase 1 of the Program, disclose, consult, and revise.

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

ESCP of Phase 1 of the Program would address the following issues:

- Undertake ESIA for on-land infrastructure in Georgia (Anaklia-Jvari OHL) and Romania as per the agreed TOR;
- Prepare Resettlement Policy Framework (RPF), disclose, consult, and revise;
- Build E&S considerations into any studies, analyses, E&S frameworks, and E&S documents for the construction of OHLs, and undersea cable;
- Implement Program LMP and operationalize Program GRM;
- Implement SEP and establish and operationalize Project-level feedback channels;
- Undertake capacity building to enhance E&S performance under the Program and material consistency with relevant ESSs by hiring/appointing and maintaining qualified environmental, social, OHS, and community liaison specialists;
- Regularly report to the Bank on the E&S performance of the Program as part of the established progress reporting procedure;
- Promptly notify the Bank on any OHS accidents/incidents that may occur during Program implementation, followed by the development of Root Cause Analyses and Corrective Action Plans to the Bank's satisfaction.

Public Disclosure



**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

16-Oct-2023

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

**Implementing Agency(ies)**

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**VI. APPROVAL**

Task Team Leader(s): Joern Thorsten Huenteler, Abdulaziz Faghi

Practice Manager (ENR/Social) Gaurav Dilipkumar Joshi Recommended on 04-May-2023 at 03:24:8 EDT

Safeguards Advisor ESSA Abdoulaye Gadiere (SAESSA) Cleared on 22-May-2023 at 11:27:10 EDT