

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Georgia	Project Title:	Sustainable Water Supply and Sanitation Sector Development Program
Lending/Financing Modality:	Sector development program	Department/ Division:	Central and West Asia Department Urban Development and Water Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY	
Poverty targeting: general intervention	
<p>A. Links to the National Poverty Reduction and Inclusive Growth Strategy, and Country Partnership Strategy</p> <p>The program is aligned with the government's Socio-Economic Development Strategy of Georgia (Georgia 2020),^a Freedom, Rapid Development, and Prosperity—Government Program 2016–2020,^b and Regional Development Strategy (2018–2020). The water supply and sanitation (WSS) reforms are anchored in the 2020–2025 decentralization strategy, the planned new law on water resources management to be aligned with European Union legislation, and the planned reform of state-owned enterprises that is being discussed with the International Monetary Fund. The Asian Development Bank (ADB) program supports the priorities of its country partnership strategy, 2019–2023 for Georgia,^c and is listed in the country operations business plan, 2020–2022.^d The program is also consistent with ADB's Water Operational Plan 2011–2020^e and the Climate Change Operational Framework 2017–2030.^f It will complement ADB's ongoing WSS operations in Georgia by increasing the sustainability of infrastructure and the efficiency of service delivery.</p>	
<p>B. Results from the Poverty and Social Analysis during Project Preparation or Due Diligence</p> <p>1. Key poverty and social issues. Georgia ranks 70th out of 189 countries and territories according to the Human Development Index.^g In 2019, the population living below the poverty line was 19.5%.^h A lack of economic opportunities and formal employment options, and insufficient skills contributed to poverty and a high unemployment rate of 11.6% in 2019. The unemployment rate is expected to increase in 2020–2021 because of the coronavirus disease (COVID-19) pandemic and the associated slowdown in consumer demand. Government policies play a significant role in overcoming poverty. Nearly 35% of the population lives in households headed by women, and female household heads are overrepresented among the poor and the bottom 40% of the income distribution.ⁱ In 2017, 30.6% of households had no access to water, 49.1% lacked sanitation, and 12.8% had no heating. An estimated 20% of the population lives in households with no access to improved sanitation.^j The initial baseline study shows that the residents of Telavi city have water supply for an average of 4 hours per day and have to use centralized or alternative water supply sources. The most frequently used water sources are a spring or a nearby body of water connected by a pipe (58%), while 30% of residents also have to purchase water. About 72% of households in Telavi use an inside or outside tank or reservoir system, and 39% use household containers.</p> <p>2. Beneficiaries. The program will help improve living conditions and public health in Georgia. Better corporate governance and management of the state-owned utility United Water Supply Company of Georgia (UWSCG) will directly benefit more than 2,700 UWSCG employees, 300,000 customers, and a population of nearly 1 million. The project component will benefit more than 6,200 households in Telavi in eastern Georgia, including households headed by women, by providing access to 24-hour potable water supply, from an average 4-hour daily supply now.</p> <p>3. Impact channels. The program will benefit the wider population, including rural and marginalized communities. A socially inclusive, gender-sensitive WSS policy and supporting strategies and programs will lay the basis for inclusive WSS planning, employment opportunities, and adequate service provision that benefit different groups of the population. Better access to WSS gives women, traditionally in charge of collecting and treating water for household use, more time for income-generating activities. The project will strengthen women's participation in hygiene and sanitation awareness campaigns to help lower the incidence of intestinal infections and associated medical bills. Continuous water supply will improve the lives and livelihoods of Telavi households as well as small and medium-sized enterprises.</p> <p>4. Other social and poverty issues. The government has been implementing extensive anti-crisis measures to help mitigate the impacts of COVID-19.</p> <p>5. Design features. The program provides a comprehensive package of WSS reforms to help meet the parallel needs for development financing, governance and institutional strengthening, and targeted project financing.</p>	
<p>C. Poverty Impact Analysis for Policy-Based Lending</p> <p>1. Impact channels of the policy reforms. Under the reform areas of the policy-based lending program, the direct impact will be the improvement of WSS-related legislation, policy, and strategies. The reforms will support the transformation of UWSCG into a self-sustaining water supply and wastewater disposal company. The program will also result in stronger WSS governance and more effective utility management, and consequently in more inclusive WSS services and countrywide resource distribution.</p> <p>2. Impacts of policy reforms on vulnerable groups. The program will have a broader impact thanks to the policy interventions. Sustainable solutions for rural and urban WSS are important for sector development, poverty reduction, and inclusive growth, with increasing equity in access to WSS for women, the poor, and underserved.</p>	

Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (Not applicable)	
2. Strategy to address the impacts. Not applicable	
3. Plan or other actions.	
<input type="checkbox"/> Indigenous peoples plan	<input type="checkbox"/> Combined resettlement plan and indigenous peoples plan
<input type="checkbox"/> Indigenous peoples planning framework	<input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework
<input type="checkbox"/> Environmental and social management system arrangement	<input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary
<input type="checkbox"/> Social impact matrix	
<input checked="" type="checkbox"/> No action	
V. ADDRESSING OTHER SOCIAL RISKS	
A. Risks in the Labor Market	
1. Relevance of the project for the country's or region's or sector's labor market.	
<input type="checkbox"/> (L) unemployment <input type="checkbox"/> (L) underemployment <input type="checkbox"/> (L) retrenchment <input checked="" type="checkbox"/> (L) core labor standards	
2. Labor market impact. The project is expected to generate employment opportunities for skilled and unskilled workers of local communities during implementation. ADB's core labor standards will be fully adhered to, and the implementing agency will ensure with the construction supervision consultant that all civil works contractors comply with the country's applicable labor laws, particularly on child labor, during construction and maintenance works.	
B. Affordability	
Based on the Georgian National Energy and Water Supply Regulatory Commission, the average share of WSS fees in household income is about 0.7% (1.4% using median) in 2019. The recommended affordability threshold for WSS in Georgia is 3% of household income. Timely tariff rationalization will improve UWSCG's cost recovery ability, and positively influence consumer behavior with regard to water consumption and conservation. This will help reduce environmental vulnerabilities and climate change impacts.	
C. Communicable Diseases and Other Social Risks	
1. Indicate the respective risks, if any, and rate the impact as high (H), medium (M), low (L), or not applicable (NA):	
<input type="checkbox"/> (L) Communicable diseases <input type="checkbox"/> (L) Human trafficking <input type="checkbox"/> Others (please specify) _____	
Not Applicable	
2. Risks of the project on people in project area. Not applicable	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The design and monitoring framework contains indicators and reporting mechanisms.	
2. Required human resources. The Investment Program Management Office includes a gender and social development consultant to support the implementation of the gender action plan.	
3. Information in the project administration manual. Not applicable.	
4. Monitoring tools. The targets set out in the design and monitoring framework, and gender action plan, will be used to monitor the program's outcome and impact.	

- ^a Government of Georgia. 2014. *Socio-Economic Development Strategy of Georgia (Georgia 2020)*. Tbilisi.
- ^b Government of Georgia. 2016. *Freedom, Rapid Development, Prosperity-Government Program 2016–2020*. Tbilisi.
- ^c ADB. 2019. *Country Partnership Strategy: Georgia, 2019–2023—Developing Caucasus's Gateway to the World*. Manila. The four-point reform action plan of the government of Georgia aims to (i) accelerate infrastructure projects through increased funding and proper spatial planning; (ii) strengthen the private sector by creating a safe and stable business environment; (iii) develop human capital to significantly improve the skills mix; and (iv) implement public governance reform with a focus on improving service quality, by providing support to the private sector and promoting the use of innovative technologies in business services.
- ^d ADB. 2019. *Country Operations Business Plan: Georgia, 2020–2022*. Manila.
- ^e ADB. 2011. *Water Operational Plan 2011–2020*. Manila.
- ^f ADB. 2017. *Climate Change Operational Framework 2017–2030. Enhanced Actions for Low Greenhouse Gas Emissions and Climate-Resilient Development*. Manila.
- ^g United Nations Development Programme. 2019. *Human Development Report*. New York.
- ^h Geostat. 2019. *Statistics on Living Conditions*. Tbilisi.
- ⁱ World Bank. 2016. [Georgia Country Gender Assessment, Poverty and Equity Global Practice](#). Washington, DC.
- ^j United Nations Children's Fund (UNICEF). 2018. *Welfare Monitoring Survey 2017*. New York.
- ^k Geostat. 2019. *Women and Men in Georgia*. Tbilisi.