

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA1202

Date ISDS Prepared/Updated: 19-Feb-2015

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I. BASIC INFORMATION

1. Basic Project Data

Country:	Georgia	Project ID:	P150696
Project Name:	Third Regional Development Project (P150696)		
Task Team Leader(s):	Ahmed A. R. Eiweida,Zaruhi Tokhmakhian		
Estimated Appraisal Date:	17-Feb-2015	Estimated Board Date:	24-Mar-2015
Managing Unit:	GSURR	Lending Instrument:	Investment Project Financing
Sector(s):	General water, sanitation and flood protection sector (35%), Sub-national government administration (20%), Rural and Inter-Urban Roads and Highways (35%), SME Finance (10%)		
Theme(s):	City-wide Infrastructure and Service Delivery (35%), Cultural Heritage (20%), Urban Economic Development (25%), Infrastructure services for private sector development (10%), Micro, Small and Medium Enterprise support (10%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	75.00	Total Bank Financing:	60.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			15.00
International Bank for Reconstruction and Development			60.00
Total			75.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	Yes		

2. Project Development Objective(s)

The Project Development Objective is to improve infrastructure services and institutional capacity to support increased contribution of tourism in the local economy of the Samtskhe-Javakheti and

Mtskheta-Mtianeti regions.

3. Project Description

Component 1. Infrastructure Investment

Component 1.1: Urban Regeneration and Circuit Development. This component will finance: urban regeneration of old towns and villages, including restoration of building facades and roofs, public spaces, museums, roads and water, and enhancement of cultural and natural heritage sites, including access and presentation.

Component 1.2: Provision of Public Infrastructure to Attract Private Investments. To encourage private sector investments in the region, this component will support a selected number of private sector entities in Project areas that demonstrate interest and capacity to invest in tourism or agribusiness through investing in complementary public infrastructure that is necessary to ensure the viability of their investments.

Component 2. Institutional Development

Support institutional capacity and performance of the Georgia National Tourism Administration (GNTA), National Agency for Culture Heritage Preservation of Georgia (NACHP), National Museum, Project Implementing Entity (Municipal Development Fund of Georgia, MDF), and other local and regional entities in order for them to carry out the following activities: setting up of destination management office in each of the two regions; marketing and promotion; preparation of sustainable site management plans for cultural heritage sites; training for skilled workforce development; cultural heritage advisory service to the NACHP; business start-up/expansion advisory service to tourism SMEs; performance monitoring & evaluation; and preparation of studies and construction supervision.

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

Samtskhe-Javakheti and Mtskheta-Mtianeti regions of Georgia.

5. Environmental and Social Safeguards Specialists

Darejan Kapanadze (GENDR)

Michelle P. Rebosio Calderon (GSURR)

Nino Metreveli (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Project carries investment components in support to infrastructure development and therefore triggers OP/BP 4.01 Environmental Assessment. None of the Project-supported activities are expected to have significant, long term, or irreversible impacts on the natural environment, therefore the Project is classified as environmental Category B. No Category A activities will be eligible for funding from the Project proceeds.

	<p>Based on the Environmental Management Frameworks used for the implementation of RDP and RDP II, an Environmental and Social Management Framework (ESMF) has been developed for the purposes of RDP III. The ESMF guides the preparation of subproject-specific Environmental and Social Reviews (ESRs) and/or Environmental Management Plans (EMPs), depending on the risk assessment of these subprojects. The ESMF also describes the process for determining the application of the Resettlement Policy Framework (RPF) for specific subprojects.</p> <p>A Strategic Environmental, Cultural Heritage, and Social Assessment (SECHSA) was carried out in conjunction with the regional development and tourism development strategies developed for the beneficiary regions by the client. While consistent with the objectives of OP 4.01, completing SECHSA is not a requirement for the Project Appraisal. It is a supplementary instrument for managing longer term issues, and has also provided important information that has been reflected in the Project design and in the ESMF.</p> <p>The SECHSA identifies risks and opportunities associated with the overall development program proposed for Samtskhe-Javakheti and Mtskheta-Mtianeti regions. The SECHSA a) pools baseline information on the target regions, b) analyzes the expected long term, cumulative, and induced/indirect impacts of the proposed policy approaches, and c) assesses institutional capacity of the government agencies to manage environmental, cultural, and social implications of the regional development in Samtskhe-Javakheti and Mtskheta-Mtianeti, including gap analysis and recommendation for capacity building. Following a further process of public consultation, the final version will also provide recommendations for mitigation of environmental and social issues and for promoting environmental and social sustainability at a strategic and program level.</p> <p>The participatory process used to develop SECHSA mobilized stakeholders whose involvement is critical for ensuring that RDP III activities contribute to the</p>
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		<p>broader regional development context and secured strong ownership of RDP III by the client. The SECHSA identified areas for better citizen engagement in the Project as well as specific activities for targeting women. It indicated the opportunities of maintaining the rehabilitated sites by neighboring communities and increasing the benefits from the Project to those groups. The SECHSA assessed possible social vulnerability of the Project-affected communities and proposed activities to address them.</p> <p>The ESMF satisfactory to the Bank was disclosed prior to Appraisal, and discussed with all relevant stakeholders, along with the Executive Summary of the SECHSA report. The process of consultation on the SECHSA with the local, regional and national level stakeholders will continue, as described above, after which the final version of SECHSA report will be furnished to the Bank and will be disclosed in-country and through the InfoShop.</p> <p>In accordance with the ESMF, site-specific EMPs will undergo the same procedures of disclosure and consultation on the rolling basis, prior to tendering of the respective works.</p>
Natural Habitats OP/BP 4.04	Yes	<p>RDP III is designed to invest into capacity building and infrastructure development for Javakheti and Tbilisi national parks, which will have implications for the valuable natural habitats conserved in these protected areas. OP/BP 4.04 is triggered to ensure that any interventions into the protected areas and the areas in their immediate vicinity are fully harmonized and supportive of the habitat conservation goals. Site-specific ESRs and/or EMPs to be developed for individual sub-projects related to protected areas will explain how the above principles are integrated into the design and implementation arrangements of each sub subproject.</p>
Forests OP/BP 4.36	No	<p>While some of the natural areas that could be affected directly or indirectly by RDP III are forested, OP/BP 4.36 is not being triggered as the natural forest areas will be covered within the scope of OP/BP 4.04.</p>
Pest Management OP 4.09	No	

Physical Cultural Resources OP/BP 4.11	Yes	<p>The Project aims at attracting increased flow of tourists to the natural and cultural heritage sites of Samtskhe-Javakheti and Mtskheta-Mtianeti regions. This would imply improvement of access to these sites and development of tourist infrastructure around them. Implementation of civil works in and around the historical monuments and other elements of the cultural heritage carries a risk of affecting their aesthetic value, accidental damage, or gradual deterioration. These risks will be specified and their mitigation measures laid out in subproject-specific ESRs and EMPs.</p> <p>Also, development of tourist infrastructure and improving access to the cultural sites will imply earth works carrying high likelihood of chance finds. OP/BP 4.11 is triggered to ensure that no element of cultural heritage is affected negatively neither during construction nor operation of the infrastructure provided under the project. Site-specific ESRs and/or EMPs will cover the aspect of cultural heritage preservation and carry relevant mitigation measures, as well as arrangements for monitoring their implementation.</p>
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	<p>OP/BP 4.12 is triggered in light of temporary impacts of anticipated civil works and in case land acquisition is required for targeted investments. The experience of RDP and RDP II show that triggering OP/BP 4.12 is important given that urban upgrading leads to permanent and temporary impacts on housing and livelihoods for people living in areas being restored. Because the location and footprint of these investments will not be known until implementation, the RPFs prepared for RDP and RDP II have been updated for the purposes of RDP III, incorporating all lessons learned from those two projects.</p> <p>Resettlement Action Plans (RAPs) for individual subprojects will be prepared as needed in line with the RPF and resettlement measures implemented prior to commencement of civil works at any given subproject site.</p>

Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	The Project's subcomponent 1.1 will finance urban regeneration of old towns and villages through restoration of building facades, public spaces, museums, roads, and water supply and sanitation systems, and enhancement of cultural and natural heritage sites. Subcomponent 1.2 will provide complementary public infrastructure to stimulate tourism and agribusiness related private investment. Therefore, activities that may be suggested for the Project's interventions include upgrade or extension of the infrastructure in the two target regions, including water supply, wastewater collection and water drainage schemes. Because water-related infrastructure is eligible for the Project funding and because vast majority of Georgia's rivers fall under the category of international waterways as defined by OP/BP 7.50, this policy is triggered. However new construction of water and wastewater infrastructure will be excluded from the Project funding. Investments for rehabilitation of the existing schemes that are aimed at cutting water loss due to seepage, leaks overflows, and malfunctioning of hydraulic structures will be supported on the condition that no alteration of water intake and/or discharge results from the Project implementation. Due to these rules of subproject selection included in the OM, communication to the riparians was deemed unnecessary and exemption from the requirement of communication to the riparians was obtained from the Bank's Vice President.
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p>
<p>The Third Regional Development Project (RDP III) will finance infrastructure rehabilitation and development subprojects that are classified as environmental Category B according to the OP/BP 4.01. No large scale significant adverse environmental impacts are expected from the Project implementation. The majority of the civil works to be supported under the Project has environmental implications which are common for small to medium scale infrastructure projects. The Municipal Development Fund (MDF), which is the Project implementing entity, is well experienced in preparing and applying environmental mitigation measures to such type of civil</p>

works and is significantly boosting its capacity to manage social risks of the Project. Some small scale tourism infrastructure interventions may take place in proximity of cultural heritage sites. Such interventions carry additional risks of damaging monuments in case the design and methodological approaches are unfit for conservation of the historical and aesthetic value of these sites. Another risk may be associated with increased tourist visitation of these sites as a result of the Project interventions without proper management of sites in a sustainable manner. Building on the experience from the ongoing RDP and RDP II, the design of RDP III carries reliable mechanism for screening, raising, and addressing the above risks in both the review and the implementation phases of subprojects. The institutional development component included activities to prepare site management plans for key cultural heritage sites under the Project.

RDP III will invest in Samtskhe-Javakheti and Mtskheta-Mtianeti, both covered by the regional development strategies and tourism development strategies produced by the Government of Georgia. For the purpose of maximizing positive impacts of RDP III interventions, its preparation included a Strategic Environmental, Cultural Heritage, and Social Assessment (SECHSA) of these strategies in order to explore what long-term and cumulative impacts are expected from their implementation and how RDP III can assist in achieving the goals of these strategies as well as help to fill their gaps and help to address weaknesses. Activities which carry highest risk due to legal and/or institutional weaknesses identified through SECSHA are excluded from RDP III financing, because they either do not serve its development objectives or are not eligible based on the exclusion rules applied under the Project. For managing lower risks flagged through SECHSA, procedures supplemental to the national legislation are built into the Project design. These procedures provide stronger protection of biodiversity, landscapes and historic value of physical cultural heritage as well as guarantee more comprehensive approach to compensation for possible involuntary resettlement as compared to what is guaranteed by the national legislation. The SECHSA also explored the ways for citizens' engagement in the implementation of regional and tourism development strategies and RDP III, mechanisms to help communities benefit from benefit from Project activities, and processes to address the needs of women, minorities, and disadvantaged.

For mitigating all possible risks associated with the implementation of the Project on human, natural, social and cultural assets, an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) have been prepared and will be observed during Project implementation.

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

Project implementation will have long term positive impact on the economic growth in Samtskhe-Javakheti and Mtskheta-Mtianeti regions through increased tourist visitation, improved infrastructure and utilities in the selected municipalities, and enhanced business activity. This is expected to improve the livelihood of the residents of municipalities selected for direct interventions as well as to potentially raise incomes of communities residing in the proximity to the cultural monuments and natural assets. Indirect long term risks of the stimulated visitation and investment nearby and around the heritage sites is the possibility of exceeding their carrying capacity as well as potential loss of the aesthetic value of the landscapes surrounding tourist sites due to over-development in their buffer zones. This potential threat could be effectively mitigated by following policy advice of the SECHSA report and practicing integrated approach to the regional development.

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

<p>impacts.</p> <p>No alternatives to the general design of the Project have been considered, as it builds on the experience of well advancing RDP and RDP II. Analysis of alternatives and prioritization occurred in the process of selecting individual investment proposals for the Project support. Technical alternatives are being looked at and analyzed as part of the subproject review process which looks at the consistency of design documents, economic studies, environmental risks, and social impacts.</p>
<p>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</p>
<p>The Project implementing entity produced the ESMF by re-working Environmental Management Frameworks currently in use for RDP and RDP II. ESMF carries detailed guidance on handling environmental, cultural, and social aspects of the project implementation. It is included into the Operations Manual (OM) of the Project. To handle the anticipated temporary impacts of subprojects and to address other possible resettlement issues, the RPF was produced for RDP III based on the similar documents prepared for the purposes of RDP and RDP II. ESMF and RPF will be used for the development of investment-specific Environmental and Social Reviews (ESRs), EMPs and RAPs, as required. The local municipalities will be responsible for the implementation of RAPs with the assistance of the MDF prior to commencement of construction at the individual project sites, while implementation of EMPs at the construction phase will be enforced on works contractors directly by the MDF. Authorized national and regional agencies shall enforce mitigation measures further on at the operation phase.</p> <p>The MDF is the implementing agency for RDP III. The MDF is also the implementing entity for the ongoing RDP and RDP II, and has a long history of implementing World Bank-supported projects with a good track record of safeguard compliance. However its in-house capacity to monitor application of measures to mitigate negative impacts of civil works is limited because of MDF's large portfolio of projects with a wide geographic span and due to lack of experienced environmental and social professionals resulting from continuous turnover of staff. Considering this limitation and acknowledging that implementation of Project activities in the proximity to cultural heritage monuments and aesthetically valuable landscapes carries additional challenges for safeguarding these sensitive receptors, MDF will hire an international construction supervision firm to support technical oversight of works and monitor compliance to safeguards policies. The MDF has also boosted its social safeguards staff and will now have two resettlement specialists and one social / gender specialist. The MDF has started to plan training for their safeguards staff and has identified consultants capable of providing some of this training.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>
<p>The population of Samtskhe-Javakheti and Mtskheta-Mtianeti regions in general is the main beneficiary of the Project. Municipalities, elected local councils, NGOs, tourism businesses, potential future investors to the region, the Georgia National Tourism Administration, the Agency for Cultural Heritage Preservation, the Cultural Heritage Fund, the Ministry of Regional Development and Infrastructure, the Ministry of Economy and Sustainable Development, and the Ministry of Finance are also stakeholders of the project. The MDF is the designated implementing entity.</p> <p>At a higher level, the national Government of Georgia is directly involved in the overseeing of the Project's implementation through MDF's Supervisory Board as the project is an integral part of the</p>

national strategy for regional development. From the very initial stage of the project preparation, the top management and technical staff of the above listed national line agencies as well as those of the regional and municipal governments have been directly involved in the consideration of all aspects of RDP III. Public consultations on the ESMF, the RPF and the Executive Summary of SECHSA report were held in Akhaltsikhe and Mtskheta - regional centers for Samtskhe-Javakheti and Mtskheta-Mtianeti - to generate inputs from a wide array of the national, regional, and local stakeholders. The documents were disclosed in-country and through the InfoShop. The final versions of these documents, with the minutes of public consultations attached, will be re-disclosed. Consultations with the local, regional and national stakeholders are ongoing as part of the SECHSA process. Full report on SECHSA will be published, opened for feedback, finalized, and re-disclosed. The site-specific ESRs (as required), EMPs and RAPs (as required) for all individual subproject will be reviewed and appraised by the Bank, disclosed in-country, and discussed with the affected communities in the areas of individual project sites.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	28-Jan-2015
Date of submission to InfoShop	18-Feb-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	////
"In country" Disclosure	
Georgia	12-Feb-2015
<i>Comments:</i>	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	28-Jan-2015
Date of submission to InfoShop	18-Feb-2015
"In country" Disclosure	
Georgia	12-Feb-2015
<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 [] No [<input checked="" type="checkbox"/>] NA []
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 [] No [<input checked="" type="checkbox"/>] NA []
OP/BP 4.11 - Physical Cultural Resources	
Does the EA include adequate measures related to cultural property?	Yes [<input checked="" type="checkbox"/>] No [] NA []
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?	Yes [<input checked="" type="checkbox"/>] No [] NA []
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 [] NA []
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [] NA []
OP 7.50 - Projects on International Waterways	
Have the other riparians been notified of the project?	Yes [] No [<input checked="" type="checkbox"/>] NA []
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [<input checked="" type="checkbox"/>] No [] NA []
Has the RVP approved such an exception?	Yes [<input checked="" type="checkbox"/>] No [] NA []
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 [] NA []
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 [] NA []
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 [] NA []
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [] NA []
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 [] NA []
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 [] NA []

III. APPROVALS

Task Team Leader(s):	Name: Ahmed A. R. Eiweida,Zaruhi Tokhmakhian
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<i>Approved By</i>		
Regional Safeguards Advisor:	Name: Agnes I. Kiss (RSA)	Date: 19-Feb-2015
Practice Manager/ Manager:	Name: Bernice K. Van Bronkhorst (PMGR)	Date: 19-Feb-2015