Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 04/01/2019 | Report No: ESRSA00090
### BASIC INFORMATION

**A. Basic Project Data**

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
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<td>Georgia</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P169117</td>
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**Project Name**

Energy Supply Reliability and Financial Recovery

**Practice Area (Lead)**

Energy & Extractives

**Financing Instrument**

Investment Project Financing

**Estimated Appraisal Date**

3/11/2019

**Estimated Board Date**

4/30/2019

**Borrower(s)**

Ministry of Finance, Ministry of Economy and Sustainable Development

**Implementing Agency(ies)**

Georgian State Electrosystem

**Proposed Development Objective(s)**

The project development objectives are to increase electricity supply reliability in the western part of Georgia, improve financial viability of GSE, and help it access long-term commercial financing.

**Financing (in USD Million)**

<table>
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**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The Georgian economy performed well in 2018. Based on the national line, poverty stagnated at 21.9 percent in 2017 affected by a slow increase of employment opportunities and a spike in inflation and driven by rural poverty at 26.6 percent. Georgia’s growth outlook is expected to be positive over the medium-term driven by higher investments, especially by the government, as well as robust external demand as growth in Azerbaijan accelerates, stays stable in Russia and begins to recover in Turkey. At the same time, Georgia remains vulnerable to regional developments given its historically high external deficit, and the risks of low export demand and remittances; the country’s quasi-fiscal risks emanating from the contingent liabilities of the State-owned enterprises are substantial and is a source of...
vulnerability; and the rural poverty remains a challenge. Georgia has a hydro-dominated power generation. Electricity demand has been growing due to robust rates of economic growth. Highest electricity demand occurs during the months with lowest hydropower generation. The Georgian power sector has undergone significant reforms over the last two decades with positive outcomes. Most of the sector entities are now privately-owned, with the exception of Enguri and Vardnili hydro power plants (HPPs), the transmission and dispatch company Georgian State Electrosystem (GSE), and Energy System Commercial Operator. As result of past reforms, the power sector has gone from near complete operational and financial collapse to reliable energy services provider with sector companies in adequate financial standing. Reforms allowed to attract significant private investments into the power sector. Going forward, the Government will need to address the following key challenges in the power sector: (1) Reducing electricity supply reliability in western parts of Georgia, (2) deteriorating financial standing of GSE Group, and (3) unviability of purely public financing of required electricity transmission investments. The proposed project would have three components: (1) construction of Jvari-Tskaltubo overhead power transmission line (OHL) and extension for Tskaltubo substation, (2) financial recovery of GSE and preparatory work to access capital markets, and (3) support to GSE to raise long-term commercial financing. Component 1 will finance 500 kV Jvari-Tskaltubo OHL with total length of up to 80 km and the new 500 kV switchyard at Tskaltubo substation. This investment is part of the Jvari-Tskaltubo-Akhaltsikhe transmission backbone project, which will improve reliability of electricity supply in the Western parts of Georgia. Tskaltubo-Akhaltsikhe OHL (with the related Akhaltsikhe substation) will be financed by KfW. The construction works are planned in a way to allow both line segments and the substation to be commissioned in 2022. This component would also finance the technical supervision consultant, which will support GSE with supervision of construction works and compliance with environmental and social policy requirements under the project. Component 2 would finance advisory support for financial recovery of GSE, preparatory work for GSE to access capital markets, and institutional strengthening of GSE. This component would include: (a) financial and legal advisory services for accessing capital markets; (b) improving GSE capacity in asset management through update or improvements to its management information systems; (c) capacity building support on technical matters related to maintenance of assets and planning of network investments; and (d) specialized technical and economic studies required for purposes of network operation, planning, and management. Component 3 would include an IBRD guarantee to help GSE raise commercial financing to refinancing existing sovereign-guaranteed debts. The project is consistent with FY19-22 CPF for Georgia. Specifically, the project is well aligned with the Focus Area 1: Enhance Inclusive Growth and Competitiveness, as it would support the following Focus Area: Objective 1.1: Support to agricultural modernization and access to markets, and Objective 1.2: Improved Connectivity and Integration. The project would improve reliability of supply in two of the regions with significant agricultural activity. Modernization and increased competitiveness of agriculture depend on FDIs to the sector, which would not be possible without reliable electricity supply. Also, the project would support GSE to start using the scarce public resources to leverage commercial financing for its investments, including some new investments aimed at improving reliability of supply to domestic users as well as regional interconnection projects to foster increased power trade. The project will generate climate change mitigation co-benefits. Reduction of CO2 emissions was valued based on the additional gas-fired thermal generation that would be required to fill in the gap of under-supply to customers from Enguri and other HPPs. Based on this analysis, the project implementation will lead to 2.8 million tCO2e reduction in emissions vs. the baseline during economic life of the project-supported infrastructure.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
Jvari-Tskaltubo overhead transmission line (OHL) will be constructed within the territory of two administrative regions of Georgia: Samegrelo-Zemo Svaneti and Imereti, and will cross the lands of 22 villages belonging to 5 municipalities: Tsalenjika, Martvili, Chkhorotsku, Khoni, and Tskaltubo. The terrain to be crossed by the OHL is diverse: it includes flat and easily accessible locations as well as hilly locations some of which are difficult to access. Flat areas are characterized with climate and ecosystem typical for Kolchic lowlands. Most territory is transformed under anthropogenic impact. Vegetation is mostly represented by grasses and shrubs. Good part of the area is comprised of privately-owned agricultural plots with wind-shield tree belts on the sides. A number of natural and architectural monuments are present in that area too. Fragmented forest patches as well as thick natural forest stands are located in the hilly area. No forest roads exist on the steep slopes. The OHL will cross river Tskhenistskali and a few smaller surface water bodies as well as elements of the existing infrastructure including high voltage power line and local roads. The most sensitive natural receptor is a high-value forest stand designated as an Emerald site, located in immediate proximity to the preliminary route of the OHL. The OHL mostly passes through sparsely inhabited mountainous villages in five municipalities with a total population of 25,387 persons (of whom 12,831 women and 12,556 men). Tskaltubo and Tsalenjikha municipalities make up 60% of the whole population of the five municipalities. About 67,000 Internally Displaced People (IDPs) who account for about 35% of the total IDPs relocated from the adjacent breakaway Autonomous Republic of Abkhazeti live in either of the two regions. Over 99 percent of the population in the municipalities and the regions is ethnically Georgian, with a small minority being of Slavic (Russian or Ukrainian) descent. The male/female ratio is fairly even, and no gender-specific trend, for example related to labor migration, are observed in the project area. Agriculture, hunting, forestry, and fishing, in addition to other services, predominate local economy in project regions. The people in the villages where the OHL pass through are mostly self-employed involved in non-intensive agricultural activities such as cattle breeding and cultivation of annual crops like maize, beans and vegetables. Majority of local population are aged people, many of who are pensioners, due to outmigration of younger population. Local communities include those who were resettled during Soviet time for the construction of a reservoir feeding Enguri hydropower plant. Male and female are almost equally represented in local population, however, women make up only about one-third of employed people. Men predominate governmental sector jobs while more women than men are engaged in businesses, mostly small businesses. Average salaries is twice higher among men than women in the region in 2014. Unemployment rate is 13% in Samegrelo-Zemo Svaneti region and 9% in Imereti region. Environmental and Social Impact Assessment (ESIA) identified the following group of people as vulnerable and disadvantaged groups who may face disproportionate negative impacts or may not be able to benefit from the project: (i) woman headed households; (ii) households with disabled people living alone or only with caretakers; (iii) Elderlies who live alone; (iv) households below poverty line; and receive social assistance; and (v) IDPs. Draft ESIA found that about 43% of local population in the two regions belong to either of the categories above. Draft RPF also found that some local population may lose significant parts of their productive assets and face negative long-term impacts on their livelihoods, especially as alternative means of livelihood are not easily available in local areas. Civil works to be supported by the project will occur under Component I, while the technical supervision of these activities as well as advisory services to improve the financial recovery of the GSE and enhance its access to capital market will be financed under Component II. Works would include: (i) construction of 500 kV OHL of an approximate length up to 80 km and Right-of-Way (ROW) width of 74.5m, with about 205 towers; (ii) construction of additional 500 kV switchyard in the existing 220kV substation near the town of Tskaltubo, including 450m long 220 kV line to connect the new 500kV switchyard with 220kV substation; and (iii) construction of access roads for the new OHL where deemed necessary by the contractor. Preliminary route of the OHL has been identified including location of towers, however, the exact locations of towers and transmission line ROW will be determined by the Contractor during implementation based on a detailed site-inspection as part of the single responsibility design, supply, and installation contract. The Contractor will also determine where access roads need to be built and their parameters. In
addition, construction of the Tskaltubo substation will require acquisition of currently unused lands. Construction activities are expected to start in February, 2020 and be completed by August 2022. Advisory services to be provided under Component II will cover only analytical works and capacity development to enhance GSE’s access to commercial finance, the result of which will not cause direct or significant environmental and social risks or impacts.

D. 2. Borrower’s Institutional Capacity

The Project implementing entity is Georgian State Electrosystem (GSE), a State-owned company, which is also implementing the Category A Transmission Grid Strengthening Project (TGSP). GSE’s technical capacity for E&S management is limited, with the E&S management responsibility dispersed among various departments and few staff except one environmental and a part-time social consultants having relevant expertise in-house. GSE’s International Projects and Reporting Department - IPRD (including 10 staff and 3 Consultants) and Projects Permissions Department (including Permits, Resettlement, Environment and Forestry units with a total of 22 staff and consultants) hold primary responsibility for environmental and social management. The accountabilities and coordination processes across the two departments are unclear. IPRD prepares and reports key E&S documents (such as ESIA reports, ESMPs and RAPs); however, their implementation rests with the Project Permissions Department whose staff has limited knowledge of these documents, and lacks adequate qualifications and training in E&S risk management. Coordination with GSE’s International Projects Planning and Supervision Department (IPPSD), which issues notice to proceed to Contractors, is also key in proper E&S management, which has been weak and caused implementation problems during the on-going Transmission Grid Strengthening Project (EGSP). Functions related to implementation of Stakeholder Engagement Plan (SEP) and Grievance Redress Mechanism (GRS) have not been clearly allocated. Therefore, both the institutional structure as well as the roles and capacity of E&S staff need to be clarified and strengthened for successful implementation of E&S commitments. During project preparation, institutional and leadership changes occurred within GSE resulting in the increased commitment to E&S management. IPRD, IPPSD, and Project Permissions Department (which integrate most E&S functions) are now under the management of a single Deputy Director. GSE adopted a Standard Operating Procedures (SOP) to tighten integration between construction and resettlement processes and clarify reporting and accountability in the processes. Early implementation experience of such measures will be carefully monitored to ensure gaps identified will be addressed immediately. GSE management agreed to develop its Environmental and Social Management System (ESMS) during the early stage of the project implementation through (i) establishment of a single Environmental and Social Department under which the functions of environmental management, resettlement, handling of grievances including those related to construction activities, will be integrated in one unit; (ii) adoption of an integrated sustainable environmental and social management vision and mission statement; (iii) enactment of processes and procedures for environmental and social management, including those that concern technical staff; and (iv) introduction of clarity to job description of E&S staff by detailing responsibilities as per the E&S commitments of GSE, increase in capacity and qualification of E&S staff through training and continuous professional development. GSE expressed commitment to initiate the implementation of actions mentioned above as soon as possible, aiming to develop a detailed action plan for the development and implementation of the ESMS before project effectiveness. Analysis of GSE’s institutional capacity is based on its track record from the implementation of the ongoing Bank-financed TGSP reflected in the Aide Memoires and ISRs, as well as multiple discussions held with GSE’s management and staff during Project preparation.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)
Environmental Risk Rating

Environmental risk is High because the project will support construction of a high-voltage OHL creating new environmental footprint in the transformed as well as natural landscapes. Part of works will be undertaken on poorly accessible steep slopes with natural forest ecosystem and no access roads. Vegetation clearance for creating ROW, earthworks, erection of towers and stringing of OHL will be highly challenging in the difficult terrain and will carry risks of excessive damage of vegetative cover, disturbance of wildlife, triggering erosion, and polluting environment with waste dumped down the slopes as well as risks to the health and safety of workers. Poor organization of work sites, lack of planning for the disposal of excess material and waste from vegetation clearing, delayed action and ad-hoc approach to site reinstatement have been experienced during implementation of the ongoing TGSP and represent high risk for the upcoming operation. At the stage of detailed design, failure to take resilient decisions in the selection of exact locations for towers may result in excessive permanent impacts on the aesthetical and touristic value of multiple cultural and natural monuments located in the vicinity of the OHL corridor. Also, this corridor borders with an area of high conservation value, allocated for the designation as an Emerald site. Any footprint of Project-related activities that exceeds ROW in this segment is likely to result in the damage of a valuable natural habitat. Risks are amplified by weak institutional capacity of GSE to undertake environmental management of these operations.

Risks related to the IBRD guarantee will be addressed by requiring GSE to develop an Environmental and Social Management System (ESMS) satisfactory to the Bank during the early phase of the project and no later than the provision of IBRD guarantee.

Social Risk Rating

Social risks intrinsic to the Project are expected to be moderate, because very limited physical displacement is expected, if at all, and impact on land and non-land private assets and local livelihoods is expected to be limited as the proposed OHL will pass through sparsely populated mountainous areas. However, social risk of the Project is rated High due to insufficient capacity of GSE in environmental and social management and noncompliance that occurred under the ongoing Transmission Grid Strengthening Project. During preparation, Bank team discussed with the GSE measures to strengthen its E&S management capacity as described in section D2. Social Risk level may become lower during implementation as the GSE starts implementing its strategy to strengthen its overall E&S management system.

Primary social risks and impacts intrinsic to the project concern land acquisition and loss of livelihoods, especially among vulnerable and disadvantage people, as well as stakeholder engagement under Component I. ESIA found that 43% of the population in the project regions can be considered vulnerable by one or more criteria (poor, elderly, or single-parent households, IDPs, persons with disability, residents of remote mountain settlements, among others). The share of such groups in the specific project corridor will be confirmed during RAP socio-economic survey. Some local population may lose significant parts of their productive assets and face negative long-term impacts on their livelihoods especially as alternative means of livelihoods are not easily available in local areas. Additional monetary support will be provided to vulnerable groups and severely affected households, in order to avoid significant, long term negative impact on their livelihoods.

Risks related to labor influx are low as a workers’ camp of a significant scale will unlikely be established. Risks related to security force are also expected to be low based on the assessment of existing practices in ESIA. Stakeholder risk is
high as TGSP met numerous grievances regarding potential health risks of electronic magnetic fields (EMF), compensation on easement arrangements, and felling of trees.

Risks related to the IBRD guarantee will be addressed by requiring GSE to develop an Environmental and Social Management System (ESMS) satisfactory to the Bank during the early phase of the project and no later than the provision of IBRD guarantee.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The Project-supported OHL will pass diverse landscapes ranging from flat terrain with modified ecosystems, private agricultural lands and settlements to natural forests growing on steep slopes. OHL construction in lowlands will include temporary or permanent land use restriction, land acquisition and limited physical relocation. Intervention to hilly and forested terrain may result in excessive damage of vegetation and wildlife disturbance in natural habitats, including a designated Emerald site, and loss of high aesthetic/touristic value of landscapes. Permanent impacts on the natural environment are expected both under conductors and OHL towers and in the corridors of access roads to be built and retained as service roads during operation. A consultant hired by GSE carried out some additional research and updated the draft ESIA report prepared earlier in line with the safeguard policies of the Bank under the ongoing TGSP to achieve material consistency with requirements of the applicable ESSs. The task team reviewed the draft updated ESIA report ("draft ESIA report"), inspected the entire OHL corridor where accessible by a car, and participated in community meetings conducted by the GSE in local villages for validation of the ESIA findings. Primary social risks and impacts of the project concern land acquisition and livelihoods' loss, especially among vulnerable and disadvantaged people, as well as stakeholder engagement under Component I. ESIA assessed two alternative OHL lines and prioritized one that pass through fewer settlements and cause smaller impact on land acquisition or local livelihoods. ESIA found 523 households within 500m range of preliminary OHL centerline (250m both sides of the centerline), or 175 households within 250m range of preliminary OHL centerline. The exact locations of towers, and the 74.5m OHL corridor, will be different than tower locations and the preliminary corridor assumed under the draft ESIA report for impact assessment, however, they will likely fall within the 250m range or 500m range of preliminary OHL centerline. The exact scale of physical and economic displacement will be small because about 60 percent of affected land fall under national forest land or municipally owned lands. Also, most of the land within the TL corridor will continue to be owned by affected people who can continue to use the lands for various livelihoods activities (e.g. production of annual crop and grazing) under easement arrangements. ESIA found that 43 percent of local population in the two regions where the project is to be implemented belong to vulnerable and disadvantaged people who may face disproportionately high negative impacts or may not be able to benefit from the project. Vulnerable households within the project corridor will be identified during the RAP socio-economic survey. Severely affected people (those for whom more than 20 percent of their fertile land will be lost or significantly modified, or those who lose more than 20 percent of income) and vulnerable people will receive additional compensation for permanent loss of land and non-land assets. Special assistance may also be provided to them in the event that they suffer significant reduction in standard of living or income. No significant risks related to labor influx, GBV and community health and safety were observed. Local people do not rely heavily on provisioning ecosystem services for livelihoods. ESIA found that about 250 workers will be hired in total by the contractors for the construction of OHL and the substation, of whom about
half will be unskilled workers who will mostly be hired from within local communities. This assessment is in line with the experience under similar projects in Georgia—about 35 percent of workers may be expected to be international, and another 30-35 percent Georgian from other regions of the country. The risk of gender-based violence under this project is be low given the small size of workers’ teams, availability of GBV-related legislation and support services in the country, and lack of precedents that indicate such risks in Georgia. Nevertheless, a number of mitigation measures will be taken to prevent GBV-associated risks, such as sensitization for project employees and communities and adoption and monitoring of Codes of Conduct for all project workers. Assessment of primary suppliers, labor and working conditions were conducted by the draft ESIA report and will be detailed in the ESS2 section of the ESRS. The main environmental risks and expected impacts at the construction and operation of the OHL come from the difficulty of terrain to be crossed by it and a need for vegetation clearance in the OHL corridor. Project-supported OHL will pass diverse landscapes including lowlands with modified ecosystems, private agricultural lands and settlements, and natural forests growing on steep slopes. Intervention to hilly and forested terrain may result in excessive damage of vegetation and wildlife disturbance in natural habitats, including a designated and a nominated Emerald sites adjacent to the ROW of the OHL, and loss of high aesthetic/touristic value of landscapes. Permanent impacts on the natural environment are expected both under conductors and OHL towers and in the corridors of access roads to be built and retained as service roads during operation. Draft ESIA mentions that no potential impacts are expected due to exposure of humans, animals and plants to EMF, but it developed mitigation measures in line with national norms and ICNIRP guidelines, including: no one may live within 30 meters of the energized conductors of the transmission line. If monitoring shows that EMF levels exceed 0.5kV/m or 10uT, GSE will shield or otherwise reduce levels to below that standard or will relocate the people in accordance with the RAP. Consultations of this ESIA with local people will include presentations by GSE on EMF levels, potential risks, and mitigations. If community concern remains high, GSE will hold special consultation sessions specifically to discuss EMF issues. GSE will also develop and post a page on its website that discusses levels and risks that result from high-voltage transmission lines (and from other sources such as cellular telephones). Component 3 would provide an IBRD guarantee to help GSE raise commercial financing to refinancing existing sovereign-guaranteed debts. The guarantee will not be used to finance capital investments. GSE does not have an internal system to manage environmental and social risks related to the development and management of its assets beyond project specific environmental and social management instruments developed specifically for its capital investment project financed by IFIs. GSE expressed its commitment to develop an Environmental and Social Management System (ESMS) satisfactory to the Bank during the early phase of the project, and no later than the provision of IBRD guarantee, so that the refinancing obtained against IBRD guarantee will be used in ways materially consistent with the ESF. Draft ESIA presort, including ESMP with mitigation measures to address all identified risks, has been submitted to the Bank for review. Bidding Documents are currently under development which will require bidders to submit their Management Strategies and Implementation Plans (MSIP) to manage environmental, social, health and safety (ESHS) risks as well as Code of Conduct for their workers and the implementation plan. Selected bidder will be required to submit for GSE’s approval, and subsequently implement, the Contractor’s Environment and Social Management Plan (C-ESMP) which will include Contractor’s Labor Management Procedures (C-LMP), Waste Management Plan, Landscape Reinstatement Plan and Community Engagement, Health and Safety Plan. Associated facilities: A 103km 500 kV Tskaltubo-Akhalstikhe OHL, co-financed by KfW and EBRD, has been identified as the Associated Facility for this Project. It will comprise two circuits on a single alignment of towers and be linked the project financed Tskaltubo Substation. An ESIA is currently under development by an EBRD-funded consultant and is expected to be ready by end of March 2019. The exact TL alignment is to be determined during implementation. The Resettlement Policy Framework (RPF) and the Stakeholder Engagement Plan (SEP) for the Associated Facilities are under preparation. The Bank was informed by the KfW that all relevant
safeguard instruments may be shared with the Bank when they are ready. The Bank will review the ESIA, RPF and other safeguards instruments for the Associated Facility when they become available and ensure their material consistency with the ESF. An ESIA Scoping Report indicates that environmental and social impacts are similar to those expected under the Project. There are estimated seven major watercourse crossings along the proposed OHL route. Six residential properties may need to be physically displaced. RAP to address physical and economic displacement in relation to the Associated Facility will be reviewed by the Bank when it becomes available to ensure its material consistency. The OHL ROW would pass through Adjara – Imereti IBA Protected Area; 6 protected areas may be within 10 km of the TL ROW, and Bagrati Cathedral World Heritage Site is located about 7.6km from the OHL ROW. The scoping study seems to address majority of ESF requirements with a notable exception of disadvantaged and vulnerable groups and labor management. The ESIA report for the construction of Jvari-Tskaltubo OHL may be updated to provide a more detailed assessment of the E&S risks and impacts of the Tskaltubo-Akhaltsikhe OHL when the ESIA report on the latter becomes available in late March. Should any significant gaps in approach be identified at that stage, the present ESIA report for Jvari-Tskaltubo OHL will be updated accordingly in discussion with KfW and GSE.

ESS10 Stakeholder Engagement and Information Disclosure

GSE has prepared an elaborate project Stakeholder Engagement Plan (SEP), which includes engagement for both project affected parties (PAPs) and other interested parties (OIPs). The project will be implemented in a corridor crossing the lands of five municipalities comprising 22 villages with a total population of 25,387 persons (of whom 12,831 women and 12,556 men). The key PAPs, identified in the SEP are – people affected by land acquisition (i.e. those losing assets and/or private land and/or access to common resources due to project’s land requirements), people residing in the project area, (i.e. those living along the transmission line route, access tracks and in the vicinity of the proposed substation, who are likely to be affected by disturbances caused by the heavy vehicle traffic, construction impacts, but may also benefit from project-related employment opportunities); and affected municipality and village representatives (e.g. mayor, city council with a chairman, trustees of a mayor and governors, etc.). Furthermore, the project has also identified disadvantaged/vulnerable groups – inhabitants of the remote high mountainous villages in the Project area; IDPs that have relocated from the adjacent breakaway Autonomous Republic of Abkhazeti; those registered as poor with the local social services; women-headed households; elder-headed households without any other household member bringing in income; and households headed by disabled people. The key external OIPs are the central government agencies and their regional branches; municipalities and villages; local, national and regional NGOs; business and workers’ organizations; academic institutions; other project developers reliant on or in the vicinity of the Project (e.g. associated facilities) and their financiers (e.g. ADB, EBRD, KfW, etc.); the press and media; and finally - General public, tourists, and jobseekers. The key internal OIPs with stakes in the project include - GSE Staff; supervision consultants; contractors/sub-contractors; service providers, suppliers and their workers. GSE has been engaging with various project stakeholders since the end of 2017, which coincided with the preparation phase of the Environmental Impact Assessment. Four main types of stakeholder engagement activities have taken place to date – (i) EIA public hearings and initial informal meetings (in late 2017 and early 2018); (ii) Community meetings for SEP preparation (in late 2018 and early 2019); (iii) Informal communication with government agencies (throughout 2018); and (iv) Communication with local NGOs (in late 2018). The key objectives of these meetings were to share information about the project, communicate with local authorities and population, identify preferred mechanisms for communication and coordination and the local stakeholders’ needs and interests. GSE has also reached out to NGOs (e.g. Center for
Strategic Research and Development of Georgia, Atinati) who have been active in project-affected areas. GSE also has reached out to AtipFund – State Fund for Protection and Assistance of (Statutory) Victims of Human Trafficking, which focuses on Gender Based Violence (GBV) issues. AtipFund has expressed an interest to raise public awareness and support GSE on GBV issues in the Project affected areas. Additional details on these activities are elaborated in the SEP. Several key lessons learned from the previous experience of the ongoing Bank-financed Transmission Grid Strengthening Project (TGSP) have influenced and been integrated into the project SEP. GSE will address stakeholders’ concerns on a range of social and environmental issues (e.g. adverse health impacts of Electro Magnetic Field from the transmission line; community health and safety; principles and methodologies of compensation; grievance resolution mechanism; etc.) by proactively reaching out to stakeholders, both PAPs and OIPs, through a range of activities, such as by – (i) recruiting Community Liaison Officers (CLOs) in each of the five affected Municipalities; (ii) establishing information help desks in each of the five affected Municipalities; (iii) organizing periodic and frequent community meetings at the Municipality and Village levels (on the average, monthly and quarterly, respectively); (iv) distributing written information on key stakeholders’ concerns through posters, brochures and leaflets widely; and (v) strengthening and expanding the existing project Grievance Resolution Mechanism. As mentioned above, GSE has proposed a range of proactive stakeholder engagement activities in the project SEP. These range from - public meetings, trainings/workshops, separate meetings specifically for women and vulnerable; mass/social media communication through Facebook, WhatsApp; proactive disclosure of written information through brochures, posters, flyers, website; creation of information desks in all five affected municipalities and headquarters; a robust three stage grievance resolution mechanism; project tours for media, local representatives; and citizen/PAP surveys twice during the lifetime of the project. Furthermore, the activity types and their frequency are adapted to the three main project stages (i.e. RAP preparation, implementation and project design; construction; post-construction and operation phase) and are discussed in detail in the SEP. The topics of engagement cover a range of issues such as - land acquisition process (land registration; compensation rates and methodology; livelihood restoration); project E&S principles; grievance mechanism; health and safety impacts (EMF, Construction-related safety measures); employment opportunities; environmental concerns; and Gender Based Violence. GSE’s capacity for stakeholder engagement in currently limited and will be enhanced during the project. GSE will mobilize additional human resources to implement the SEP and manage the GRM. SEP activities will be led by GSE’s International Projects Department with relevant responsibilities being taken on by the Project Permissions Department, the Technical Supervision Department and the Public Relations Department. A core Community Liaison Team comprised of 3-4 staff from these departments will take responsibility for and lead all aspects of the stakeholder engagement as provided in this SEP. The team will be supported by part-time and full-time consultants, as needed. In addition to the core Community Liaison Team, Community Liaison Officers (CLOs) will be recruited in each of the five Project-Affected Municipalities. CLOs are expected to be the key people engaged in community outreach/interaction on GSE’s behalf. They are also likely to have an important role in grievance management. The Permissions Department Manager will be overall in charge of the grievance resolution mechanism. The Project Grievance Focal Point will also be part of the Community Liaison Team. A tentative budget for implementing the stakeholder engagement plan over five years has been estimated at $500,000. GSE will review and update the SEP every six months. The budget will be revised accordingly. GSE will strengthen and expand its current three-stage GRM for resettlement to include all social and environmental issues. The typical grievances, expected during the project relate to - land acquisition; construction damages; environmental impacts; and direct and/or indirect social impacts. GSE’s GRM includes three successive tiers for grievance review and resolution: (i) the first tier is the Grievance Resolution Committee (GRC) at the Municipal level; (ii) the second tier is the GRM Focal Person at GSE headquarters at the national level; and finally, (iii) the third tier is the Grievance Redress Commission comprising of senior GSE
management at GSE headquarters. Complainants can seek redress from the judicial system at any time. All grievance related correspondence will be documented, and the grievance resolution process will be systematically tracked. A separate mechanism has been proposed to address worker grievances.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

Project workers include direct workers (GSE’s own staff assigned to work in relation to the project and a few consultants hired on part-time basis), and employees of civil works contractor and their sub-contractors. Community workers will not be engaged. The minimum age for project workers will be 18 years. ESIA found out that the primary suppliers shall be companies that manufacture transmission towers and conductors, electrical switching equipment, transformers, and other major electrical equipment. Since these suppliers will provide goods and materials which are essential for the core functions of the project, it was assessed under ESS1 risk assessment that these suppliers should be treated as primary suppliers under ESS2, even though some of them would not provide goods and materials on ‘on going’ basis, but it may be a one time large procurement of these goods and materials. These sectors are not known to involve significant risks of child labor and forced labor. While it is not possible to determine the exact number of contracted workers under the Project till civil works Contractors are selected, based on the experience of the ongoing TGSP, it is estimated that about 150 – 200 workers will be engaged for the construction of the OHL, and about 100 – 150 for the construction of the sub-station. It is estimated that about 20 direct workers (GSE staff) would be engaged under the project. The national Labor Code includes provisions on non-discrimination, freedom of association, minimum employment age, OHS and dispute resolution. However, the enforcement of workers’ rights under the Labor Code is weak. As of March 2018, Georgia has introduced some mechanisms of OHS inspection, yet, for other aspects of labor and working conditions no such mechanisms exist. The project needs to develop strong monitoring procedures and workers’ GRM to fill these gaps. GSE developed a Labor Management Procedure (LMP) to address gaps with ESS2, both for direct and contracted workers. The GSE will update the LMP including GSE workers’ grievance redress mechanism before effectiveness. Civil works contractors, when selected, will prepare their contractor’s labor management procedures (C-LMP) including the GRM for their own workers (contacted workers) in line with the requirements of ESS2, based on the principles, procedures and responsibilities provided in the GSE’s LMP. Occupational Health and Safety (OHS): No incidence of significant OHS issues has been observed under on-going TGSP. GSE will develop and include in the ESMP and in BDs an Environment, Health and Safety plan in line with Environment, Health and Safety (EHS) Guidelines of the World Bank Group. GSE will ensure that the Contractor develops a Workers’ Health and Safety Plan which will include procedures on incident investigation and reporting. Contractors will be contractually required to monitor and enforce safety plans and labor management procedures.

ESS3 Resource Efficiency and Pollution Prevention and Management

Environmental damage due to improper management of excess material and organic waste from vegetation clearing is a significant risk of the upcoming works for construction of Jvari-Tskaltubo OHL. Pushing of excavated earth, extracted tress and/or their parts, and other construction waste down steep slopes or their dumping into nearby forest stands will cause unnecessary expansion of the project’s environmental footprint to natural habitats and a high-value forest ecosystem parts of which are included and nominated for the inclusion to the Emerald Network, as
well as loss of future revenues from nature tourism already picking up in the project area carrying remarkable natural and cultural monuments. These risks and types of required mitigation measures are described in ESIA report and laid down in the GSE’s ESMP. GSE will require the selected works contractor developing a detailed Waste Management Plan prior to entry of site, approve it in consultation with the Bank, and enforce its implementation by the contractor. Waste Management Plan will be developed once detailed design is available. Hence, it must carry specific information on the estimated volumes of various types of waste, arrangements for its temporary on-site storage and final placement, and clearances/permits for waste disposal obtained from relevant national authorities. Specific arrangements for re-use or recycling of particular types of waste as well as agreements on hand-over to secondary users must also be included if foreseen. Contractor will also be requested to identify arrangements made for the disposal or hand-over of hazardous waste (vehicle oils, filters, tires, etc.) to producers or companies licensed for its deactivation. GSE commits not to use pesticides for vegetation control in the OHL corridor neither during construction nor during operation of the OHL. Grass and shrubs will be allowed to grow under the power line, while offspring of cut trees will be physically trimmed not to grow above the established safe ceiling of height. Regular good practice will be applied to operation of construction machinery and vehicles, preventing excessive exhaust due to poor technical condition of engines and their idling. Adequacy of arrangements for waste management made by GSE through the draft ESIA report was assessed by the Task Team based on the practices applied and issues encountered under the ongoing TGSP, extensive country knowledge accumulated from the supervision of Bank-financed projects in Georgia, and review of the national waste management regulatory framework. The gross greenhouse gas (GHG) emissions from the construction of target OHL and the substation are small, and only limited to: (a) embedded emissions from production of equipment and materials required for construction of the facilities; and (b) emissions from machinery and equipment used during the construction. Overall, at power generation and transmission level, the Project is expected to contribute to avoided increase in GHG emissions of 2.8 million tCO2e given that it would allow generation and supply of more hydropower based electricity to consumers and avoid the increase in gas-fired electricity generation if the target OHL and the substation are not constructed. Operation stage emissions from target OHL and the substation are negligible.

ESS4 Community Health and Safety

Local communities are highly sensitive to the potential impacts of EMF. Complaints and even protest rallies are not uncommon. Clear national standard is missing for EMF risks. Public awareness is poor, and distrust is strong. Draft ESIA does not expect potential impacts to occur when humans, animals, and plants that are exposed to EMF, but it nonetheless sets out mitigation measures to comply with national norms and ICNIRP guidelines. The primary mitigation is that no one may live within 30 meters of the energized conductors of the transmission line. In addition, any person who lives within 150 meters of the line may request that electromagnetic fields be measured in their house. If monitoring shows that EMF levels exceed 0.5kV/m or 10μT, GSE will shield or otherwise reduce levels to below that standard or will relocate the people in accordance with the RAP. Draft SEP includes consultations with local leaders and community members on EMF levels, potential risks and mitigation measures. If community concern remains high, GSE will hold special consultation sessions specifically to discuss EMF issues. GSE will also develop and post a page on its website that discusses levels and risks that result from high-voltage transmission lines (and from other sources such as cellular telephones). Community health and safety education sessions will be undertaken during the construction phase and into the first year of operation of each scheme, covering the following key issues: health risks related to EMF; road safety; HIV/AIDS and sexually transmitted diseases; site safety awareness and access restrictions. Community education sessions will take place in schools and community centers such as village halls and
municipality buildings. Fencing will be installed around all construction sites and areas where there is a risk to community health and safety such as excavations. Labor influx and GBV risks: Under the TGSP, more than half the workforce is reportedly hired locally. No work camp is established, and external workers, mostly technical staff, live in serviced apartments in nearby towns. A similar arrangement will be sought under the new project. If workers camp need to be built, the contractor will be required to employ measures to control labor influx risks based on international good practice. The GBV risk assessment conducted in line with GBV Guidance Note found that the Project GBV risk is Low. Preliminary mapping of GBV services found that services are available only in large urban centers close to the beginning and end of the Project transmission lines. There have been no awareness raising campaigns in the project area. The project will partner with a qualified State agency or NGO to raise awareness on available services and referral mechanisms in the project-affected communities. This activity is described and budgeted under the Stakeholder Engagement Plan. GSE staff and all contracted workers (as well as Supervision team) will receive training on, sign, and adhere to a code of conduct. WBG’s EHS Guidelines for Electric Power Transmission and Distribution will be carefully assessed and used particularly to address risks related to ROW management, EMF, OHS and community health and safety. Security personnel: it is expected that the selected contractor will appoint a subcontractor to provide security. National law prohibits security personnel from having firearms, but they can have a variety of other nonlethal devices. GSE will require the contractor to hire only licensed security providers, and to verify the subcontractor and security personnel have not been involved in past abuses. The contractor will also be required to ensure security personnel is in the appropriate use of force. GSE will conduct appropriate checks to ensure that security companies and personnel do not have a history of past abuse. Adequacy of arrangements to manage community health and safety during Project implementation was assessed based on the analysis of relevant national legislation, complaints from the TGSP-affected people on the alleged exposure to EMF, other relevant records from supervision of TGSP as well as based on the extensive discussions with the GSE management and staff.

**ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The exact scale and scope of land acquisition and resettlement required for the construction of Jvari-Tskaltubo OHL is currently not known, since the exact locations of towers will be determined by the Contractor during implementation, based on a detailed site-inspection. ESIA assessed two alternative OHL corridor and prioritized the one, which passes through fewer settlements, causes smaller impact on land acquisition or local livelihoods, and anticipates no physical resettlement. For the construction of Tskaltubo substation private land acquisition but no impact on crops, trees, or other assets is expected. Since the exact locations of towers, and of substation works, will be determined by the respective contractors as part of design, supply, and installation contracts (one for the transmission line and one for the sub-station), the exact scale and scope of impact cannot be determined before appraisal. A Resettlement Policy Framework (RPF) was developed in line with ESS5 based on the information collected for the preliminary route and based on experience from the ongoing Transmission Grid Strengthening Project in Georgia. Draft RPF identified the following as the expected types of impact: • Acquisition of private lands for the construction of towers. Each tower will require about 400m of land. While 205 towers are expected to be built, about 60% of them are expected to be built in state forest land or on municipal lands, reducing land acquisition impact. Preliminary assessment identified 94 towers to be built on private lands. The exact number of towers to be built on private lands will be in the range between 80 and 120. The size of land acquisition is therefore expected to be about 3.7ha, ranging between 3.2ha and 4.8ha (including lands that may need to be acquired to build access roads although some of them may be returned to original owners after restitution). Also, if local people are found to reside within the 74.5m OHL corridor and the corridor realignment is technically not possible, their land will be acquired for
safety reasons, increasing the size of land acquisition. In addition, about 14 hectares of unused agricultural land will be acquired to build Tskaltubo substation. • Land use restriction under easement. All lands within 74.5m OHL corridor other than where towers will be built and where private lands need to be acquired for safety reasons mentioned above will remain under the ownership of current owners with easement arrangements. Applicable prohibitions under easement arrangement, as under the on-going TGSP, will include prohibitions of any buildings, use of tall equipment that could reach the energized wires, and on trees or other plants that grow over four (4) meters in height. It is expected that about 190ha of lands may be under easement arrangement. Since production of annual crops, grazing of livestock and other typical livelihoods activities engaged by local people will be allowed under easement arrangement, livelihoods impact is not expected to be significant for majority of people affected under land use restrictions. • Temporary land occupation. The contractor will lease about 3ha near the Project OHL corridor for offices, storage, and other activities during construction period. • Structures. Both residential and non-residential structures within 74.5m OHL corridor will be demolished, if realignment is not possible, although no residential structure was identified in the preliminary OHL corridor. Very few businesses are identified in areas that may be affected under the project, and demolition of local businesses such as shops and restaurants is unlikely though cannot be fully ruled out. Overall, the OHL corridor will be adjusted where necessary to avoid and minimize physical relocation or loss of livelihoods. • Tree felling. All trees that are currently, or have the potential to grow, over four (4) meters high will be cut to a height of 0.7 to 1.0 meters. • Vulnerable and severely affected people. About 43% of local population in the two regions are found to be vulnerable although the ratio is expected to be much smaller among those who lose land or non-land assets (for example, the regions contain a high share of IDPs relative to other regions of Georgia, yet they are not concentrated in the project-affected communities). Vulnerable and severely affected PAPs will be entitled for additional support including one-time allowance equivalent to five times the national minimum subsistence income. Those who lose more than 20% of productive lands or income will also be entitled for additional compensation, depending on the level of impact as defined in the RPF. Stakeholder Engagement Plan includes provisions for tailored outreach and assistance to vulnerable groups. The draft RPF sets out specific measures to address gaps identified under the on-going TGSP, including: - Adoption of Standard Operating Procedures (SOP) to tighten integration between construction and resettlement processes and clarify reporting and accountability in the processes. - Appointment of one local person per affected municipality as the Community Liaison Officer (CLO) as the interface between the GSE and affected people and as part of the first tier grievance mechanism. - Clarifications in compensation strategy particularly on easement arrangements and felling of trees for which numerous inquiries and grievances were raised under the TGSP. - Strengthened Grievance Redress Mechanisms (GRM) with clarity in responsibilities and processes to handle grievances. GSE is seeking partnership with Public Registry and Property Rights Recognition Commission given the experience under the TGSP in which land registration process took a considerable time. This partnership intends to simplify land registration process for the PAPs, through agreeing with the Public Registry to assign their representative (authorized to receive/register documentation, etc.) at GSE HQ or by having them directly on the Project-affected area. The World Bank team has conducted site visits along the preliminary OHL corridor and on the site selected for the construction of Tskaltubo sub-station. The Bank team has assessed lessons learned from the resettlement implementation process under TGSP, including from the draft RAP Completion Report prepared for the completed segment of TGSP. The Bank has worked continuously with GSE to strengthen social risk and resettlement management capacity, data management, grievance and redress mechanism, and adequate assessment of compensation methodology. The actions and commitments identified in the present ESRS and ESCP are a result of the above due diligence.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
Construction of Jvari-Tskaltubo OHL will affect forest ecosystems, including natural habitats and areas of high conservation value. Based on the preliminary research, no critical habitats will fall under the impact. Additional study is required for confirming that the currently proposed mitigation measures will ensure that there is no net loss of biodiversity occurs as a result of vegetation clearing in the natural habitats. If proven otherwise, offsetting for the net loss should be considered, planned and undertaken as feasible. More evidence is required for understanding whether Project-affected ecosystems are critical for supporting populations of endangered species identified in the OHL corridor. Although the corridor will claim narrow strip of land under habitats under consideration, ability of populations to survive in similar larger areas adjacent to the corridor is subject to confirmation. Therefore, the Bank requested and GSE agreed to undertake additional biodiversity and habitat studies in the Project impact zone and develop Biodiversity Management Plan prior to commencement of works. In the process of the detailed design, OHL alignment will be adjusted to avoid/minimize impact on the most sensitive receptors. GSE will require that Contractor designs access roads with full consideration of environmental impacts, confines clearing of vegetation to the allocated corridors of OHL and access roads, prevents uncontrolled movement of construction machinery and vehicles outside of these corridors, and restricts environmentally damaging behavior of contractor's personnel. Presence of agreed-upon arrangements for on-site storage of earth and waste from vegetation clearance, for backfilling, hand-over or final disposal of this waste, and for timely reinstatement of landscape around each OHL tower and service road will be critical to keep biodiversity impacts low, and to create enabling environment for natural revegetation of the affected sites. Detailed plans for managing various types of waste and for landscape reinstatement will be produced by contractor as part of C-ESMP, be approved by GSE in consultation with the Bank, and enforced during construction. ESIA confirmed that local communities do not gain livelihoods from provisioning ecosystem services in the OHL area. Adequacy of coverage of the Project’s expected biodiversity risks and impacts by the ESIA report and sufficiency of the arrangements for their mitigation were assessed based on the information obtained from the Ministry of Environmental Protection and Agriculture on the nominated and allocated Emerald sites in Georgia, draft outputs of the Strategic Assessment of Georgia's Electricity Sector Development ongoing under the TGSP, Scoping Report for the ESIA of Tskaltubo-Akhaltsikhe OHL produced with support of EBRD, and numerous meetings with the GSE’s environmental consultants.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

No indigenous people are known to reside in Project area.

ESS8 Cultural Heritage

Jvari-Tskaltubo OHL will pass in proximity to several known monuments of historic and cultural importance. Although construction works will not have direct physical impact on the heritage monuments, indirect impacts from the movement of construction machinery, presence of work force, etc. as well as permanent impact on the visual/aesthetic view and tourist experience during visitation of these sites was closely looked at during ESIA and mitigation measures were worked out. ESIA report provides detailed information on the areas of visibility of the proposed OHL infrastructure and types of recipients of visual impacts (local residents, tourists, travelers). At the stage of the detailed design, GSE will flag this information to the design team for consideration while defining exact locations of towers. ESIA report carries description of chance find procedures to be followed in case of finds during excavation works. Procedure details roles and responsibilities of GSE, technical supervisor of works, works contractor, and the Ministry of Education, Science, Culture and Sport in following the established procedure. During
implementation, impacts on intangible cultural heritage may be brought to the attention of GSE by affected persons or other stakeholders. In such cases, as well as in the event of chance finds of historical or cultural significance, GSE will seek the opinion of the Ministry of Education, Science, Culture and Sport and follow national legislation requirements. Adequacy of the chance find procedure elaborated for the construction of Jvari-Akhaltsikhe OHL was validated by checking similar procedures approved for and followed by other ongoing Bank-financed operations and the review of institutional structure and mandate of the recently created Ministry of Education, Science, Culture of Sport which absorbed the former Ministry of Culture and Sport upon merger of these two agencies.

ESS9 Financial Intermediaries

No financial intermediaries are party to the project implementation modality.

B.3 Other Relevant Project Risks

Relevant risks have been described above.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

OP 7.60 Projects in Disputed Areas

No

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONS IDENTIFIED</th>
<th>TIMELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>09/2019</td>
</tr>
<tr>
<td>Develop a detailed, time-bound action plan satisfactory to the Bank for the establishment of the ESMS with a vision statement, organizational arrangements, institutional procedures and staffing plan, at minimum, and finalize, disclose, operationalize and maintain the ESMS according to the timeline set in the action plan. Development of action plan - prior to effectiveness; implementation - early in Project life; maintenance of ESMS - throughout Project life.</td>
<td></td>
</tr>
<tr>
<td>Establish/reorganize an Environmental and Social Department with clear accountabilities to implement all commitments stated in the project ESIA report, RPF, SEP, ESMPs and RAPs, and LMP satisfactory to the Bank. Prior to Project Effectiveness</td>
<td>09/2019</td>
</tr>
<tr>
<td>Recruit and maintain at least one full-time senior Environmental Specialist and one full-time senior Social Specialist with the TORs acceptable to the Bank and in line with the staffing plan laid out in the ESMS Staff recruitment - prior to Project effectiveness and retention - throughout the Project life</td>
<td>09/2019</td>
</tr>
</tbody>
</table>
Complete environmental and social assessment to identify and assess the environmental and social risks and impacts of the Project and work out appropriate mitigation measures. Delivery and disclosure of ESIA report and RPF prior to Project Effectiveness | 09/2019

Complete Employer’s ESMP, disclose it and include it into the bidding documents for designing and building Project infrastructure Prior to tendering of works | 04/2019

Hire and retain throughout the construction period an independent environmental and social monitoring consultant After assignment of contractor(s), throughout the contract implementation | 09/2019

Ensure that all civil works contractors develop C-ESMP including the detailed Waste Management Plan, Landscape Reinstatement Plan, Community Health and Safety Plan (which will address community relationship management), Health and Safety Plan, and Contractor’s Labor Management Procedure (C-LMP) including occupational health and safety measures to the satisfaction of the Supervision Engineer, GSE and the Bank. Prior to commencement of works | 03/2020

Obtain or assist in obtaining, as appropriate, the permits, consents and authorizations that are applicable to the Project from relevant national authorities. Throughout Project implementation | 04/2025

Submit for the Bank's review and clearance draft ESIA, RPF, ESMP, RAP, SEP and other instruments for the Associated Facility of this project as and when they become available. Prior to commencement of works for the Associated Facility | 03/2020

Establish the Community Liaison Team at headquarters and maintain one Community Liaison Officer per each five affected municipalities till project closure. Recruit CLOs prior to Project Effectiveness, retain CLOs throughout life of the Project. | 09/2019

**ESS 10 Stakeholder Engagement and Information Disclosure**

Complete development of, and disclose and implement, Stakeholder Engagement Plan (SEP). Prior to Project Effectiveness | 09/2019

Establish the Community Liaison Team at headquarters and maintain one Community Liaison Officer (CLO) per each five affected municipalities. Prior to Project Effectiveness | 09/2019

Operate viable GRM as per SEP. Throughout Project life | 09/2019

**ESS 2 Labor and Working Conditions**

Complete, to the satisfaction of the Bank, Labor Management Procedure including the GSE workers’ grievance redress mechanism, and operate it accordingly. Document completion - prior to Project effectiveness; implementation – throughout Project life | 09/2019
<table>
<thead>
<tr>
<th><strong>Submit for the Bank’s approval civil works contractor(s)’ Labor Management Procedure (C-LMP) and cause Contractor(s) to adhere to C-LMP. Submission - within two months from contract signing and enforcement – throughout Project life</strong></th>
<th>10/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Develop and maintain a grievance redress mechanism (GRM) for Project workers, as part of LMP Prior to Project Effectiveness</strong></td>
<td>09/2019</td>
</tr>
<tr>
<td><strong>Ensure contractor(s) develop their GRM for their employees as per C-LMP Submission - within two months from contract signing; and enforcement – throughout Project life</strong></td>
<td>10/2019</td>
</tr>
<tr>
<td><strong>Implement OHS measures as per applicable law and internal regulations of GSE, ESS2, and World Bank Group’s Environmental Health and Safety Guidelines (EHSGs) as part of GSE’s LMP Prior to Project Effectiveness and throughout Project life</strong></td>
<td>09/2019</td>
</tr>
<tr>
<td><strong>Ensure Contractor(s) implement OHS measures as detailed in C-LMP Throughout Project life</strong></td>
<td>04/2025</td>
</tr>
<tr>
<td><strong>Require Contractor to deliver training of Contracted Workers to raise awareness about their contractual rights and obligations At minimum once a year, throughout Project life</strong></td>
<td>04/2025</td>
</tr>
<tr>
<td><strong>ESS 3 Resource Efficiency and Pollution Prevention and Management</strong></td>
<td>04/2025</td>
</tr>
<tr>
<td><strong>Adhere to the commitment not to use pesticides for vegetation control neither during construction nor during operation of the OHL Throughout Project life</strong></td>
<td>04/2025</td>
</tr>
<tr>
<td><strong>Require works Contractor(s) to submit a Waste Management Plan satisfactory to the Bank and will enforce its implementation. Submission – within two months from contract signing and implementation – throughout Project life</strong></td>
<td>10/2019</td>
</tr>
<tr>
<td><strong>ESS 4 Community Health and Safety</strong></td>
<td>10/2019</td>
</tr>
<tr>
<td><strong>Include into bidding documents to require bidders to submit their MSIP for addressing ESHS risks and the ESHS Code of Conduct and cause Contractor(s) to comply. Prior to tendering of works. Enforcement - throughout Project life</strong></td>
<td>10/2019</td>
</tr>
<tr>
<td><strong>Cause Contractor(s) to develop, to the satisfaction of Supervision Engineer and GSE, the method statement for traffic management, and adhere to it. Prior to commencement of works</strong></td>
<td>03/2020</td>
</tr>
<tr>
<td><strong>Ensure that Contractor(s) develop and implement Community Health and Safety Plan, including community relationship management Within two months after contract signing; implementation - throughout Project life</strong></td>
<td>10/2019</td>
</tr>
<tr>
<td><strong>Hold awareness-raising sessions in each project-affected community on the risks of electro-magnetic fields. Throughout Project life</strong></td>
<td>04/2025</td>
</tr>
</tbody>
</table>
Ensure the Contractor(s) raises awareness of employees on risks related to and measures for mitigation of impacts on local communities. Throughout Project life 04/2025

Mobilize qualified gender-based violence (GBV) expert and conduct awareness campaign in each project-affected community on GBV risks and available support services Prior to commencement of works 03/2020

Develop and implement measures and actions to assess and manage risks to human security that could arise from the use of security personnel. Development - prior to engaging of security personnel and implementation - throughout Project life 03/2020

Hold awareness-raising sessions in each Project-affected community on CHS related issues, and inform them of the rights and obligations of the Contractor and available GRM. Prior to commencement of works and at least once during construction period 03/2020

ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

GSE will determine exact locations of towers and finalize the OHL Corridor in ways to avoid, minimize or compensate any impact on land and non-land assets. Prior to start of civil works and thereafter throughout Project implementation 03/2020

Strictly adhere to Standard Operating Procedures (SOP) referenced in the RPF, which may be amended from time to time based on the agreement with the Bank Throughout Project life 03/2025

Ensure that no civil works affecting private land or no-land assets proceed unless relevant compensation for the affected assets has been delivered to project-affected persons. Throughout Project life 03/2025

Develop and implement site-specific RAP(s) consistent with the requirements of the RPF and ESS5 Prior to commencement of civil works in the individual sections of the OHL 03/2020

Appoint before RAP implementation starts, and retain throughout the RAP implementation, an on-site resettlement monitoring consultant, submitting quarterly reports. Appointment when detailed design is ready; implementation: throughout Project life 12/2019

Develop and maintain a RAP data management information system for use by all resettlement staff and generate quarterly or just-in-time reports on RAP implementation progress Development - before effectiveness; use - throughout Project life 09/2019

Contract qualified independent consultant for preparation of RAP Completion Report for each RAP and commit to undertaking any remedial actions recommended in such report. Upon completion of RAP implementation 03/2025

Prepare a manual elaborating procedures and processes for the Grievance Resolution Mechanism and implement it Prior to Project Effectiveness and throughout Project life 09/2019
### ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

<table>
<thead>
<tr>
<th>Undertake additional biodiversity and habitat study in the project's impact zone and develop Biodiversity Management Plan to supplement Employer's ESMP.</th>
<th>03/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Require works contractor to undertake pre-construction survey of biodiversity and habitats in the OHL corridor and adjust detailed design/tower locations towards minimization of impacts. Prior to submission of the detailed designs for approval</td>
<td>03/2020</td>
</tr>
<tr>
<td>Additional biodiversity and habitat studies in the Project impact zone and development of a Biodiversity Management Plan (BMP) to inform any contractor led pre-construction survey of biodiversity and habitats. prior to the commencement of works</td>
<td>03/2020</td>
</tr>
</tbody>
</table>

### ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

### ESS 8 Cultural Heritage

| Follow, and cause civil works contractors and supervision engineer to follow chance find procedure laid out in the ESIA report. Throughout project life | 03/2020 |

### ESS 9 Financial Intermediaries

### B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

**Is this project being prepared for use of Borrower Framework?**  
No

**Areas where “Use of Borrower Framework“ is being considered:**

Given the high environmental and social risk of the Project and poor track record of the project implementing entity, Borrower’s environmental and social framework will not be used for the Project as a whole or for any of its parts.

### IV. CONTACT POINTS

**World Bank**

<table>
<thead>
<tr>
<th>Contact:</th>
<th>Darejan Kapanadze</th>
<th>Title:</th>
<th>Senior Environmental Specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone No:</td>
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<td>Email:</td>
<td><a href="mailto:dkapanadze@worldbank.org">dkapanadze@worldbank.org</a></td>
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<tr>
<td>Contact:</td>
<td>Satoshi Ishihara</td>
<td>Title:</td>
<td>Senior Social Development Specialist</td>
</tr>
<tr>
<td>Telephone No:</td>
<td>5220+34217 /</td>
<td>Email:</td>
<td><a href="mailto:sishihara@worldbank.org">sishihara@worldbank.org</a></td>
</tr>
</tbody>
</table>
Borrower/Client/Recipient
Borrower: Ministry of Finance
Borrower: Ministry of Economy and Sustainable Development

Implementing Agency(ies)
Implementing Agency: Georgian State Electrosystem

V. FOR MORE INFORMATION CONTACT
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

VI. APPROVAL
Task Team Leader(s): Joseph Melitauri, Artur Kochnakyan
Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 31-Mar-2019 at 23:33:32
Practice Manager Sameer Shukla (PMGR) Approved on 01-Apr-2019 at 11:11:57