<table>
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<th>Country:</th>
<th>Georgia</th>
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<td>Project Title:</td>
<td>Georgian Railway Green Bond Project</td>
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<tr>
<td>Lending/Financing Modality:</td>
<td>Debt Investment Bond</td>
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<td>Department / Division:</td>
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## I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

### A. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

The Asian Development Bank (ADB) will invest up to $50 million in Eurobonds being issued by Georgian Railway JSC (joint stock company), which is 100% owned by the government through the Partnership Fund JSC. The proceeds of ADB’s bond subscription will be used to refinance activities that have been or are currently being undertaken as part of Georgian Railway’s modernization project, including costs associated with planning and design; railway line and infrastructure upgrades; and enhanced electrification, including the upgrade of two existing substations. The project is consistent with ADB’s Strategy 2030 operational priorities. The project is aligned with the strategic objectives of Georgia’s country partnership strategy, 2019–2023 in promoting economic development, improving urban areas by making them more livable, and strengthening the governance and institutional capacity of a Georgian company. The project is also in line with the Central Asia Regional Economic Cooperation (CAREC) Transport Strategy 2030 programs on enhanced connectivity and sustainability.

### B. Results from the Poverty and Social Analysis during Due Diligence

**1. Key poverty and social issues.** Georgia has witnessed moderate economic growth since the 2010s and gross domestic product growth averaged 3.9% between 2014 and 2018. Several development indicators suggest positive moderate growth 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 between 2010 and 2015 (endnote b). Nevertheless, a significant proportion (20.1%) of the population lives below the poverty line and less than 20% (about 700,000 people), or one-third of the working-age population, are formal wage workers.

The shrinking fast because of low fertility and outmigration: it has declined from 5 million in 1991 to 3.7 million today and is projected to fall to just 3 million by 2050. Moreover, the country is socially and economically divided between “islands” of rapid progress and a large, mostly rural, hinterland that has not benefited as much from growth and has fewer economic opportunities (endnote d). Georgian Railway, as the country’s only railway developer and operator, plays a crucial role in generating connectivity within Georgia and beyond. The modernization project intends to enhance Georgia’s strategic positioning as a gateway of trade and people between southeastern Europe and Central Asia and East Asia. Georgian Railway’s mainline rail network is a key link in the shortest route from the Caspian Sea and Central Asia to the Black Sea and the Mediterranean basin, positioning Georgian Railway as a regional link in this transport chain. But by the end of 2015, more than half of Georgian Railway’s freight wagons were 35–45 years old, electric locomotives and passenger wagons 30–40 years old, and diesel locomotives 25–35 years old (endnote c). With most of the fleet nearing the end of its economic life, Georgian Railway’s modernization project is enhancing the transport system’s capacity both through increased volume of the flow of goods and people and reduced travel times as a result of faster freight and passenger trains on the modernized infrastructure.

**2. Beneficiaries.** The program will provide general and specific benefits through an expanded, safer, and faster rail infrastructure. Georgian Railway’s freight forwarding services benefit companies that supply both liquid cargoes (crude oil and oil products) and various dry cargoes to different parts of the country and to nearby countries, including those in the Mediterranean basin. Georgian Railway also benefits the recipients of the cargoes by ensuring goods availability. This was a vital service, especially during the height of the corona virus disease (COVID-19) pandemic. Georgian Railway passenger operations also benefit local and international passengers. The continuous operations of Georgian Railway will benefit its more than 12,000 employees and provide specific measures targeting increased participation of women in Georgian Railway’s workforce.

**3. Impact channels.** The project will contribute to increasing trade through improved cross-border connectivity, strengthening Georgia’s role as an important regional gateway. Impact channels include increased volume of freight and passengers carried, increased speed of trains, and project-related job creation.

**4. Other social and poverty issues.** Georgian Railway’s modernization project includes components that involve involuntary resettlement impacts as a result of land acquisition for new rail line development. While these are not part of ADB’s financed project, Georgian Railway will submit semiannual reports to ADB summarizing its social performance and management of involuntary resettlement impacts and report on its management of grievances. Through ADB’s participation, contractor management of occupational health and safety and labor–related safeguards will be enhanced by strengthening the company’s environment and social management system (ESMS).
5. **Design features.** The transaction is designed to support Georgian Railway’s goal of increasing its freight and passenger capacity, increase the safety of its mobile carriages, and decrease travel time. The project will also help Georgian Railway strengthen gender equality in the workplace. Specific safeguard measures include an enhanced ESMS compliant with ADB requirements to improve the client’s capacity to handle and manage social issues and the impacts and corrective actions regarding Georgian Railway’s environmental, health, safety, and social performance in undertaking activities that will be refinanced by ADB.

II. **PARTICIPATION AND EMPOWERING THE POOR**

1. **Participatory approaches and project activities.** The project is focused on supporting Georgian Railway’s financing needs for its railway modernization project on existing railway lines and substations. With limited opportunities to directly include and empower the poor and vulnerable, Georgian Railway’s employees will benefit from the project by sustaining their employment.

2. **Civil society organizations.** There is limited scope for engagement with civil society organizations given the nature of the project.

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):**

   - Information gathering and sharing [NA]
   - Consultation [NA]
   - Collaboration [NA]
   - Partnership [NA]

4. **Participation plan.**
   - Yes
   - No.

III. **GENDER AND DEVELOPMENT**

Gender mainstreaming category: effective gender mainstreaming

A. **Key issues.** Key issues considered in designing and implementing transport projects are access, safety, and providing equal opportunities for employment in the sector. In practice, few women are employed in the sector (2% in construction and 4% in transport and communication). Moreover, there are often significant gender differences in transport usage, trip patterns, and mobility constraints. When there is access to public transport, it is often considered unsafe: sexual harassment on public transport has been reported as a growing problem in many CAREC countries.

Gender analysis conducted during due diligence indicated that Georgian Railway follows Georgian labor law, which includes principles on equality, as well as railway regulations on rights and obligations for railway passengers. For instance, a number of Georgian Railway trains and stations are adapted to wheelchair users and have special seats, bathrooms, and elevators. Specific gender-sensitive reference and provisions could be enhanced to further promote women's empowerment and safety.

B. **Key actions.** The project includes a gender action plan with key features aiming to improve female workers and passengers’ safety with communication campaigns against gender-based violence and harassment at train stations, increase opportunities for young women to work in the transport sector, develop policy and supporting procedures against sexual harassment, and raise awareness of staff and contractors on sexual harassment and other gender issues in the transport sector.

   - Gender action plan
   - Other actions or measures
   - No action or measure

IV. **ADDRESSING SOCIAL SAFEGUARD ISSUES**

**A. Involuntary Resettlement**

**Safeguard Category:** □ A □ B □ C □ FI

**Key impacts.** ADB’s support is for refinancing completed and ongoing activities on railway lines, infrastructure, and power substations that are on Georgian Railway’s existing land and rights of way and are not expected to generate any physical displacement–related impacts. However, the project is categorized as B for involuntary resettlement because of the potential for unexpected economic displacement impacts associated with rail infrastructure upgrades being financed by ADB. To ensure compliance with ADB’s Safeguard Policy Statement, Georgian Railway will incorporate within its ESMS involuntary resettlement screening, categorization and planning procedures to ensure that no ADB funds are utilized for project activities with category A impacts. Activities that are screened and categorized as category B will require impact mitigation planning such as a livelihood restoration plan. The project will be required to submit to ADB semiannual reports detailing its progress and management of involuntary resettlement impacts and any associated grievances both for ADB-financed elements of the project and as a result of the broader modernization project.

1. **Strategy to address the impacts.** As above

2. **Plan or other Actions. (tick ESMS if none yet)**

   - Resettlement plan
   - Resettlement framework
   - Environmental and social management system arrangement
   - Combined resettlement and indigenous peoples plan
   - Combined resettlement framework and indigenous peoples planning framework
   - Social impact matrix
   - No action
B. Indigenous Peoples

Safeguard Category: □ A □ B □ C □ FI

1. Key impacts. The modernization activities of the railway infrastructure are on existing railway lines, rights of way, and Georgian Railway owned lands and will not directly or indirectly affect the culture, livelihood, dignity, or human rights of indigenous peoples, nor will it affect the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as their ancestral domain.

Is broad community support triggered? □ Yes □ No

2. Strategy to address the impacts. None required.

3. Plan or other actions. (tick ESMS if none yet)

□ Indigenous peoples plan
□ Indigenous peoples planning framework
☑ Environmental and social management system arrangement
□ Social impact matrix
□ No action

☑ Combined resettlement plan and indigenous peoples plan
□ Combined resettlement framework and indigenous peoples planning framework
□ Indigenous peoples plan elements integrated in project with a summary

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, indicated as high (H), medium (M), and low or not significant (L).

□ unemployment □ underemployment □ retrenchment □ core labor standards (L)

2. Labor market impact. The project will support the continuous operations of Georgian Railway and sustain employment of its workforce. Georgian Railway will be required to comply with national labor laws that have adopted the International Labour Organization’s core labor standards. Georgian Railway will be required to ensure that personnel and contractors meet and comply with these requirements and report such compliance to ADB semiannually.

B. Affordability

Affordability is not included as an intended objective of this project.

C. Communicable Diseases and Other Social Risks

1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA):

☑ Communicable diseases [L] □ Human trafficking [NA] □ Others (please specify) __________________

2. Risks to people in project area. None identified.

VI. MONITORING AND EVALUATION

1. Targets and indicators. The project design and monitoring framework includes the following socioeconomic indicators: increased freight and cargo capacity, reduced travel times, increased passenger numbers, increased number of female staff in the Georgian Railway workforce, establishment of communication boards promoting women and girls’ safety, establishment of an anti–sexual harassment policy, and implementation of an annual sexual harassment awareness-raising event.

2. Required human resources.

3. Information in the project administration manual. Not applicable.

4. Monitoring tools. Georgian Railway will submit semiannual environment and social monitoring reports to ADB in line with ADB’s Safeguard Policy Statement (2009) requirements. The implementation of the gender action plan will be part of Georgian Railway’s annual development effectiveness monitoring reporting to ADB.


