

## SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Georgia	Project Title:	Georgian Green Bond Project
Lending/ Financing Modality:	Debt Security	Department/ Division:	Private Sector Operations Department / Infrastructure Finance Division 1

<b>I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY</b>	
Poverty targeting: General intervention	
<b>A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy</b>	
<p>The Asian Development Bank (ADB) will invest up to \$20 million and administer an investment of up to \$20 million (to be provided by Leading Asia's Private Infrastructure Fund) in green bonds to be issued by Georgia Global Utilities JSC (GGU). The proceeds of the ADB subscription will allow GGU's water subsidiaries, including Georgian Water and Power LLC (GWP), to undertake maintenance and repairs of their existing water supply network and to install new water connections to end users in Tbilisi. The project is consistent with ADB's country partnership strategy (CPS) for Georgia for 2019–2023 through its focus on sustainable urban development and reducing poverty and inequality<sup>a</sup> It aligns closely with the Government of Georgia's current development strategy (2016-2020)<sup>b</sup> which addresses a vision for livable urban areas through improved infrastructure and enhanced private sector involvement.</p>	
<b>B. Results from the Poverty and Social Analysis during Due Diligence</b>	
<p>1. Key poverty and social issues. Georgia has witnessed moderate growth since the 2010s, and gross domestic product growth averaged 3.9% during 2014–2018. Several development indicators suggest positive but limited trends: the maternal mortality ratio (per 100,000 live births) decreased from 40.0 to 36.0, while the infant mortality rate (deaths per 1,000 live births of children under 1 year of age) dropped from 14.8 to 9.7 during 2010–2015. Nevertheless, a significant proportion (20.1%) of Georgia's population lives below the poverty line, and the national unemployment rate, although reduced, remains high (12.7% in 2018). Water and sanitation access rates are relatively high; recent data suggests access to safe drinking water increased from 91.6% to 93.3% during 2010–2015, while access to sanitation declined from 88.8% to 84.9% over the same period. Access to potable water is concentrated in urban areas, where water network coverage is almost universal. This is echoed in a 2015 World Health Organization (WHO) report that highlights the current prioritization of plans and initiatives to address maintenance and sustainability of urban drinking-water and sanitation services over the implementation of specific plans for rural water supply sustainability<sup>c</sup> Water and sewer tariffs remain affordable; GWP, which serves the capital, is financially viable and profitable, while the public water company serving most of the rest of the country remains financially weak. Improvements in the water sector have been gradual following the pro-democracy "Rose Revolution" of 2004 that ushered in government reforms and privatization of parts of the sector after years of neglect. However, the performance of urban water networks remains problematic as a result of underinvestment in the improvement and replacement of Soviet and post-Soviet era water and sanitation infrastructure in urban areas.<sup>d</sup> In Tbilisi this has resulted in a sub-standard distribution network with a high water loss rate and a supply that is regularly interrupted. While Georgia has begun to ease restrictions on mobility and economic activities as result of the coronavirus disease (COVID-19), uninterrupted access to water has been highlighted as a critical feature of WHO's guidance to address COVID-19's spread, particularly through general hygiene and regular hand-washing.<sup>e</sup></p> <p>2. Beneficiaries. The program will provide general and widespread benefits to residents and business users of GWP's water supply through improved and expanded access to potable water within Tbilisi and neighboring municipalities and minimize the risk of water leakages and property damage resulting from degraded pipelines.</p> <p>3. Other social and poverty issues. None</p> <p>4. Design features. To enhance water supply reliability and expanded access the project will ensure continuation of GWP's water network improvement program through repair, rehabilitation and connection of new customers within Tbilisi. The specific program of works has not yet been defined.</p>	
<b>II. PARTICIPATION AND EMPOWERING THE POOR</b>	
<p>1. Participatory approaches and project activities. Project activities are focused on supporting GWP to rehabilitate, repair, and expand its water network in urban Tbilisi. Engagement and participation will take place at various levels including engagement with national government entities driving urban development, water consumers, employees and contractors, and beneficiary users and consumers, including businesses and domestic consumers. Rehabilitation and new connection activities will be phased with consideration for urban planning needs and consumer demand. This process limits grassroots and marginalized people's participation in design and implementation other than through customer driven demand.</p> <p>2. Civil society organizations. While GWP actively cooperates with civil society organizations (CSOs) for corporate social responsibility activities there are currently limited opportunities in the project to engage with CSOs because of the nature of the project. However, relevant professional organizations (such as the relevant association of engineers) may be consulted about the women's recruitment, retention and promotion policy and relevant women's organizations may be consulted with or engaged to deliver training on anti-sexual harassment.</p>	

<p>3. The following forms of civil society organization participation are envisaged during project implementation, rated as high (H), medium (M), low (L), or not applicable (NA)  <input type="checkbox"/> Information gathering and sharing <input type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership - NA</p> <p>4. Participation plan. <input type="checkbox"/> Yes. <input checked="" type="checkbox"/> No.</p>
<p align="center"><b>III. GENDER AND DEVELOPMENT</b></p> <p>Gender mainstreaming category: Effective Gender Mainstreaming</p>
<p><b>A. Key issues.</b> Georgia has made progress in creating an enabling environment for gender equality since the 1990s. The recognition of equal rights for all is a cornerstone of its constitution, and dedicated legislation is in place to promote nondiscrimination and women's rights. However, these measures have not translated into overall progress: official figures from the National Statistics Office of Georgia indicate the participation of women aged 15 and over in the formal labor market is lower than that of men.<sup>f</sup> During 2012–2015, about 46% of women were employed compared with 53% of men; for younger women the discrepancy is significantly higher—in 2014, only 19% of women aged 15–34 were employed, compared with 35% of men. Occupations are strongly segregated by gender, with a much higher share of men in stereotypically male professions, such as engineering, construction, energy, transport and communications, and gas and water supply. The majority of women are employed in jobs with a care or service dimension. This occupational gender segregation reflects conservative gender roles widely accepted in Georgian society that see women expected to undertake most of the unpaid care work within the household with few examples of men and women sharing care responsibilities. Considerably fewer women than men are employed in the energy, water and sanitation sectors in Georgia, with the majority of women working in administrative office roles. Engineers are overwhelmingly male and very few women are in management positions.<sup>g</sup> GGU has about 2,468 staff: 27% are office staff and 73% are field staff. Of the office staff, 46% are female: 45% are in middle management and 40% in executive management, but women hold only 18% of top-level management positions. Women currently hold 140 jobs in the technical departments which include chemists, microbiologists, laboratory assistants, specialists and quality managers. All field staff in technical roles (e.g., plumber, locksmith, engineer, electrician and welder) are men. While GGU recognizes the gender imbalance in their staffing, it currently has no guidance in its human resources policy on how to increase the proportion of women who are hired, retained and promoted. Furthermore, the company lacks a sex-disaggregated human resources data collection system and doesn't have regular gender-sensitive reporting on employment trends. Lastly, the company has yet to develop an anti-sexual harassment policy with an appropriate reporting mechanism, investigative procedure, or redress mechanism and training. The company has a strong professional development program with training for women staff, a mini-Master of Business Administration program for female middle managers, and coaching for women at all management levels. GGU currently lacks an internship program.</p>
<p><b>B. Key actions.</b> <input checked="" type="checkbox"/> Gender action plan <input type="checkbox"/> Other actions or measures <input type="checkbox"/> No action or measure</p> <p>Key features of the gender action plan are as follows: (i) increase in female staff in technical departments; (ii) institutionalization of a gender inclusion policy that is focused on increasing the recruitment, retention and promotion of female staff; (iii) operationalize a gender sensitive annual employment trends report; (iv) creation of a women's networking group with annual events; (v) creation of an internship program with 50% female participants; and (vi) creation of an anti-sexual harassment policy with annual awareness raising for staff. GGU will submit periodic reports on implementation of gender measures to ADB.</p>
<p align="center"><b>IV. ADDRESSING SOCIAL SAFEGUARD ISSUES</b></p>
<p><b>A. Involuntary Resettlement</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. Key impacts.</p> <p>The project is classified category C for involuntary resettlement as there are no anticipated involuntary resettlement impacts associated with this transaction. The project will fund the repair and rehabilitation and connection of new customers to GWP's water supply network in Tbilisi. Rights-of-way to access infrastructure are on municipal land. There is no plan for GGU or GWP to acquire new land or assets as part of this project.</p> <p>2. Strategy to address the impacts. NA</p> <p>3. Plan or other actions. <input checked="" type="checkbox"/> GGU / GWP will develop a screening, categorization and review procedure consistent with ADB SPS to ensure no subproject activities categorized as A or B for IR will be funded by ADB.</p>
<p><b>B. Indigenous Peoples</b> <span style="float: right;"><b>Safeguard Category:</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</span></p> <p>1. Key impacts. The project is classified category C for indigenous peoples. Due diligence has determined that there are no indigenous communities in urban Tbilisi; none of the funded activities will directly and/or indirectly affect the dignity, human rights, traditional socio-cultural beliefs and practices, and livelihood systems of distinct and vulnerable ethnic minority groups.</p> <p>2. Strategy to address impacts. NA</p> <p>3. Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. Plan or other actions. <input checked="" type="checkbox"/> GGU / GWP will develop a screening, categorization and review procedure consistent with ADB SPS to ensure no subproject activities categorized as A or B for IP will be funded by ADB.</p>

V. ADDRESSING OTHER SOCIAL RISKS	
<b>A. Risks in the Labor Market</b> 1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input type="checkbox"/> unemployment (L) <input type="checkbox"/> underemployment (L) <input type="checkbox"/> retrenchment (L) <input type="checkbox"/> core labor standards (L) 2. Labor market impact. The labor market impact will be limited. Available data indicates GWP has about 2,000 full time staff. The company has a well-established environment, health, and safety (EHS) training program. The company assesses all applicants based on qualifications, experience and skills, and GGU's Diversity Policy (2020) commits the company to non-discrimination in terms of ethnicity, gender, and age. GGU and GWP have an operational grievance mechanism but differentiated processes for workers and external complaints are required to be clearly separated and defined. The Project will require GGU and GWP to enhance their written policy commitments to adhere to the International Labour Organization's core labor standards defined in the ADB's Social Protection Strategy (2001).	
<b>B. Affordability.</b> Social issues and risks associated with affordability are negligible. Water tariffs are established by the Georgian National Energy and Water Supply Regulatory Commission. One of the key goals is to ensure ongoing access to water supplies through rehabilitation and enhancement of the existing water network for end-users in Tbilisi and adjacent municipal areas. Additional project activities include connection to new end-users based on demand.	
<b>C. Communicable Diseases and Other Social Risks</b> 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> Communicable diseases (NA) <input type="checkbox"/> Human trafficking (NA) <input type="checkbox"/> Others (please specify) 2. Risks to people in project area. Additional social risks to stakeholders are negligible.	
VI. MONITORING AND EVALUATION	
1. Targets and indicators. The project design and monitoring framework includes the following social indicators: (i) Green bond by GGU is successfully issued, (ii) GGU's water supply system rehabilitated and enhanced, (iii) GGU's capacity building opportunities for women enhanced (iv) GGU's commitment to gender equality in staffing enhanced, and (v) Gender inclusiveness of GGU's work environment enhanced. 2. Required human resources. GGU and GWP have in place dedicated EHS and social management staff who monitor environmental, health, safety and social issues, system development, and implementation. 3. Information in the project administration manual. Not applicable. 4. Monitoring tools. GGU will monitor compliance with the ADB Safeguard Policy Statement (2009) requirements, gender-related measures, employment impacts, and national labor laws and measures in compliance with core labor standards. GGU will report the status of and progress on these targets in its annual monitoring reporting to ADB.	

<sup>a</sup> ADB. 2019. [Country Partnership Strategy: Georgia, 2019-2023 – Development Caucasus's Gateway to the World](#). Manila.

<sup>b</sup> Government of Georgia. 2016. [Freedom, Rapid Development, Prosperity: Government Platform 2016–2020](#). Tbilisi.

<sup>c</sup> WHO. 2015. [UN-Water Global Analysis and Assessment of Sanitation and Drinking Water](#).

<sup>d</sup> SlovakAid. 2015. [Municipal Water and Wastewater Sector in Georgia, Status Report](#). Tbilisi.

<sup>e</sup> WHO and UNICEF. 2020. [Interim Guidance on WASH for COVID-19](#).

<sup>f</sup> Asian Development Bank. 2018. [Georgia Country Gender Assessment](#). Manila.

Source: Asian Development Bank.