

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC9727

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I. BASIC INFORMATION

A. Basic Project Data

Country:	Georgia	Project ID:	P150696
Project Name:	Third Regional Development Project (P150696)		
Task Team Leader:	Ahmed A. R. Eiweida		
Estimated Appraisal Date:	02-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%)		
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		

B. Project Objectives

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.

C. Project Description

The project will finance investment priorities identified under a Tourism Development Strategy of each region. The strategies are currently under final stages of preparation, supported with technical assistance from the World Bank. Proposed investments will also be aligned with the regional development strategies; prepared with technical assistance from EU (Mtskheta-Mtianeti) and GiZ (Samtskhe-Javakheti). The design of the Project – a proposed blend of institutions, infrastructure, and targeted interventions – will be informed by both a comprehensive diagnostic and relevant international experience. The Project will aim at supporting the local economy in the regions by carrying out an integrated approach to tourism development, focusing on infrastructure, urban regeneration, cultural heritage restoration, skills development and enabling the environment to attract private sector investments. The Project is expected to support better anchoring of the regions to the Georgia-wide tourism circuits, to tap the hitherto untapped yet potentially significant tourism and hospitality industry potentials. The project is important in the general context of Georgia regional development and spatial planning vision.

The Samtskhe-Javakheti region stretches over 6413 km² and a population of 208,000. The region includes 6 large municipalities and its administrative center is Akhaltsikhe. Main urban areas are Akhalkalaki, Akhaltsikhe, Borjomi, Vale, and Ninotsminda. In 2013, the region was visited by 180,273 international tourists. There are 160 accommodation units, including 55% family houses, 36% hotels, and 4% guest houses. The total number of beds is 6,137. A SWOT analysis concerning the tourism sector highlighted a number of strengths comprising increasing tourism trends; ski infrastructure in Bakuriani; Borjomi-Kharagauli National Park and its tourism trails; uniqueness of cultural heritage; varied landscape, flora, fauna, and folk craft traditions. However, a number of weaknesses prevent tourism from growing further, including lack of high standard hotels; weak tourism and municipal infrastructure; low level of tourism services and skills; inadequate condition of natural and cultural heritage sites and poor access; lack of high quality food services, souvenirs and craft shops in the regions; and poor marketing, promotion and destination management.

The Mtskheta-Mtianeti region has an extension of 6,785 km² and a population of 125,000. The region includes 4 large municipalities and its administrative center is Mtskheta. The main urban areas are Mtskheta and Dusheti. In 2013, the region was visited by 715,155 international tourists. There are 83 accommodation units, including 57% family houses, 39% hotels, and 2% guest houses. The total number of beds is 2,754. From a tourism standpoint, the region offers a variety of products, with potential to offer high-quality tourism, through preserving and enhancing wildlife, ecosystems, and cultural heritage. Harnessing tourism potential of this region might help provide job opportunities and therefore support rural population, balancing migrations to lower plains.

Building on the design and lessons learned under the RDP and RDP II, the Project will have two components:

Component 1: Infrastructure Investment (US\$55 million)

Component 1.1: Urban Regeneration and Circuit Development (US\$45 million). This component will finance: urban regeneration of old towns and villages, including restoration of building facades, public spaces, museums, roads and water, and enhancement of cultural and natural heritage sites, including access and presentation.

Based on product development and marketing potential, infrastructure needs, and employment levels,

the project will focus on sites along the circuit connecting the selected heritage, nature and ski sites. The proposed sites/subprojects discussed with the Government for financing under the Project will supplement what the Government has already invested in. These can be grouped into two categories:

- Three cities suggested for urban regeneration building on its comparative advantage as cultural heritage and vernacular architecture destinations: Dusheti, Kazbegi and Abastumani. The Project will build on previous investments made by the Government, and may finance small-scale incremental investments needs, in Mtskheta, Gudauri, Bakuriani, Borjomi and Akhalsekhi. Additional investment needs in Akhalkalaki, Ninosminda and Khevsureti will be subject to a great scrutiny during preparation, under the planned Tourism Development Strategy for each region.
- Nine cultural heritage sites are suggested for improved site management and construction of tourism facility and access road: Saphara Monastery, Saro Church and Darbazi houses, Zarzma Monastery, Vani Caves, Khertvisi Fortress, Akhalkalaki Castle, Ananuri Fortress, Gergeti Trinity Church and Shatili.

Component 1.2: Provision of Public Infrastructure to Attract Private Investments (US\$10 million). 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 e (e.g. public facilities within vicinity of the investments, road/sidewalk, water/sanitation, communications, connection to main trucks, etc.). The investment proposals would be subject to screening by a selection committee and there will be appropriate conditions tied to that.

Component 2: Institutional Development (US\$5 million).

The component will support institutional capacity and performance of the Georgia National Tourism Administration (GNTA), Agency for Culture Heritage Preservation of Georgia (AHP), 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: destination management and promotion, including local outreach campaigns; marketing and promotion; skilled workforce development and capacity building; feasibility studies, design, construction supervision and sustainable site management of cultural heritage; and performance monitoring & evaluation activities.

In order to stimulate rapidly increased travel to the regions and develop institutional capacity and performance of tourism related local and regional entities establishment of Regional Destination Management Organizations (DMO) should be given a priority. There is not a single institutional unit existing that could work with the government, donors, the international travel trade, and help to define a product development strategy, implement it, and market the destination. In frames of the proposed project the role and importance of DMO experience have been highly addressed.

Business development for tourism and agribusiness SMEs is a key alongside improved business access to markets and finance. The Ministry of Economy and Sustainable Development (MESD) intends to promote micro businesses in all regions of Georgia. In this regard, TA will be provided under this Component in order to support prospective SMEs with business startup/expansion advisory services so that they can easily access micro finance programs offered by MESD.

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

Samtskhe-Javakheti and Mtskheta-Mtianeti regions of Georgia.

E. Borrowers Institutional Capacity for Safeguard Policies

MDF will be responsible for all aspects of Project preparation and implementation. The proposed Project will have the same arrangements for procurement, financial management, disbursement, and safeguards application as under the ongoing Bank-financed RDP and RDP II, although the Project's RPF will be updated based on lessons learned from the previous operation. The MDF has been working towards strengthening its institutional capacity for safeguards management. Although MDF is still undergoing some structural and staffing changes resulting from new appointments in its top managerial positions, satisfactory arrangements for good environmental and social performance are currently in place and will be further reinforced. Weaknesses identified in RDP and RDP II will be addressed by the MDF: the new management confirmed their commitment to follow Bank's recommendations pertaining stronger involvement of their safeguards team into all aspects of operation, including activity planning, procurement, supervision of works, and progress reporting.

F. Environmental and Social Safeguards Specialists on the Team

Darejan Kapanadze (GENDR)

Michelle P. Rebosio Calderon (GSURR)

Nino Metreveli (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>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.</p> <p>Based on the Environmental Management Frameworks (EMFs) used for the implementation of RDP and RDP II, an Environmental and Social Management Framework (ESMF) will be developed for the purposes of RDP III. The ESMF will guide the preparation of subproject-specific Environmental and Social Reviews (ESRs) and/or Environmental Management Plans (EMPs), depending on the risk assessment of these sub-projects.</p> <p>A Strategic Environmental, Cultural Heritage, and Social Assessment (SECHSA) will be carried out in conjunction with the regional development and tourism development strategies developed for the</p>

		<p>beneficiary regions by the client. SECHSA will be undertaken at the project preparation stage to identify risks and opportunities associated with the overall development program proposed for Samtskhe-Javakheti and Mtskheta-Mtianeti regions. SECHSA will a) pool baseline information on the target region, b) analyze the expected long term, cumulative, and induced/indirect impacts of the proposed policy approaches, and c) assess 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. The participatory process of SECHSA will allow timely mobilization of all stakeholders whose involvement is critical for successful blending of RDP III activities into a broader regional development context, best possible targeting of RDP III investments at the needs of enhancing tourism in Samtskhe-Javakheti and Mtskheta-Mtianeti regions, and securing strong ownership of RDP III by the client.</p> <p>The SECHSA will also be very specific and strategic questions-driven, allowing identification of areas for better citizen engagement in the project as well as specific activities for targeting women. Among those SECHSA should indicate the opportunities of maintaining the rehabilitated sites by neighboring communities and increasing the benefits from the Project to those groups. The SECHSA will assess possible social vulnerability of the targeted communities and propose targeted activities of addressing those.</p> <p>The SECHSA report, ESMF, as well as site-specific ESRs and/or EMPs for individual investments, will be prepared satisfactory to the Bank, disclosed, and discussed with the stakeholders prior to the RDP III appraisal and before tendering of 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</p>

		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.
Forests OP/BP 4.36	No	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.
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	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

		<p>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 Resettlement Policy Framework (RPF) prepared for RDP and RDP II will be 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	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 19-Jan-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed.

The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

SECHSA report, ESMF and RPF will be developed, disclosed and discussed with the national and regional stakeholders before appraisal scheduled for November 2014. Subproject-specific ESRs and/or EMPs and RAPs for several investments are likely to be ready by appraisal as well however sub-projects may be identified and sub-project documentation packages produced during Project preparation as well as during its implementation phases. Safeguards risk assessment, development of ESRs and/or EMPs and RAPs, and their review by the Bank will be stringent conditions for subproject appraisal and approval by the Bank. All subproject-specific EMPs will be disclosed in-country in Georgian and English languages and consulted with subproject-affected people prior to commencement of works. RAPs will be disclosed, consulted upon and implemented prior to commencement of works.

IV. APPROVALS

Task Team Leader:	Name: Ahmed A. R. Eiweida	
Approved By:		
Regional Safeguards Coordinator:	Name: Agnes I. Kiss (RSA)	Date: 04-Dec-2014
Practice Manager/Manager:	Name: Sumila Gulyani (PMGR)	Date: 08-Dec-2014

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.