

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)**

Additional Financing

Report No.: PIDISDSA20012

Date Prepared/Updated: 18-Jul-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Georgia	Project ID:	P160152
		Parent Project ID (if any):	P149952
Project Name:	East West Highway Corridor Improvement Project Additional Financing (P160152)		
Parent Project Name:	East-West Highway Corridor Improvement (P149952)		
Region:	EUROPE AND CENTRAL ASIA		
Estimated Appraisal Date:	26-Sep-2017	Estimated Board Date:	08-Nov-2017
Practice Area (Lead):	Transport & ICT	Financing Instrument:	Investment Project Financing
Borrower(s)	Ministry of Finance		
Implementing Agency	Roads Department of the Ministry of Regional Development and Infrastructure (RDMRDI)		
Financing (in USD Million)			
Financing Source			Amount
Borrower			20.00
International Bank for Reconstruction and Development			20.00
EC European Investment Bank			90.00
Financing Gap			0.00
Total Project Cost			130.00
Environmental Category:	A-Full Assessment		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:			
Is this a Repeater project?	Yes		

B. Introduction and Context

Country Context

Economic growth in Georgia moderated from 2.9 percent in 2015 to 2.7 percent in 2016, largely because of the weak external environment and uncertainty. The geo-political risk emanating from the regional disturbances and the economic slowdown in Georgia's main trading partners, many of which are significantly dependent on Russia and also on hydrocarbons, have had a significant impact on Georgia. The two main direct channels of transmission of the external shock have been lower exports and remittances. The decline in exports has since bottomed out with a slight uptick in the last quarter of 2016 and remittances increased by 4 percent last year. Credit growth during 2016 was 17 percent (20 percent for the private sector), year-on-year, and helped support consumption. In addition, foreign direct investment (FDI) and tourism have remained relatively resilient. Economic growth is projected to average 4 percent a year over the medium-term but downside risks to growth remain. The pick-up in growth in 2017 will largely be driven by high investment and some recovery in the export markets. With the Russian economy inching towards growth in 2017 and an uptick in oil prices, growth in Georgia's trading partners is likely to increase, raising demand for Georgian exports. The FDI inflows, which largely originated from Azerbaijan and Turkey in 2016, have remained resilient. In the outer years, growth prospects factor in improved economic ties with the European Union (EU). The Deep and Comprehensive Free Trade Area and the Association Agreement with the EU is likely to improve market access and encourage FDI. In 2016, the Government also signed a memorandum of understanding for a free trade agreement with China. Meanwhile the downside risks arise primarily from a protracted period of slowdown among Georgia's trading partners.

There has been progress in poverty reduction and shared prosperity in recent years, largely through higher labor income and redistributive fiscal policy. The poverty rate, estimated using the \$2.5/day PPP poverty line, fell from 46.7 percent in 2010 to 31.5 percent in 2015 and the mean consumption of the bottom 40 grew by 7.5 percent annually in the same period, exceeding the growth enjoyed by the population overall. The poverty rate is estimated to have declined further in 2016, although at a slower pace because of modest economic growth. Inequality in Georgia is higher than in the Europe and Central Asia (ECA) region on average, with a Gini coefficient of 38.5 in 2015. In contrast with previous periods, Georgia has been able to translate economic growth in recent years into poverty reduction. The main channels of transmission have been redistributive social policies and increased earnings, observed across all sectors of activity in the country. Despite the continuous downtrend in poverty in recent years, large urban-rural disparities persist. The vulnerability to fall into poverty is high in Georgia because of the large share of out-of-pocket spending by households on healthcare.

Sectoral and Institutional Context

The government of Georgia continues to be strongly committed to infrastructure improvement. Ministry of Regional Development and Infrastructure developed an Action Plan in 2014 which allocated roughly GEL875 million for infrastructure development, including GEL500 million for road improvements. Investment and management of ports and railways are now undertaken by private operators and Georgian Railways respectively. Government investments have therefore focused on the road sector. The continuation of funding for the East-West Highway corridor improvement is one of the priorities of the Action Plan. This is well aligned with the recently signed Association Agreement with the EU that will open significantly Georgia to the global market.

Georgia aspires to become a regional transport-transit hub, it offers significant opportunities through its renovated and expanded transportation infrastructure. This is well aligned with the objective to increase the competitiveness of the Caucasus Transit Corridor which is a key transit route between Western Europe and Central Asia for transportation of oil and gas as well as dry cargo. The Caucasus Transit Corridor is part of the international and regional corridor TRACECA. The TRACECA corridor is the shortest route between Europe and the Caucasus and Central Asian countries through the Black

sea ports. TRACECA is an alternative to the north corridor running through the Russian Federation and Belarus and the southern corridor running through Turkey and Iran, the latter has become less competitive due to international sanctions imposed on Iran. This puts a particular onus on improving logistics and transport services within Georgia but also cross-borders along the Caucasus Transit Corridor. In the freight transport and logistics sector, significant achievements have been made, however many challenges and bottlenecks remain to position Georgia as a transit hub.

As the East-West Highway carries over 60 percent of the total foreign trade, it is seen as a central piece in the Government's strategy of transforming Georgia into a transport and logistics hub for trade between Central Asia and the Far East on the one hand and Turkey and Europe on the other hand. In Georgia, the East-West Highway Corridor (around 400 km) comprises: (i) the E-60 which runs from the Red Bridge (border with Azerbaijan) to Poti (Black Sea port) and (ii) the E-70 which runs from Poti to Sarpi (border with Turkey). It represents 2 percent of the country's road network length, and approximately a quarter of the international road network, with an average traffic of around 8,000 vehicles per day. The improvement of the East West Highway Corridor will improve connectivity between the Caspian and Black Sea, lower cost of transport and logistics and improve ranking of Georgia and connection to global markets. Besides, to optimize the benefits of the large investment in transport infrastructure, there is a need to develop a logistics strategy to enhance the business environment through the strengthening of national regulations, improvement of logistics services, and better corridor management.

The East West Highway Corridor has wider development impacts on the economy of Georgia and on regional trade. Two studies were carried out to provide an analytical foundation to assess the economy-wide impact of investment in the East West Highway Corridor. The results show that Real GDP of Georgia is estimated to increase by 1.3 percent in the comparative static formulation of the model and by 4.2 percent in the steady state formulation. The results of the second study show that upgrading the entire East West Highway is estimated to generate additional export revenues between USD 0.8 billion and USD 1.5 billion.

C. Proposed Development Objective(s)

Original Project Development Objective(s) - Parent

The proposed PDOs are to: (i) reduce road user costs along the East-West Highway Corridor section upgraded under the project; and (ii) strengthen the capacity of the Roads Department and the Ministry of Economy and Sustainable Development to respectively manage the road network and provide an enabling environment to improve logistics services.

Proposed Project Development Objective(s) - Additional Financing

The proposed PDOs are to: (i) reduce road user costs along the East-West Highway Corridor section upgraded under the project; and (ii) strengthen the capacity of the Roads Department and the Ministry of Economy and Sustainable Development to respectively manage the road network and provide an enabling environment to improve logistics services.

Key Results

The PDO of the Additional Financing project is not expected to change. The results framework will be revised to reflect the increased scope of the project as well as the proposed new project closing date. The project is proposed to have the following key results:

PDO indicators:

1. Travel time from Zemo Osiauri – km 5.8 to Khevi

2. Vehicle Operating Costs from Zemo Osiauri – km 5.8 to Khevi (cars)
3. Vehicle Operating Costs from Zemo Osiauri – km 5.8 to Khevi (trucks)
4. Asset value of the East West Highway corridor from Tbilisi to Sarpi (GEL Million)
5. National Logistics Program adopted by the Ministry of Finance

Intermediate Results Indicators:

1. Roads constructed, non-rural
2. ITS staff of the Roads Department trained in ITS services management and monitoring
3. Key ITS equipment installed on selected and prioritized East-West Highway locations (percent)
4. Road users satisfied with quality of road and services provided along the highway
5. Public/Private Steering Committee created and operational
6. Key legislation/measures to provide an enabling environment to enhance logistics services drafted
7. Studies to support logistics sector development completed
8. Staff of the Ministry of Economy and Sustainable Development trained in relevant areas, including in logistics
9. Preparation and endorsement of an Annual Road Safety Action Plan aligned with the National Road Safety Strategy
10. Percentage of project related grievances addressed by the Roads Department

D. Project Description

The proposed AF project is part of a larger East West Highway Corridor Development Program to be completed with the support of development partners. A feasibility study and value for money analysis of the remaining sections of the East West Highway (Chumateleti-Argveta, 51 km) was conducted in 2015. The study has identified two alternative alignments: one primarily following an optimal alignment of the existing road and the other - primarily passing over the green field. The results of the economic analysis show that the first alignment performs better in economic terms and is more suitable for public financing. It is the preferred option and its construction is planned in a series of four sections, each of average length of 10 km.

The first section of the four is located between Chumateleti and Khevi, and is subject to this proposed AF. The proposed AF will use the same safeguards arrangement as done under the parent project (co-financing arrangement between GoG, EIB and World Bank). Notably, on May 5, 2017, the EIB sent the note to the Bank to confirm that the same arrangement for safeguards policies and procurement guidelines will be used for AF.

The remaining sections will be financed with the support of ADB, EIB and possibly JICA. Activities to be supported by these financing institutions will be associated with those to be covered with the Additional Financing project. Based on the practices demonstrated by these financiers over the years of operating in Georgia, their application of the environmental and social safeguard requirements to construction works is generally similar to the safeguard policies of the Bank. Once activities in the referenced sections of the Highway commence, the Bank will apply due diligence by reviewing publicly disclosed safeguard documents produced for the associated activities and undertake drive-through trips to the sections under construction. In case of major concerns, the Bank management will be informed by the Additional Financing project team and guidance will be sought for further action. The 8 km long section leading to Chumateleti is currently under construction and is financed from the parent East West Highway Corridor Improvement project.

Component Name:

Component 1: Corridor Improvement**Comments (optional)**

This component will finance additional works to upgrade the existing 2-lane East-West Highway from Chumateleti to Khevi into a 2-lane dual carriageway road. The section of around 12 km to be upgraded runs through mountainous terrain and follows the Rikotula River, bringing the total number of km rehabilitated under the project from 8km to 20km. The carriageway will be made of concrete pavement, similarly to adjacent sections. Considering applicable design standards for roads of international importance in Georgia and the difficult topographic and geological conditions, the anticipated design speed for this section will be 80 km/h. This component will also finance construction supervision services of the above civil works.

Component Name:

Component 2: Institutional Strengthening

Comments (optional)

This component will provide financing to continue strengthening the capacity of Roads Department's ITS Unit in managing ITS systems applications to improve traffic control and road safety, and timely communication with road users along the East-West highway corridor. This will also help Roads Department's Monitoring Unit to assess and inform the general public and beneficiaries about the impacts of improving the East West Highway Corridor.

Component Name:

Component 3: Project Management Support

Comments (optional)

Roads Department will require project management to support implementation of a growing road investment program. Considering the technical complexity of the project, this component will finance the mobilization of relevant technical expertise (i.e. project management; bridge, tunnel and geotechnical engineering) to support Roads Department and its Foreign-funded Projects Unit management during project implementation. This component will also contribute to building the technical capacity of the Roads Department.

Component Name:

Component 4: Preparation of designs and supporting studies for future projects for the development of the East-West Highway

Comments (optional)

E. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

East West Highway section to be upgraded under the Additional Financing is located between Chumateleti and Khevi settlements. The Likhi mountain range lays between these two locations. The existing two-lane single carriageway goes through the Llikhi range passing through the Rikoti Tunnel, constructed back in eighties of the twentieth century and upgraded with the Bank support as part of the East West Highway Development Program. The Tunnel has a bypass road leading over the Rikoti pass of the Likhi range. Hilly terrain of the project site is predominantly forested. Environmental pollution of the area is insignificant. No polluting or noise-intensive industries exist there at present. There are no designated protected areas in the vicinity of the project site. Highway alignment includes a number of crossings over a small river Suramula.

F. Environmental and Social Safeguards Specialists

Darejan Kapanadze(GEN03)

Vera Dugandzic(GSU03)

II. IMPLEMENTATION

The institutional and implementation arrangements for the Additional Financing (AF) project will remain the same as for the parent project. Roads Department under the Ministry of Infrastructure and Regional Development will continue to be responsible for project implementation. The Foreign-funded Projects Unit within the Roads Department will continue to be responsible for procurement, monitoring and reporting, and technical audits under all Bank-financed road projects. Eurasia Transport Corridor Investment Center (ETCIC/TRRC) will continue to assist Roads Department with the financial management as it does for the ongoing highway improvement projects. For any activity falling under the overall supervision of the Ministry of Economy and Sustainable Development, pertaining the implementation of the logistics strategy, the current project implementation agreement between the Roads Department and the Ministry of Economy and Sustainable Development established for the purposes of the parent East West Highway Corridor Improvement Project will remain applicable.

III. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Additional Financing will support the upgrading of a large scale transport infrastructure, most part of which will be built along the new alignment. It may therefore have significant and irreversible impacts. The Additional Financing is classified as environmental Category A, similar to the original project. It requires a full-scale Environmental and Social Impact Assessment (ESIA). A four lane carriageway will be constructed in a difficult terrain, passing through hills, mountains, and gorges in between. Several bridges and a big single-tube tunnel will have to be built. It is expected that the main environmental impacts at the construction phase will come from clearing of the right-of-way; establishment/operation of work camps and temporary access roads; and earth works, including extraction of material. Temporary and final disposal of excess material and waste in a proper manner will take much effort. Selected alternative of the road alignment has a lesser environmental footprint as compared to the declined alternative, however it will still pass through some natural forest stands and will require removal of trees. Operation phase impacts are likely to include generation of runoff from the carriageway and noise disturbance to fauna. ESIA explored all potential impacts of the project and provided detailed environmental mitigation and monitoring plans.

Natural Habitats OP/BP 4.04	Yes	<p>Construction of the re-aligned highway will require creation of a new right-of-way, which will pass through some forested areas. ESIA concluded that the affected forest stands are not virgin and not critical for supporting endangered or protected species, however they represent a natural habitats for a number of animal species, and that construction of the highway will restrict access of some species to the river bank.</p> <p>Section of the Highway covered with the Additional Financing project passes along the river and includes a number of river crossings. However as the river is small and narrow, engineering solutions capable of avoiding significant alteration of river bed look possible. ESIA team of specialists works closely with road engineers developing the detailed design of the Highway to ensure that impacts on the aquatic ecosystem are minimized to the extent possible through feasible engineering solutions. The same is true for minimizing negative impacts of habitat fragmentation on the terrestrial fauna.</p> <p>Overall, with the application of mitigation measures, no functional damage to natural ecosystems is likely neither at the construction nor at the operation phase of the Project.</p>
Forests OP/BP 4.36	Yes	<p>Minimizing impacts on forests was an important criterion for the selection of an alignment for the new section of the Highway. Exact impacts of the construction of operation of the Highway in the chosen right-of-way will be known once the detailed design is delivered and the ESIA report is finalized. OP/BP 4.36 is triggered, because construction of the Highway will require de-listing of some forested area from the assets of the State Forest Fund and transferring user rights to this area to the Roads Department.</p> <p>Clear-cutting will be required in part of the area to be de-listed from the State Forest Fund with the purpose of creating the right-of-way. According to the national legislation, construction contractor will be obligated to hand the extracted trees over to the National Forest Agency for further disposal by the</p>

		State. Clear-cutting and building up of the de-listed strip of forest will have an impact on the quality of the affected stand. However, according to the ESIA findings, it is not a critical forest area. Compensatory tree planting plan will be developed and implemented to mitigate expected impacts.
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	Yes	<p>Project implementation is not expected to negatively affect any known physical cultural resources. However, the portion of the highway to be constructed along a new alignment carries the potential of encountering chance finds in the course of earth works, which had happened in several past projects in neighboring locations. Furthermore, some artifacts (clay pots, silver coins, etc.) had been excavated in the territories within the impact zone of the project. Hence likelihood of encountering chance finds in Chumateleti to Khevi section of the Highway is higher than the country-wide average.</p> <p>The policy is triggered to have adequate arrangements in place for handling such situations. The draft ESIA report carries detailed instructions on the course of action in case of chance finds. Namely, immediately upon encountering of a find, works contractor must stop any physical activity on site and inform the Roads Department. The Roads Department promptly notifies the Ministry of Culture and Monument Protection, which takes over responsibility for the following course of action. Works may resume only upon receipt of written permission from the Ministry of Culture and Monument Protection. Such regulations had been in place for previous East West Highway Improvement projects and proved successful in action.</p>
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	OP 4.12 is triggered as the planned construction works in upgrading the existing road into a two-lane dual carriageway road will require land acquisition. Potential social impact that construction works may entail in terms of land acquisition and resettlement is considered to be low to moderate as this

		<p>11km-long section to be upgraded mainly runs through mountainous, sparsely populated area.</p> <p>Since detailed design is currently under procurement process and has not started yet, it is still unknown whether the land acquisition will result in any physical or economic displacement.</p> <p>Given the lack of information on the specifics on the land requirements, the Resettlement Policy Framework (RPF), developed under the original project, updated slightly for the purposes of the AF, and re-disclosed in-country and InfoShop on April 5, 2017, will serve as a guiding resettlement instrument. The RPF provides the needed legally binding obligation for the Borrower to comply with the world Bank Operational Policy 4.12 Involuntary Resettlement, including preparation of Resettlement Action Plan (RAP) the draft of which is expected to be developed by July 2017.</p> <p>The proposed AF will use the same safeguards arrangement as done under the parent project (co-financing arrangement between GoG, EIB and World Bank). Notably, the EIB confirmed to use the same arrangement for safeguards policies and procurement guidelines as in the original project. As regards other potential development partners such as ADB and JICA, they have been already applying the provisions of the RPF documents developed for other highway sections covered by World Bank-financed projects.</p>
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	The selected alignment of the Highway section between Chumateleti and Khevi is likely to allow avoiding alteration of Suramula river bed or any other impact on waterways that might result in measurable impacts on the quantity and/or quality of water stream.
Projects in Disputed Areas OP/BP 7.60	No	

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The East West Highway Corridor Improvement additional financing will support the construction of about 11 km of the new section of a two-lane dual carriageway of the East West Highway between Chumateleti and Khevi settlements. This AF, alike the original project, is classified as environmental Category A. Environmental risks are high because the Highway alignment passes through a difficult terrain comprising of steep hills, forested slopes, and along a small river. The main environmental impacts at the construction phase will come from clearing of the right-of-way, establishment/operation of work camps and temporary access roads, massive earth works, works in the waterway, and extraction of large volumes of material. Temporary and final disposal of excess material and waste in a proper manner will take much effort. Operation phase impacts are likely to include increased noise levels and subsequent disturbance of local population and fauna as well as generation of a potentially polluted runoff from the carriageway. The project will have a significant environmental footprint because two lanes of the Highway are to be constructed in the greenfield.

The ongoing Environmental and Social Impact Assessment (ESIA) will identify all risks to the natural and social environment, and to the cultural heritage associated with the proposed works and will come up with the detailed set of mitigation measures. Experience from the previous projects under the East West Highway Development Program shows that most of the expected negative environmental and social impacts may be mitigated through adherence to good construction practice and the measures prescribed in the Environmental and Social Management Plan (ESMP). Clearing of the right-of-way is likely to require de-listing of some forested land from the State Forest Fund and removal of vegetation, including cutting of trees. Loss of vegetation will be kept to the possible minimum. Precise record of removed trees will be kept based on an inventory to be produced as part of de-listing procedure and compensatory tree planting will be undertaken within the highway corridor. Selection of species for planting will be based on the natural composition of local flora. Road construction will require sourcing of large amounts of natural construction materials. Works provider may purchase material from licensed companies only or obtain an own license for borrowing. Due to weakness of the national legislation, which does not require environmental assessment and permitting for any type of mining, ensuring sound environmental practice in material extraction will require close supervision by the Roads Department to ensure adherence to ESMP requirements alongside the regular State control from the Ministry of Environment and Natural Resources Protection on the adherence to the terms of license. Strict adherence to the design parameters are expected to be sufficient for preventing major erosion that may influence safety of the highway operation. Based on the experience from the implementation of previous East West Highway Improvement projects, landscaping, compacting, and stabilizing of slopes shall be included in the bill of quantities and performing of these tasks should be closely monitored by technical supervisor of works. AF project implies drilling of a new 2-lane tube of the existing Rikoti tunnel that will result in generation of vast amounts of cut-to-spoil material. Temporary and final disposal of this material will be one of the greatest challenges and shall be well planned in advance. Threats of surface water pollution from carriageway drainage as well as from road accidents involving liquid and powder cargo vehicles will be addressed to the extent possible through engineering solutions.

The Project triggers OP/BP 4.12 on Involuntary Resettlement. The true nature of social impact in terms of land acquisition and resettlement is still unknown as the consultancy work for detailed engineering design and development of the Resettlement Action Plan (RAP) has been contracted very recently. However, based on a deskwork and the ESIA findings, the selection of the 12km long “blue” route alignment from Chumateleti to Khevi is expected to minimize adverse social impact and is considered to be low to moderate. There are no villages located in the immediate proximity to the existing 2-lane road section from Chumateleti to Khevi as the 12km long road to be upgraded runs through mainly mountainous terrain. Therefore, no physical displacement is expected under the project. However, the draft ESIA indicated that the upgrading construction works might cause economic displacement of several roadside vendors and several operating restaurants/cafe shops.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Long term impacts will be limited to the alteration of landscape due to construction of two lanes of the Highway in a new alignment, borrowing for construction materials, and permanent disposal of excess material. With proper application of mitigation measures - such as reinstatement and greening of slopes, terracing and greening of borrowing sites and compensatory tree planting, visual impacts on the landscape will be minimized to the extent possible.

Traffic-related noise modeling will be carried out for operation stage of the AF to see if the noise level in the residential areas will exceed allowable limits. If so, installation of noise barriers and planting of greenery will be integrated into the project design.

Water and soil pollution impacts will be typical for the operation of the Highway and will be addressed by arrangement and proper operation of drainage and drain filtration systems, and organized management of solid waste in the Highway corridor. Automobile emissions will certainly increase locally for the area through which the new alignment of the Highway will pass. However this is not expected to have tangible impact on ambient air quality in a short to medium term. In a longer run, overall traffic increase on the East West Highway is expected. Meanwhile Georgia is likely to strengthen regulations and control on the age and condition of automobile fleet and fuel quality, which may balance environmental impacts of increased traffic in future.

No negative impact is expected on local population in terms of workers' camps as the experience from current practice shows that instead of constructing a new camps, the existing facilities located away from residential and environmentally sensitive locations, such as the facility and structures in vicinity of the Rikoti tunnel entrance, have been used as locations for workers' camps. Additionally, based on the experience with the past and the ongoing East West Highway Improvement projects, the extent of impact of workers' camps on local population is assessed to be low as no major influx of external workers is expected and duration of the construction process is relatively limited. With such low impact expected, a well-prepared ESMP, functioning Grievance and Redress Mechanism (GRM), regular monitoring and reporting (as is the case currently) will serve to address and mitigate potential

risks.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Two alternative alignments for the construction of the Highway section between Chumateleti and Khevi were considered at the feasibility study stage. Choice between these two options implied environmental considerations: the declined alignment would pass through the green field creating strong new environmental footprint while the selected alternative alignment mostly follows the alignment of the existing single carriageway causing lesser transformation of the natural landscapes.

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.

A full scale ESIA of the AF is underway. The only piece of important additional information to be added to the final ESIA report is the arrangements for the disposal of excess material that will come out of tunnel drilling and slope cutting. Once the detailed design of road section is delivered, it will become known exactly how much of that stuff will be generated, how much of it may be used for backfilling and how much will be left for the final disposal. At that point, the consultant team working on the ESIA will provide recommended options for the disposal of excess material. All other mitigation measures and monitoring indicators are already included into the currently available mature draft ESIA report and the ESMP. No significant changes are expected in the final ESIA report (as compared to the current draft) and hence no shift in the risk profile is likely.

The draft ESIA report describes the role of the Roads Department in overseeing adherence of construction works to the recommended mitigation measures. Before commencement of works, the selected works contractor will be asked to develop and agree with Roads Department the waste management (including spoil disposal), traffic management, and other specific plans listed in technical specification for bidders. The works contractor will also develop and agree with the client a plan of greening and landscape reinstatement at a relevant stage of contract implementation.

Environmental rating of the concluded and ongoing World Bank-financed operations in support to the East West Highway Corridor Development Program has been predominantly Satisfactory, occasionally dropping to Moderately Satisfactory. Current rating of the ongoing parent East West Highway Corridor Improvement project on safeguards application is Satisfactory. Due environmental diligence was applied to its preparation and start-up, and no safeguard-related issues have been observed during the few several months of its implementation. A broader picture of the environmental performance of the Roads Department under East West Highway Development Program that originated years ago reveals positive dynamics: institutional capacity of the Roads Department for environmental management improved over time through the restructuring of this institution several times. At present, Roads Department has a self-standing institutional unit for environmental management staffed with in-house specialists and hired individual consultants. Nonetheless, dependency on the services of consultant companies undertaking technical supervision of works being performed by contractors of the Roads Department is great, and that includes environmental monitoring of construction works.

Resettlement Policy Framework (RPF) that was developed, approved and disclosed in May 2015 for the original project will serve as a guiding instrument in implementing involuntary resettlement. Minor changes were introduced to the existing RPF to reflect some changes on the country legislation. The revised RPF was re-disclosed in-country and through the Bank InfoShop on April 5, 2017. The RPF sets out the objectives; principles; compensation entitlements; legal framework; consultation procedures; grievance redress mechanisms; monitoring and financing provisions. Since detailed engineering design has not been initiated yet, conversely, the development of Resettlement Action Plan (RAP) has not started either. The RAP will provide detailed description of compensation and rehabilitation measures in compliance with provisions of set out in the RPF document.

As regards institutional strengthening and capacity building for managing social aspects, major improvements and progress have been achieved in the past few months under a new leadership. The Bank team welcomed this positive development, the commitment of the Roads Department, and efforts put to address social safeguard requirements and apply necessary mitigation measures. In January 2017, the Resettlement Unit within the Roads Department was split from the Environment Unit. It has become a stand-alone Resettlement Service fully staffed with adequate mixture of skills and experience not only managing the Bank-funded projects but also those of other IFIs (ADB, EIB, and JICA). Currently, there are seven civil servants and seven consultants working in the Resettlement Service, which is assessed as sufficient. Both the Environment and Resettlement Services are under a purview of a Deputy Chairman for Procurement and Safeguards.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Ministry of Regional Development and Infrastructure and the Roads Department under it, municipalities and residents of the settlements located along the project section of the highway, transit passengers, tourists, businesses moving cargo along the Highway, and potential investors dependent on the transportation through the highway will benefit from the project implementation.

The Bank policies and the national legislation require meaningful public participation and involvement in the process of the Environmental Impact Assessment and environmental management planning as well as in developing the RPF/RAP documents. The initial environmental overview of the Additional Financing project was carried out at the early stage of its preparation. The project stakeholders were consulted on the scope of the Environmental and Social Impact Assessment to be undertaken and its methodology. The stakeholder consultation meeting was held on May 6, 2016. Terms of Reference of the upcoming ESIA was finalized based on the stakeholder feedback. The draft ESIA was disclosed in country on February 17, 2017 and through the Bank InfoShop on March 2, 2017. The second round of consultations were held on the disclosed version of ESIA report on March 10, 2017. The report was updated based on the received feedback and minutes of both consultation meetings were attached. Mature draft ESIA report was re-disclosed on April 5, 2017. Once finalized upon delivery of the detailed design of the Highway section, the ESIA report will be re-disclosed once again prior to commencement of works.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	25-Jan-2017
Date of submission to InfoShop	02-Mar-2017
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	21-Mar-2017
"In country" Disclosure	
Georgia	17-Feb-2017
<i>Comments:</i> ESIA report was updated following public consultation and re-disclosed on April 5, 2017.	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	04-Apr-2017
Date of submission to InfoShop	05-Apr-2017
"In country" Disclosure	
Georgia	05-Apr-2017
<i>Comments:</i>	
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 4.04 - Natural Habitats						
Would the project result in any significant conversion or degradation of critical natural habitats?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	NA	<input type="checkbox"/>
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?	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"/>
OP/BP 4.12 - Involuntary Resettlement						
Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Is physical displacement/relocation expected?	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	TBD	<input checked="" type="checkbox"/>
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	TBD	<input checked="" type="checkbox"/>
OP/BP 4.36 - Forests						
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the project design include satisfactory measures to overcome these constraints?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	NA	<input type="checkbox"/>
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?	Yes	<input type="checkbox"/>	No	<input checked="" 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"/>

V. Contact point

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VII. Approval

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