



FAST Report

Project Number: 54433-001
August 2021

Loan
Optima LLC
M Square Affordable Housing Project
(Georgia)

This is an abbreviated version of the document, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 22 June 2021)

Currency unit – lari (GEL)

GEL1.00 = \$0.317

\$1.00 = GEL3.15

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
CWRD	–	Central and West Asia Department
EHS	–	environment, health, and safety
FAST	–	Faster Approach to Small Nonsovereign Transactions
GCAP	–	JSC Georgia Capital
GRE	–	JSC Georgia Real Estate
JSC	–	joint-stock company
LLC	–	limited liability company
PLC	–	public limited company
TA	–	technical assistance

NOTE

In this report, “\$” refers to United States dollars.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 54433-001	
Project Name	M Square Affordable Housing Project	Department/Division	PSOD/PSIF1
Country	Georgia		
Borrower	Optima LLC		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=54433-001-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Water and other urban infrastructure and services	Urban housing		5.00
		Total	5.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	1,992.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		ADB Financing	
✓ Making cities more livable		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	5.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 5.5		Effective gender mainstreaming (EGM)	✓
SDG 10.2			
SDG 11.1		Poverty Targeting	
SDG 12.5		General Intervention on Poverty	✓
SDG 13.a			
4. Nonsovereign Operation Risk Rating			
Obligor Name		Final Project Rating	Facility Risk Rating
Optima LLC			
Optima LLC			
5. Safeguard Categorization Environment: B Involuntary Resettlement: B Indigenous Peoples: C			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		5.00	
Nonsovereign LIBOR Based Loan (Regular Loan): Ordinary capital resources		5.00	
Cofinancing		5.00	
CDC, Norfund, Planters Bank and others (Full ADB Administration)		5.00	
Others ^a		88.00	
Total		98.00	
Currency of ADB Financing: US Dollar			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. INTRODUCTION

1. This is an eligible transaction under the Faster Approach to Small Nonsovereign Transactions (FAST) framework.¹ The transaction involves a loan of up to \$10,000,000 comprising (i) an A-loan of up to \$10,000,000;² and (ii) a B-loan of up to \$5,000,000, to Optima LLC (Optima), a subsidiary of m2 Group LLC (m2 Group), for the M Square Affordable Housing Project. The aggregated size of the A and B loans will not exceed \$10,000,000.

2. The proceeds of the Asian Development Bank (ADB) loan will partially finance the development of two affordable residential complexes in Tbilisi being developed by Optima. This will be ADB's first nonsovereign financing of the housing sector in the Central and West Asia region. The project has also benefited from an accessibility audit, supported by the Central and West Asia Department (CWRD),³ under the Project Readiness Facility for Livable Cities Investment Program;⁴ and a transaction technical assistance (TA) facility for Preparing Integrated Solutions for Livable Cities.⁵ The project is categorized as a One ADB collaboration.⁶

II. THE PROJECT

A. Project Identification and Description

3. **Project identification.** A significant portion of Tbilisi's housing stock requires replacement, with more than 80% of apartments built during the Soviet era.⁷ From the late 1970s onward, urban mass housing comprised low-quality infrastructure and, in some cases, were left incomplete. Old apartment blocks lack green recreational areas, parking facilities, adequate elevators, and other essential conveniences. The older buildings and public spaces failed to consider accessibility for people with disabilities, senior citizens, and parents with small children in their designs, making seamless movement difficult.

4. The project will complete two unfinished residential complexes previously developed by another real estate company, Sveti Group LLC (Sveti). In 2016, Sveti announced the development of these large housing projects in Tbilisi and commenced pre-sales and construction, but these were left unfinished because Sveti had financial management issues. In March 2019, Tbilisi Municipality and buyers of the unfinished apartments approached m2 Group, given its strong credibility and track record in the housing market in Georgia, to revive and complete the unfinished residential complexes. After conducting due diligence and agreeing with all stakeholders on a development plan—including incorporating additional floor space in these projects to make them economically viable, m2 Group signed a memorandum of cooperation with Tbilisi Municipality in September 2019 and signed the transfer agreement with Sveti in March 2020, under which the unencumbered title to the land and all the project development rights were transferred to Optima in exchange for Optima assuming responsibility to complete the residential complexes and fulfill a list of defined obligations to the affected buyers. Consequently, m2 Group resumed construction of the unfinished projects in April 2020.

¹ Asian Development Bank (ADB). 2015. *Faster Approach to Small Nonsovereign Transactions*. Manila.

² To be reduced to the extent of final B loan participation. The aggregate size of the A and B loans will not exceed \$10,000,000.

³ ADB. [Georgia: Livable Cities Investment Project for Balanced Development](#).

⁴ ADB. 2019. [Project Readiness Financing Report: Livable Cities Investment Program in Georgia](#). Manila.

⁵ ADB. 2019. [Technical Assistance to Georgia for Preparing Integrated Solutions for Livable Cities](#). Manila.

⁶ One ADB approach instituted under ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

⁷ TBC Capital. 2019. [Residential Real Estate Sector Analysis](#). Tbilisi.

5. Tbilisi Municipality's vision is to create a livable, green, and inclusive city, ensuring affordable, safe, and sustainable mobility and equal access for all to urban opportunities. This includes redeveloping neighborhoods and providing affordable housing, recreational public spaces, and opportunities for the elderly, children, youth, and people with disabilities to participate in active city life. The Tbilisi City Hall endorsed the Local Economy Development Plan and the Land Use Master Plan in 2019, which sets out the city's urban planning vision covering sustainable urban development, spatial planning, urban environmental quality, infrastructure, transport, green economy, and good governance.⁸

6. **Gender equality and inclusive design.** Promoting gender equality and economic inclusion in urban planning and infrastructure will be vital to reducing persistent gender and inclusion gaps in accessing essential services in Georgia. Although urban spaces can facilitate access to public services such as childcare facilities, they must be designed properly so as to not put women's safety at risk and/or impede their access to economic opportunities.⁹ To support inclusive urban infrastructure, Tbilisi City Hall has considered increasing women's participation in urban planning and governance and taking gender-specific needs into account in the design of public spaces and affordable housing. Tbilisi City Hall has also created a gender advisor role within its urban development and environmental protection departments to work on gender-sensitive aspects and guidelines in planning Tbilisi's open spaces.¹⁰

7. **Project design.** The main objective of the project is to complete two unfinished residential complexes—the Chkondideli and Mirtskhulava subprojects—to increase the supply of affordable and sustainable housing in Tbilisi. The proceeds of the loan will partially finance the development of those two affordable residential complexes, which are in working class neighborhoods with old Soviet blocks and cater primarily to low and/or low- to middle-income populations. (Confidential information deleted.) The project offers affordable, cost-efficient apartments, mainly in "white finishing" condition—i.e., requiring the developer to complete most fit-out works requiring skilled labor, with final elements such as wall painting and laying the laminated floors to be completed by the buyers. This is above standard for the local market, where most apartments sold are under "black frame"—left with only cement finishing and without plumbing or electric wiring. (Confidential information deleted.)

8. The subprojects will feature universal design and accessibility components, which will be a first for Georgia in private sector real estate development. The project will improve the livability, accessibility, mobility, and quality of residential development with the application of the Inclusive Cities Guidelines and first-of-its-kind gender-responsive and accessibility standards to accommodate the elderly, people with disabilities, women, and children, as set out in The Law of Georgia on the Rights of Persons with Disabilities, 2020; and Resolution No.732 Technical Regulation – National Accessibility Standards.¹¹ In addition, Optima has agreed to make the Chkondideli and Mirtskhulava subprojects the first projects to adopt the new legal requirements under the Law of Georgia on the Rights of Persons with Disabilities, and modify the building designs accordingly, although the new requirements are not applicable to development plans already approved. The subprojects will also be the first housing developments in Georgia to incorporate Inclusive Cities Guidelines into the design, demonstrating good housing development practices in Georgia and in the Central and West Asia region. Features designed to accommodate

⁸ Tbilisi Municipality City Hall. 2019. [Local Economy Development Plan](#). Tbilisi.

⁹ African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank. 2019. [Creating Livable Cities: Regional Perspectives](#). Manila.

¹⁰ ADB. 2019. [Technical Assistance Consultant's Report: Promoting Gender Equality and Women's Empowerment \(Phase 2\)—Future Cities, Future Women Initiative](#). Manila.

¹¹ ADB. 2021. [Inclusive Cities: Urban Area Guidelines](#). Manila.

users with special needs will include additional handrails, voice-activated elevator controls, and ample space in elevators to accommodate wheelchairs.

9. **Pandemic impact.** Subproject construction was suspended for 1 month from 31 March 2020 because of a COVID-19-induced lockdown. It resumed in April 2020 at slower pace because of a shortage of labor. However, from May 2020, labor availability recovered and the project remains on track to meet its scheduled completion date of March 2023. The project benefits from an Anti-Crisis Economic Plan of GEL434 million for the real estate sector, announced by the Government of Georgia in May 2020 in response to COVID-19. (Confidential information deleted.)

10. **Borrower and sponsor.** Optima is wholly owned by m2 Group, which is in turn wholly owned by Joint-Stock Company (JSC) Georgia Real Estate (GRE). GRE, 100% owned by JSC Georgia Capital (GCAP), was established in 2006 and manages the hospitality, commercial, and residential real estate businesses of GCAP through two operating companies: (i) m2 Group (development of residential buildings) and (ii) Georgia Real Estate Management Group LLC (development of hospitality and commercial real estate). GCAP is considered the country's most prominent business group. GCAP is 100%-owned by Georgia Capital PLC, a United Kingdom-listed holding entity for a diversified group of companies in water utilities, renewable energy, housing development, hospitality, commercial real estate, insurance, beverages, health care, banking, and more. Institutional investors own 90% of Georgia Capital PLC's shares. ADB has an existing relationship with other subsidiaries of GCAP. ADB subscribed to a corporate bond of JSC Evex Hospitals¹² and approved TA to Georgia Geothermal Company¹³ in 2019, and acted as anchor investor to a green bond for JSC Georgia Global Utilities in 2020.¹⁴ The group has high corporate governance standards acceptable to ADB and other development finance institutions.

11. m2 Group, the project sponsor, directly owns 100% of Optima and has strong expertise in developing and selling residential properties. The company was the first major player in the Georgian residential building market to develop turnkey apartments and the first to offer after-sales property management services. In 2010, the company entered the residential construction market in Tbilisi. (Confidential information deleted.) They have received financing from the International Finance Corporation, the Netherlands Development Finance Company (FMO), and/or through local corporate bonds. The group has an experienced management team.

12. (Confidential information deleted.)

B. Development Impact, Outcome, and Outputs

13. **Impact.** The impact will be inclusive economic growth promoted and poverty and unemployment reduced. The project is aligned with the Georgian Government Platform 2016–2020, which aims to improve, among others, affordable and more environmentally friendly housing as a key pillar of social security.¹⁵

14. **Outcome.** The project will have the following outcomes: availability of affordable, energy-efficient, and accessible housing sustainably improved.

¹² ADB. [Georgia: Hospital Bond Project](#).

¹³ ADB. [Georgia: Georgia Global Utilities: Preparing Geothermal Power Projects in West Georgia](#).

¹⁴ ADB. [Georgia: Georgian Green Bond Project](#).

¹⁵ Government of Georgia. 2016. *Freedom, Rapid Development, Prosperity: Government Platform, 2016–2020*. Tbilisi.

15. **Outputs.** The outputs of the project are: (i) construction of affordable, energy-efficient residential buildings with improved accessibility and gender equality completed; (ii) employment generated; and (iii) support for gender equality in housing infrastructure enhanced.

C. Alignment with ADB Strategy and Operations

16. **Consistency with ADB strategy and country strategy.** The project is consistent with ADB's Strategy 2030, in particular the following operational priorities (OPs): making cities more livable (OP4), addressing remaining poverty and reducing inequalities (OP1), accelerating progress in gender equality (OP2), and tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability (OP3) (footnote 6).¹⁶ It also supports the Strategy 2030 objective of expanding the role of private sector operations in developing member countries. The project is consistent with ADB's country partnership strategy, 2019–2023 for Georgia, as it will promote the country's economic development and will contribute to making urban areas more livable.¹⁷

17. **Consistency with sector strategy and relevant ADB operations.** The project is consistent with ADB's Urban Operational Plan, as it supports increased private sector involvement in the urban sector.¹⁸ Four key priorities of the project—affordability, accessibility, energy efficiency, and safety—are aligned with ADB's ongoing sovereign multitranche financing facility – Livable Cities Investment Project for Balanced Development, which targets improved public spaces, mobility, and livability, with an inclusive urban design and public space management plan for adapting the built environment for the elderly, people with disabilities, women, and children (footnote 3).

18. **Lessons from previous operations.** There has been limited nonsovereign debt financing by ADB in the housing subsector. However, the loan can draw on a prior ADB investment in an affordable housing project, namely the Shapoorji Affordable Housing Project in India.¹⁹ Key lessons from that project include (i) selecting projects at advanced development stage; (ii) choosing a sponsor with a strong track record in the sector and experience with financing from development finance institutions; and (iii) leveraging support from the government.

D. Project Cost and Financing Plan

19. (Confidential information deleted.)

20. (Confidential information deleted.)

E. Implementation Arrangements

21. (Confidential information deleted.)

¹⁶ It is estimated that at least \$5 million of the ADB loan will be used to procure and install construction materials that promote energy efficiency, including windows and blocks with low thermal conductivity, thus reducing GHG emissions. \$5 million is therefore being counted as climate mitigation finance. Details are found in Implementation Arrangement and Economic Analysis Linked Documents, accessible in Appendix 2.

¹⁷ ADB. 2019. *Country Partnership Strategy: Georgia, 2019–2023—Developing Caucasus's Gateway to the World*. Manila.

¹⁸ ADB. 2013. *Urban Operational Plan, 2012–2020*. Manila.

¹⁹ ADB. [India: Shapoorji Affordable Housing Project](#).

F. Projected Financial and Economic Performance

22. (Confidential information deleted.)

G. Unique Features

23. This project is the first nonsovereign transaction jointly processed by ADB's Private Sector Operations Department and CWRD in the urban sector. While the Private Sector Operations Department is primarily responsible for its origination, financial structuring, and commercial due diligence, the project has benefitted from engaging technical experts to undertake an accessibility audit through CWRD's transaction TA facility for Preparing Integrated Solutions for Livable Cities (footnote 5) and Project Readiness Facility for Livable Cities Investment Program (footnote 4).

III. THE ADB ASSISTANCE

A. The Assistance

24. ADB's assistance will have two components: (i) a direct senior secured loan (A loan) of up to \$10,000,000 and (ii) a B-loan of up to \$5,000,000.²⁰ The A loan portion may be reduced depending on the outcome of the B loan syndication – so that the aggregated size of the A and B loans will not exceed \$10,000,000. (Confidential information deleted.)

B. Value Added by ADB Assistance

25. **Financial additionality.** ADB's loan will provide medium-tenor financing to complete a much-needed, unfinished urban housing project at a critical stage. It will meet a meaningful liquidity gap until the cash flow from pre-sales of the residential units materializes to sufficiently fund the project development. (Confidential information deleted.)

26. **Non-financial additionality.** ADB's engagement will help Optima set higher sustainability and accessibility standards—through ADB TA for accessibility audit (footnote 5), and energy efficiency—through energy efficiency audit supported by a third-party TA arranged by ADB. ADB's involvement also contributes to enhancing gender sensitive planning in the design of infrastructure under the project, and increasing the safety and security of housing and public spaces under the project. The project is categorized *effective gender mainstreaming*.

C. Risks

27. (Confidential information deleted.)

28. (Confidential information deleted.)

29. (Confidential information deleted.)

30. (Confidential information deleted.)

31. (Confidential information deleted.)

32. (Confidential information deleted.)

²⁰ Process for arrangement of B-loan is ongoing; however, participation of B-loan lenders is uncertain at this stage.

IV. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

33. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009) as follows: environment (category B), involuntary resettlement (category B), and indigenous peoples (category C).²¹

34. ADB has undertaken due diligence and reviewed the potential environmental and social impacts of the project and the measures taken to avoid, minimize, mitigate, and compensate for the adverse impacts in the safeguard reports and plans. The environmental and social measures and the institutional capacity and commitment of Optima to manage the project's social and environmental impacts are deemed adequate. Independent and qualified consultants completed an environmental and social compliance audit and prepared an initial environmental examination report, noting that Optima's environment, health, safety, and social capacity will be further strengthened to ensure that management systems and resources are in place to implement the agreed actions and ensure compliance with ADB's Safeguard Policy Statement.

35. **Environment, health, and safety risks.** Key environmental impacts and risks for this project are associated with its construction phase. This includes impacts related to increased traffic, solid and liquid waste, and other environment, health, and safety (EHS) risks. These impacts are expected to be site-specific, short-term, and readily managed using standard mitigation measures. Existing construction-related EHS risks are being managed through construction EHS management plans at the corporate and project levels. These management plans will be strengthened based on the findings of ADB's due diligence assessment to ensure compliance with ADB's Safeguard Policy Statement.

36. **Land acquisition and resettlement.** Environmental and social due diligence determined that land for the project was acquired before 2016 and that there are no outstanding claims or grievances associated with land acquisition. The social due diligence also confirmed that no additional land is required to complete the project and, therefore, there will be no impacts involving involuntary resettlement. Thirty-five incomplete apartments were found during social due diligence to be occupied by apartment owners or family members. Another four apartments had undergone additional work by the owners to prepare for habitation. Occupation of the apartments commenced in 2017 following the cessation of work by the previous developers as owners wanted to ensure that the pause in building development did not result in their apartments being claimed by others or squatters. All of these residents have agreed to vacate the premises voluntarily within 1 month of being notified, to enable completion of the buildings to the contractual standard as agreed at purchase. All residents have signed agreements to this effect, with agreements witnessed by independent third parties. The agreement includes a commitment by Optima to prioritize completion of these 39 apartments and permit reoccupation within 1 month of the end of August 2022. Of the 35 occupied apartments, occupants of 27 will rent accommodation elsewhere, with the rest deciding between relocating with relatives or renting elsewhere.

37. All residents will move within the greater Tbilisi area. (Confidential information deleted.) Consultations with affected residents revealed that no residents are vulnerable or will be made vulnerable as a result of relocating, and that they will benefit from the completion of the apartment blocks as it will ensure that their investments are realized. Affected parties are aware of their legal recourses should the apartments not be returned by the date agreed, and have been made aware

²¹ ADB. [Safeguard Categories](#).

of the project's grievance mechanism and contact person. Optima has agreed to give property owners 90 days' notice should their apartments not be ready by the agreed date and, if it is anticipated that property owners will face hardships as a result of the delayed handover, Optima will provide additional support (e.g., rent payment support or assistance with finding alternative accommodation) assessed on a case-by-case basis.

38. **Indigenous peoples and community engagement.** The project area is not inhabited, used, or claimed by potentially vulnerable ethnic minorities or indigenous peoples. As such, there will be no activities that will directly and/or indirectly affect the dignity, human rights, traditional sociocultural beliefs and practices, and livelihood systems of distinct and potentially vulnerable ethnic minority groups or indigenous peoples. In line with ADB's information disclosure and consultation requirements, Optima has consulted with stakeholders throughout the project and will enhance community engagement through a project community grievance mechanism.

39. **Effective gender mainstreaming.** The project is classified *effective gender mainstreaming*. Gender analysis during due diligence concluded that m2 Group is committed to being a socially responsible employer and has integrated principles on equal opportunities, anti-sexual harassment, anti-discrimination, and supporting mechanisms in its corporate policies and practices. The company is active in corporate gender initiatives and is willing to promote gender-sensitive infrastructure planning and design. Following ADB's Policy on Gender and Development (1998), m2 Group has incorporated measures to promote gender equality and/or women's empowerment in its business activities. Key features of the gender action plan are as follows: (i) provision for dedicated areas to meet women's personal needs in each new block, to be designed in consultation with women's focus groups; (ii) hosting of open events to sensitize other companies in the industry on women's participation in science, technology, engineering, and mathematics jobs and gender-inclusive infrastructure; and (iii) producing good practice guidelines to disseminate knowledge on what gender inclusive infrastructure means in practice. In addition, m2 Group is revising its skills development activities to enhance its responsiveness to the needs of both male and female employees. Optima will submit periodic reports on implementation of gender measures to ADB.

40. Optima will comply with national labor laws and, pursuant to ADB's Social Protection Strategy (2001), will take measures to comply with the internationally recognized core labor standards.²² The client will report regularly to ADB on (i) its and its contractors' compliance with such laws and (ii) the measures taken. Information disclosure and consultation with affected people will be conducted in accordance with ADB requirements.²³ The initial environmental examination and environmental and social compliance audit will be disclosed on ADB's website and Optima will undertake annual environmental and social monitoring and submit reports to ADB for public disclosure.

B. Anticorruption Policy

41. Optima was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

²² ADB. 2003. *Social Protection*. Manila (adopted in 2001).

²³ Summary Poverty Reduction and Social Strategy; and Safeguards and Social Dimensions (accessible from the list of linked documents in Appendix 2).

C. Investment Limitations

42. (Confidential information deleted.)

D. Assurances

43. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²⁴ ADB will proceed with the assistance upon establishing that the Government of Georgia has no objection to the assistance to Optima. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB.

V. THE PRESIDENT'S DECISION

44. The President, acting under the authority delegated by the Board, has approved the loan of up to \$10,000,000 comprising (i) an A-loan of up to \$10,000,000 from the ordinary capital resources of the Asian Development Bank (ADB); and (ii) a B-loan of up to \$5,000,000 to Optima LLC for the M Square Affordable Housing Project in Georgia,²⁵ with such terms and conditions as are substantially in accordance with those set forth in this report, and hereby reports this action to the Board.

²⁴ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

²⁵ The A-loan may be reduced subject to the final B loan participation amount. The aggregated size of the A and B loans will not exceed \$10,000,000.

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with			
The Georgian Government Platform 2016–2020, which aims to improve, among others, affordable and more environmentally friendly housing as a key pillar of social security, where inclusive economic growth promoted and poverty and unemployment reduced are priorities of the government policy ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome	By 2023		
Availability of affordable, energy-efficient, and accessible housing sustainably improved	<p>a. Total number of housing units handed over: 3,710 (2021 baseline: 0)</p> <p>b. Total number of housing units sold by Optima LLC that are within the economical/affordable category^b is at least 60% (2021 baseline: 0)</p> <p>c. Annual energy consumption for the Chkondideli building is less than 75 kWh/m²/year (2021 baseline: 116 kWh/m²/year)^c</p> <p>d. Annual energy consumption for the Mirtskhulava building is less than 77 kWh/m²/year (2021 baseline: 123 kWh/m²/year)^c</p> <p>e. Avoidance of 1,992 tons of carbon dioxide emissions per year (2021 baseline: n/a) (OP 3.1)</p>	Optima LLC's annual development effectiveness monitoring report	<p>R: Macroeconomic factors, COVID-19, and currency instability constrain income of potential buyers</p> <p>A: Building contractors work on the project as planned and on schedule</p> <p>A: Housing units are built according to specifications stated in the energy efficiency audit reports</p>
Outputs	By 2023		
1. Construction of affordable, energy-efficient residential buildings with improved accessibility and gender equality completed	<p>1a. At least 22 accessibility-compliant^d buildings built (2021 baseline: 0)</p> <p>1b. Two (2) dedicated areas per block specifically responding to women's personal needs^e built (2020 baseline: 0) (OP 2.4.1)</p>	1.– 3. Optima LLC's annual development effectiveness monitoring report	<p>R: Interest rates and inflation increase to high levels</p> <p>R: Changes in national regulation(s)</p> <p>A: No change in project scope and contract</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
2. Employment generated	2a. At least 500 jobs created during construction (2020 baseline: 0) (OP 1.2)		
3. Support for gender equality in housing infrastructure enhanced	3a. Two (2) annual awareness-raising open events ^f on women's inclusion in the infrastructure sector (2020 baseline: n/a) 3b. One (1) good practice publication on women's participation in science, technology, engineering, and mathematics jobs and gender-inclusive infrastructure developed and disseminated ^g (2020 baseline: n/a)		
Key Activities with Milestones 1. Construction of affordable, energy-efficient residential buildings with improved accessibility and gender equality completed 1.1 ADB executes loan agreement and other legal documentation (by Q3 2021). 1.2 Achieve financial close (by Q3 2021). 1.3 Construction of the two residential complexes progresses in accordance with project schedule, with construction completion by Q2 2023 and turn over to residents by Q4 2023. 2. Employment generated 2.1 Construction contracts for Mirtskhulava and Chkondideli subprojects awarded (by Q4 2021). 3. Support for gender equality in housing infrastructure enhanced 3.1 m2 Group LLC organizes open events with other urban housing and infrastructure companies to raise awareness of women's inclusion (by Q4 2023). 3.2 m2 Group LLC creates and disseminates a good practice publication on gender equality in the housing infrastructure industry (by Q4 2023).			

Inputs

Asian Development Bank: A/B Loan up to \$10 million

(Confidential information deleted.)

(Confidential information deleted.)

A = assumption, ADB = Asian Development Bank, COVID-19 = coronavirus disease, kWh= kilowatt-hour, LLC = Limited Liability Company, m² = square meter, n/a = not applicable, Q = quarter, R = risk.

- ^a Government of Georgia. 2016. *Freedom, Rapid Development, Prosperity: Government Platform, 2016–2020*. Tbilisi.
- ^b (Confidential information deleted.) The price of the apartments is aligned with the parameters set under the COVID-19 economic recovery programs for the real estate sector launched by the Government of Georgia in July 2020 to support low- to lower-middle-income households. One of the programs launched provides a 4% subsidy on the annual mortgage interest rate for 5 years for newly constructed apartments purchased with loans not exceeding GEL200,000 (about \$62,300). The majority of the project apartments are below this amount. The subsidy program mainly supports the economical/affordable segment of the residential real estate market in Georgia. Details of the program can be found in the following link: Anti-crisis on Development Sector, [The Anti-Crisis Economic Plan](#).
- ^c These energy standards are guaranteed by m2 Group and the contractor. The baseline is the energy efficiency of typical new buildings in the respective areas.
- ^d Accessibility-compliant with Resolution No. 41 on “Technical Regulation on Building Safety Rules” which entered into force on January 1, 2017. The regulation is not compulsory for buildings already under construction nor for special unfinished buildings; however, the buildings to be funded by ADB will comply with these regulations.
- ^e These dedicated areas will be designed by consultations jointly with women’s focus groups. m2 Group envisages that these could typically be safe areas for women, parents, and children (both indoor and outdoor spaces), and market spaces.
- ^f The events shall be organized virtually or in-person (on new construction sites and/or at the m2 Group Training Center if COVID-19-related measures allow). m2 Group’s practice of holding public events is envisaged as a means to encourage women to join the infrastructure sector and to sensitize men on gender equality issues. In addition to this, the gender target specifically aims to bring in other companies from m2 Group’s ecosystem to open up avenues for more gender-balanced participation in the in science, technology, engineering, and mathematics jobs and infrastructure industries.
- ^g The good practice publication is envisaged as a tip sheet that m2 Group will produce to give concrete pointers on what gender inclusive infrastructure looks like. Dissemination of this knowledge product shall be conducted through m2 Group’s public communication channels, which will include public displays at its construction sites, brochures distributed during events, and specific references in its media campaigns.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the DMF, this project will contribute results for the following OPs:

OP 4.1.2: Urban infrastructure assets established or improved (2)

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/documents/fastreport/?id=54433-001>

1. Sector Overview
2. Client Information
3. Details of Implementation Arrangements
4. Contribution to Strategy 2030 Operational Priorities
5. Financial Analysis
6. Economic Analysis
7. Country Economic Indicators
8. Summary Poverty Reduction and Social Strategy
9. Gender Action Plan