



# Environmental and Social Review Summary

## Concept Stage

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

Date Prepared/Updated: 12/18/2018 | Report No: ESRSC00112



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Georgia	EUROPE AND CENTRAL ASIA	P169599	
Project Name	Georgia: Increasing Institutional Capacity for Innovation		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Investment Project Financing		
Borrower(s)	Implementing Agency(ies)		
Ministry of Economy and Sustainable Development	Georgia's Innovation and Technology Agency		

Proposed Development Objective(s)

The overall objective is to increase the capacity of Georgia’s agency responsible for innovation and entrepreneurship to effectively coordinate the Government’s approach to innovation and entrepreneurship policy formulation and implementation. The project has the following goals: a. increasing the agency's capacity to develop and implement (in-house) innovation and entrepreneurship policies and programs with medium- and long-term strategies and results; b. testing (and demonstrating) the viability of technology transfer in Georgia; and c. improving the deal flow of innovative startups ready for investment, and of funding availability for early-stage companies;

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>3.00</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 overall objective of Increasing Institutional Capacity for Innovation project is to increase Georgia’s Innovation and Technology Agency (GITA)’s ability to effectively coordinate the Government’s approach to innovation policy formulation and implementation. The project has the following goals: a. increasing GITA’s capacity to develop and implement (in-house) innovation and entrepreneurship policies and programs with medium- and long-term strategies

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and results; b. testing (and demonstrating) the viability of technology transfer in Georgia; and c. improving the deal flow of innovative startups ready for investment, and of funding availability for early-stage companies; The project fits into other significant existing initiatives to further develop its innovation capacity through the Georgia National Innovation Ecosystem (GENIE) Project and other GITA-led initiatives.

#### D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social] Georgia is located in the South Caucasus and is one of the Black Sea riparian nation-states. It borders with Armenia, Azerbaijan, Russian Federation and Turkey. Georgia comprises of the following administrative units: capital city of Tbilisi, Autonomous Republic of Adjara, Autonomous Republic of Abkhazeti, and nine regions - Kvemo Kartli, Shida Kartli, Kakheti, Mtskheta-Mtianeti, Samtskhe-Javakheti, Imereti, Guria, Samegrelo-Zemo Svaneti, and Racha-Lechkhumi and Kvemo Svaneti. The project will be implemented countrywide, excluding the Autonomous Republic of Abkhazeti and several municipalities of Shida Kartli currently not under de facto jurisdiction of the national government of Georgia. Project implementing entity - Georgian Innovation and Technology Agency (GITA) - operates in Tbilisi. GITA will be the beneficiary of TA provided through the project. Grant scheme for financing of technology transfer and applied research, which is one of the project components, will be open for any eligible beneficiary, regardless its location. A list of eligible and ineligible activities for the grant scheme will be developed by Project Appraisal. A detailed Grant Scheme Operations Manual (GSOM), including eligibility criteria, social and environmental screening, roles and responsibilities, will be developed by Project Effectiveness. Other specifics of each grant-financed activity will be available at grant application stage.

#### D. 2. Borrower's Institutional Capacity

GITA is an implementing agency of the ongoing World Bank-financed project, which has maintained consistent Satisfactory environmental and social performance. The ongoing project involves capacity-building and institutional development activities for GITA, as well as the establishment of innovation centers across the country. Under the current project GITA oversees civil works for the rehabilitation of public buildings, which are to be used as innovation centers. The ongoing project does not trigger OP 4.12 Involuntary Resettlement as all works are conducting within public buildings; it triggers OP 4.01 Environmental Assessment and OP 4.11 Physical Cultural Resources. A part-time environmental consultant is retained by GITA, and is responsible for preparing and motoring site-specific Environmental and Social Management Plans for civil works related to the establishment of innovation centers. While this consultant has benefitted from World Bank training in resettlement and social risk management, and has attended ESF roll-out sessions in country, GITA staff lacks practical experience with managing land acquisition and resettlement or social risk management more broadly. Given the expanded scope of the ESF, some capacity-building for GITA staff will be necessary to ensure readiness for the new project. During the ongoing operation GITA has demonstrated its commitment to full physical accessibility of the infrastructure built under the project. GITA used the services of a specialized NGO to conduct an accessibility audit of innovation center designs, and to conduct awareness training for GITA staff on working with persons with disabilities. This commitment is expected to be retained under the new project.

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

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

Low



**Environmental Risk Rating**

Low

The project will not support physical works. All activities may be grouped into technical assistance (TA) for capacity-building of the project implementing entity (GITA) and grant-giving for applied research and technology transfer. TA will include awareness-raising on the importance of including environmental sustainability into corporate policy and operations of GITA. A grant scheme, aimed at technology transfer from science to industry, will be governed by GSOM to be developed by GITA and approved by the Bank. Activities required for technology transfer may include laboratory testing of samples that implies handling of chemicals, generation of small amounts of various organic and inorganic wastes, and minor emissions. While there is no risk of affecting human populations or natural environment from these activities, certain risk of health impacts on the laboratory personnel and indoor air pollution do exist. The GSOM will include an explicit list of activities ineligible for grant financing, tools for application risk screening, and guidance on the preparation of activity-specific health and safety management plans as required.

**Social Risk Rating**

Low

At the current stage of project preparation no specific social risks can be identified. The majority of project activities will comprise training and capacity-building, setting up of investor mentorship and information networks, which will have no physical footprint. The technology innovations to be supported through the grant scheme will be screened and adhere to guidelines aligned with the ESF. GSOM will specify eligibility (including list of non-eligible activities) and monitoring responsibilities. The project needs to pay special attention to ensure that its services are accessible to all, including to people with disabilities, ethnic and linguistic minorities, and persons from various regions, ages and socio-economic background. GITA also needs to strengthen its capacity for stakeholder engagement and social risk management, as until now it has mostly developed its expertise in environmental monitoring.

**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:**

Large part of the project proceeds will be used for capacity building of GITA through the delivery of TA which would not carry any direct or indirect environmental and social risks. Therefore, ESS1 is mostly relevant for activities under the grant scheme component. These will be subject to screening against eligibility criteria, including environmental and social risk screening. A list of non-eligible activities will be developed. At this stage, no specific environmental and social impacts can be envisioned. General types of possible impacts relate to labor rights, occupational health and safety of the personnel involved, and pollution prevention. The Recipient will prepare an Environmental and Social Management Framework (ESMF) describing generic types of negative impacts that may encountered during technology transfer and providing a menu of mitigation measures, including reference to sector-specific EHS Guidelines. The instruments to be used for risk identification and mitigation under grant-financed operations include application screening reports, site-specific Environmental and Social Management Plans, grantees' formal acceptance of Labor Management Plan and Code of Conduct, and agreement to adhere to the applicable EHS Guidelines. The ESMF will also provide guidance on the inclusion and non-discrimination provisions, to ensure that project benefits are accessible to all parties without discrimination and that any possible barriers are reduced so that project benefits are more inclusive. As noted above, the Recipient (GITA) has demonstrated a commitment to accessibility of their services - physical and digital - for persons with disability under the ongoing project. These good practices will be continued under the upcoming project.

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**Areas where reliance on the Borrower’s E&S Framework may be considered:**

Implementation of neither the entire project nor its individual components will not rely on the Recipient's framework. However, it is expected that in many of the areas, pertinent to project activities, national legislation and ESF are closely aligned. The Project Operation Manual (POM) and ESMF will help to address gaps between national legislation and ESF.

**ESS10 Stakeholder Engagement and Information Disclosure**

The Recipient will conduct stakeholder mapping and prepare a Stakeholder Engagement Plan (SEP), which will be referenced in the ESCP. Directly-affected stakeholders are likely to include GITA staff receiving capacity-building, owners and employees of companies who receive training and/or grants under the project, as well as potential investors who will be targeted in the investor-cultivation and networking component. Other interested parties are likely to include ministry of economy, business associations, academic institutions, and the general public. A comprehensive grievance and redress mechanism (GRM) will be developed and maintained by GITA, similar to the ongoing project.

**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**

ESS2 is relevant both to GITA staff, as well as to the employees of any other organizations contracted to provide services under the project (training, etc.), and to the businesses to be supported with grants under the project. The task team will review GITA's HR policy to ensure alignment with ESS2 and discuss gap-filling measures where needed. GITA will prepare a labor management procedure, including code of conduct, to which all contracted parties have to adhere. Grant eligibility requirements will include presence of Labor Management Plan including key aspects of labor rights and occupational health and safety, and verification that all project workers have been made aware of the provisions of this plan.

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

GSOM will require applicants considering least polluting and resource-efficient technologic solutions for their applied research. Arrangements for recycling and reuse of non-hazardous by-products / waste, if feasible, will be considered as a comparative advantage while evaluating proposals.

**ESS4 Community Health and Safety**

ESS 4 is not considered relevant to the project. Activities to be supported by the project are not expected to cause any risks for community health and safety. Sector-specific EHS Guidelines will be followed where applicable.

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

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ESS 5 is not considered relevant to the project. As no activities under the project envision civil works, it is unlikely that impacts on private land, assets or involuntary resettlement will occur. Any activities that involve involuntary impacts on land or assets will be explicitly deemed ineligible in the ESCP and POM as well as in the grants operations manual (GSOM), so that all beneficiaries are aware of this requirement and that it is adhered to. Transactions on a willing-buyer willing-seller basis will be adequately documented. The process for documenting these will be described in the POM, ESMF and GSOM.

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

ESS 6 is not considered relevant to the project. Project-supported activities are not expected to affect biodiversity. In an unlikely case of the proposed applied research requiring experiments on living organisms, extraction of and manipulation on rare, endangered, nationally or internationally protected species, it will not be supported from the project proceeds and applications for grant-financing of such research will be turned down as ineligible according to the rules set forth in the GSOM.

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

ESS 7 is not considered relevant to the project. No indigenous groups are known to reside in Georgia.

**ESS8 Cultural Heritage**

ESS 8 is not considered relevant to the project. None of the activities to be supported by the project are expected to affect tangible or intangible cultural heritage. Procedures to be established for screening of grant applications will filter out any activities with potential impacts on cultural heritage.

**ESS9 Financial Intermediaries**

ESS 9 is not considered relevant for the Project. The project design does not envision involvement of financial intermediaries.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

Project activities will not be affected or be affected by international waterways.

**OP 7.60 Projects in Disputed Areas** No

Project activities will not be implemented in disputed areas.

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

**A. Is a common approach being considered?** No

**Financing Partners**



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

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

- mature draft ESMF
- Stakeholder Engagement Plan
- review of Recipient's HR /Labor Management Policy or Procedure and agreement on gap filling measures.

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

- develop ESMF, have it approved by the World Bank, and adhere to it throughout project implementation
- develop Labor Management Procedure for the project
- develop environmental and social eligibility and screening criteria for the grant scheme component of the project and include into GSOM
- develop and disseminate Code of Conduct applicable to all project workers.

**C. Timing**

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

15-Feb-2019

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**IV. CONTACT POINTS**

**World Bank**

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**Borrower/Client/Recipient**

Borrower: Ministry of Economy and Sustainable Development

**Implementing Agency(ies)**

Implementing Agency: Georgia's Innovation and Technology Agency

**V. FOR MORE INFORMATION CONTACT**



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## **VI. APPROVAL**

Task Team Leader(s): Maja Andjelkovic