



Initial Poverty and Social Analysis

Project Number: 54433-001
April 2021

Georgia: M Square Affordable Housing Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 19 April 2021)

Currency unit	–	gel
GEL1.00	=	\$0.29154
\$1.00	=	GEL3.43

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
ESCA	–	Environment and Social Compliance Audit
ESMP	–	Environment and Social Management Plan
GoG	–	Government of Georgia
IEE	–	Initial Environmental Examination

NOTE

- (i) In this report, "\$" refers to United States dollars.

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INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Georgia	Project Title:	M Square Affordable Housing Project
Lending/Financing Modality:	Loan	Department/ Division:	Private Sector Operations Department / Infrastructure Finance Division 1

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</p> <p>The Asian Development Bank (ADB) will provide up to \$10,000,000 million senior secured facility comprising of (i) an A-loan of up to \$10,000,000; and a B-loan of up to \$5,000,000, jointly not exceeding \$10,000,000, to Optima LLC (Optima) to partially finance the development of two affordable residential complexes in Tbilisi. The project is aligned with three of the operational priorities of the ADB Strategy 2030: (i) making cities more livable, (ii) tackling remaining poverty and reducing inequalities; and (iii) accelerating progress in gender equality.^a The project is also consistent with ADB's Country Partnership Strategy with Georgia, 2019-2023, as it promotes the country's economic development, and livable urban cities.^b This project is in line with ADB's Urban Operational Plan 2012-2020 as it supports the increase of private sector involvement in urban areas.^c</p>
<p>B. Poverty Targeting:</p> <p><input checked="" type="checkbox"/> General intervention <input type="checkbox"/> Individual or household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-income MDGs (TI-M1, M2, etc.)</p> <p>The completion of this project will give low, low-middle income families, and internally displaced persons (IDPs) households access to energy efficient and affordable housing units, including those families that already made partial payments for apartment units with the former property developer, but were left with unfinished units. This will add to the much-needed supply of low-cost, improved quality housing units in the country.</p>
<p>C. Poverty and Social Analysis</p> <p>1. Key issues and potential beneficiaries. More than 80% of the apartments in Tbilisi were built before 1991 wherein most were built in the Soviet period and were of low quality and currently do not meet the demands of a modernizing urban society. The replacement of a significant portion of Tbilisi's housing stock is much needed. The country has limited low cost and social housing stock for low-income households. Informal housing in urban areas is also prevalent. Tbilisi is also a host to a large number of IDPs, many of whom occupy informal and low-quality housing. IDPs. IDPs occupy former public buildings, or they build informal settlements on land that they occupy. Once completed, the project will benefit around 3,700 families, including approximately 1,500 families that already made partial payments with the former property developer. The Government of Georgia (GoG) announced a support plan for real estate sector in May 2020, including purchase guarantees in the form of put option or forward purchase contracts for up to 30% of sellable areas of housing projects, benefitting the project developers. It is expected that IDPs will primarily benefit from this scheme through the project. It is also expected that all residents will benefit from improved housing, with formal and improved cost utility connection and more secure properties.</p> <p>2. Impact channels and expected systemic changes. The completion of the two housing projects at Chkondideli and Mirtskhulava will enhance the access of low and low-middle income families to affordable housing in Tbilisi. The design will include energy efficient features that will contribute to reducing the expenses that the future unit owners will also shoulder. Dedicated areas per block responding to women's specific needs which will be based on consultations with women's focus groups will also be built.</p> <p>3. Focus of (and resources allocated in) the transaction due diligence. ADB's due diligence will focus on the results of the Company's Environmental and Social Compliance Audit (ESCA) and the Initial Environmental Examination (IEE) being undertaken by third party specialists. Due diligence will also assess the client's capacity to identify and manage environmental and social impacts and risks during project implementation.</p>
II. GENDER AND DEVELOPMENT
<p>1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Since 2012, the government has focused on enabling more inclusive economic growth in Georgia and made some significant progress on gender equality notably achieving near gender parity in educational attainment. However, the country needs further improvements on key global indicators of economic status and political voice, resulting in ranking among the lowest five countries for gender equality within the Eastern Europe and Central Asia region.^d As for gender issues in urban infrastructure development, it is increasingly recognized that promoting gender equality and economic inclusion in urban planning contributes to reducing persistent gender and inclusion gaps in accessing essential services. The urban space can influence access to public services, such as child care facilities, but may also disproportionately affect women's safety and accessibility in urban neighborhood and public spaces, and further prevent women from accessing economic opportunities.^e In Georgia, Tbilisi City Hall has been supporting inclusive urban infrastructure, considering topics such as increasing women's participation in urban planning and governance, or taking gender specific views into account in the design of public spaces and affordable housing.^f</p>

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making? ☒ Yes ☐ No

Being committed to the UN Women's Empowerment Principles, the client demonstrates willingness to pursue further gender measures and recognizes the importance of gender sensitive planning to increase the safety and security of housing areas and public spaces due diligence will look at defining gender design features for the project aiming to promote better gender equality and women's participation in the housing infrastructure sector both at the client's corporate level as well as towards other industry players.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

☐ Yes ☒ No

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The Municipal Government of Tbilisi and other government regulatory institutions, unit owners and other customers, and communities near the construction sites are seen as the major stakeholder groups for the project. The client held consultations with the resident stakeholders, discussing project details, prior to officially re-starting the construction of the housing complexes. Due diligence will evaluate the alignment of the client's Environmental and Social Management Plan (ESMP) with ADB's requirements to ensure meaningful consultation will take place so that project affected communities and other parties are provided with adequate and comprehensive information, including information regarding access to its community grievance resolution mechanism.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded? Key vehicles for stakeholder engagement and participation with the project will be the company's communication and community consultation processes. These will be reviewed through due diligence and enhanced where appropriate. Due diligence will also assess if the project's community grievance mechanism is being utilized and effectively operated through the review of grievance related records and discussions with stakeholders.

3. What are the key, active, and relevant civil society organizations (CSOs) in the project area? What is the level of civil society organization participation in the project design?

☐ Information generation and sharing (NA) ☐ Consultation (NA) ☐ Collaboration (NA) ☐ Partnership (NA)

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? ☐ Yes ☒ No

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category ☐ A ☐ B ☒ C ☐ FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes ☒ No Land for the project was acquired prior to the initial construction project under the former developer. The Environmental and Social Compliance Audit will confirm that there are any outstanding issues regarding land acquisition and identify appropriate corrective actions, if required. No involuntary resettlement is anticipated as the project does not require any additional land, temporary or otherwise.

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process?

☐ Resettlement plan ☐ Resettlement framework ☐ Social impact matrix
☐ Environmental and social management system arrangement ☒ None

B. Indigenous Peoples Category ☐ A ☐ B ☒ C ☐ FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? ☐ Yes ☒ No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No Impacts on Indigenous Peoples are not anticipated. No IP communities are present or affected at existing construction sites where construction activities are on ongoing. Due diligence will need to confirm that there were no outstanding issues regarding IP communities or other ethnic minority groups with regards to their ancestral domain or claimed territories.

3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No

4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?

☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☐ Social impact matrix
☐ Environmental and social management system arrangement ☒ None

V. OTHER SOCIAL ISSUES AND RISKS	
<p>1. What other social issues and risks should be considered in the project design?</p> <p> <input type="checkbox"/> Creating decent jobs and employment <input checked="" type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____ </p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Project construction was suspended for a month starting 31 March 2020 during the coronavirus disease (COVID-19) induced lockdown. Construction recommenced in May 2020. Due diligence will evaluate the client's and the site's measures to show adherence to all regulations set by the government related to COVID-19. Due diligence will review the project's labour practices and labour related plans and policies.</p>	
VI. TRANSACTION DUE DILIGENCE RESOURCE REQUIREMENT	
<p>1. Do the terms of reference for the transaction due diligence contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?</p> <p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction due diligence? The Company will engage an external consultant to conduct the Environmental and Social Compliance Audit and Initial Environmental Examination (IEE) for the project. ADB environmental and social specialists will support this process and ensure documents are developed in line with ADB's requirements.</p>	

^a ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

^b ADB. 2019. *Georgia, 2019–2023 – Developing Caucasus's Gateway to the World*. Manila.

^c ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila.

^d Asian Development Bank. 2018. [Georgia Country Gender Assessment](#). Manila.

^e African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank. 2019. [Creating Livable Cities: Regional Perspectives](#). Manila.

^f Asian Development Bank. 2019. [Technical Assistance Consultant's Report: Promoting Gender Equality and Women's Empowerment \(Phase 2\) —Future Cities, Future Women Initiative](#). Manila.

Source: Asian Development Bank