



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 08/01/2019 | Report No: ESRSC00687



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Georgia	EUROPE AND CENTRAL ASIA	P169393	
Project Name	Georgia - Forests for Resilience and Economic Transformation (FoRET) Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Environment & Natural Resources	Investment Project Financing	1/6/2020	3/18/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Environmental Protection and Agriculture		

Proposed Development Objective(s)

Improve multipurpose management of and increase economic benefits from forests in targeted areas

Financing (in USD Million)	Amount
Total Project Cost	30.00

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]

Georgia is among the most forested countries in the Europe and Central Asia (ECA) region and globally, with forest cover accounting for about 40 percent of the territory, estimated at 2.77 million hectares. All forests are state-owned and land under them is registered as the State Forest Fund. The project is anchored in Georgia's ongoing forest sector reform and will support key forest institutions and agencies in strengthening their capacity for natural resource management. Project activities will support implementation of sustainable forest management such as forest restoration and rehabilitation and actions to improve the livelihoods and energy-security of forest dependent communities in target areas.

The project consists of four components:



Component 1 – Improving National Capacity for Multipurpose Forest Management and Implementation: US\$4 million. This component aims at (i) ensuring adequate national level support for implementation of sustainable forest management and forest restoration/rehabilitation as well as forest control, and (ii) providing support to national level organizations to strengthen fire management, and development of multipurpose seedling capacity (nurseries). The proposed activities are expected to generate adaptation co-benefits through increased resilience of the forest sector to climate change and mitigation co-benefits through support for improved forest fire management.

Component 2 – Improvement of sustainable forest landscape management and law enforcement in target areas: US\$20 million. This component will focus investments in development and implementation of multipurpose forest management plans and forest restoration in target forest areas (incl. training and law enforcement and supervision) and support the establishment and management of Emerald Network sites. Activities will include improvement of silvicultural operations (thinning, sanitary felling, etc.), restoration and rehabilitation of areas, infrastructure including forest roads and storage warehouses, fire protection, tree planting for production, and capacity for forest law enforcement. This will contribute to transforming identified degraded and deforested land into resilient, multifunctional assets that can contribute to local and national economies, sequester carbon, strengthen food and clean water supplies and safeguard biodiversity. Local communities and community members, private sector, as well as NGOs will be involved in the operations as much as feasible. Over the long term, these interventions will support making production forestry financially self-sustaining.

Component 3 – Economic development and tourism: US\$4 million. This component aims at addressing job creation and economic growth in target areas. It will enhance sustainable use of recreational potential of forests – especially those not included into the designated protected areas and, therefore, lacking respective management plans and infrastructure. This will, for example, include supporting local communities and entrepreneurs in tapping on the increased tourism to Georgia by supporting rural tourism operators. Communities may also be supported in creating other forest-based enterprises such as wood processing for local and regional markets; and supply of non-wood forest products. Particular focus will be on businesses owned and managed by women. The component will also address household energy supply needs.

Component 4 – Project Management: US\$2 million. This component provides support for day-to-day management of the project, monitoring and evaluation, and reporting so that financial management, procurement and reporting of project activities are efficient and meet all relevant requirements of the Georgian government and the World Bank.

The project is aligned with the Georgia Country Partnership Framework for the period FY19-22; specifically: Objective 3.3: Enhance Management of Natural Resources and Climate Risks which aims to improve capacity for natural resource management and increase the sustainability of Georgia’s forests. The proposed operation contributes to the CPF’s expected outcome that a greater proportion of forest resources will be under sustainable management and the costs of land degradation and deforestation be reduced.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]



Georgia is located in the South Caucasus and is one of the Black Sea riparian nation-states. The project will be implemented countrywide, excluding Abkhazeti and parts of Shida Kartli currently not under de facto jurisdiction of the national government. Up to 40% of Georgia's territory is forested and some 95-98% of forests are natural. Majority of artificial forests are of the non-native black pine. The forest cover differs by geographic area and climatic zones but is present in all parts of the country excluding small patches of deserts and mountain slopes of the alpine, subnival and nival zones above 2,500m from the sea level. There is a high variety of broadleaf, mixed and coniferous forests with a share of coverage by predominant species as follows: beech–51%, spruce–10%, fir–6.3%, pine–3.6%, oak–3.3%, alder–3%, chestnut–2.2% birch–2%, and others. Floodplain, subalpine and light forests in semi-desert zone are the most fragile ecosystems part of which is under protection. The vast majority of Georgia's protected areas covers forest ecosystems. Some forests are located in poorly accessible remote areas and carry minimal anthropogenic impact. Substantial part of forests has deteriorated over decades of unsustainable use such as over-harvesting, illegal logging, excessively damaging techniques of tree-cutting and out-transporting timber from forests, uncontrolled grazing in forest lands, etc.

The forests of Georgia provide regulating, provisioning, supporting and cultural ecosystem services: vegetation on mountain slopes prevents flash floods, landslides, mudflows and avalanches; some stands serve as natural windbreaks; forests have critical role in regulating watersheds and provide habitats, including those for endangered species on the IUCN Red List and rare/endemic for Georgia; many forests have recreational function and high aesthetic value making them a touristic destination; forests provide non-timber resources, wood material and - most importantly - firewood, which comprises an estimated 87% of household energy use in rural areas and 16-17% in urban areas. Severe energy crisis in 90-ies of the past century resulted in uncontrolled timber extraction. Situation has considerably improved since then but illegal forest use persists. Climate change poses a major threat to forests in Georgia. New pests and diseases have spread over 10–30% of forest area. Forest fires are estimated to destroy average 200ha per annum. If unmitigated, these factors will cause a significant negative impact on the livelihoods of forest-dependent communities. The rural population is heavily dependent on fuelwood as an energy source both for heating and cooking. The share of fuelwood of household energy use is estimated at 87 percent in rural areas, and around 16-17 percent in urban areas, suggesting that about 45 percent of the Georgian population depend on fuelwood for their energy. Poor households have a much higher dependence on forests with forest income accounting for about 39 percent of their total income. Non-wood forest products including mushrooms, nuts, berries and medicinal plants are important for the wellbeing of rural people and can also provide income to local households. The new draft Forest Code proposes to discontinue the social harvesting system, or "social cutting" system as it is called, which currently provides 600,000 families with the right to harvest fuelwood against a small fee, as one of the key measures to enhance sustainability of forestry.

The project has national coverage. Target areas for its interventions will be selected at various phases of the project cycle. It responds to all challenges and declared national priorities in the forest sector, including regulatory mechanisms, forest management, forest and landscape restoration, sustainable use by rural communities, economic benefits and jobs.

D. 2. Borrower's Institutional Capacity

The Ministry of Environment Protection and Agriculture (MEPA) will be the FoRET project implementing entity and will use its Project Planning and Monitoring Department (PPMD) for project administration. Currently, PPMD manages the irrigation component of the World Bank-funded Irrigation and Land Market Development Project (ILMDP). PPMD staff is familiar with the World Bank's safeguard policies. Under the ILMDP, PPMD has successfully prepared, is implementing and monitoring an Environmental and Social Management Framework (ESMF), site-specific



Environmental and Social Management Plans (ESMPs), Resettlement Policy Framework (RPF) and one site-specific Resettlement Action Plan, as well as sustainable pest management-related activities. PPMD also established a functioning grievance redress mechanism (GRM) and awareness campaign to ensure that the affected communities and individuals have sufficient information on the use of GRM. PPMD does not maintain full-time environmental and social specialists but uses part-time project-based consultants. This will impact the capacity of PPMD to prepare environmental and social documents for the upcoming FoRET project. Moreover, social and environmental aspects of the FoRET project to be considered in consistency with the ESF would differ to some extent from the previous work on the application of safeguard policies and will require broader expertise. Among other aspects, the MEPA lacks experience in stakeholder engagement and community participation which is critical for the development and implementation of mitigation measures to adequately address negative project impact on livelihoods of forest-dependent communities. It is expected that PPMD will need substantial support from consultants and World Bank team in the project preparation stage, and would need to engage dedicated environmental and social staff during implementation. While key PPMD staff has attended ESF awareness-raising sessions, knowledge and capacity within the PPMD to implement ESF is currently very weak. It is recommended that the Bank team undertakes an initial introduction to ESF during project preparation, and subsequently, prior to Effectiveness - once the entire project team is mobilized. Capacity-building would be needed especially for stakeholder engagement, given the project will support community mobilization for sustainable forest management and economic development, as well as in labor management, and designing and applying measures to prevent socio-economic impacts on the affected persons.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The project is expected to have positive environmental impact through supporting improved forest management planning and administration, landscape restoration, decreasing pressure on forests by managing demand for firewood, and stimulating sustainable economic activity of forest-dependent rural communities. Nonetheless, substantial environmental risks exist because forest ecosystems may be negatively affected as a result of improper planning and/or construction of infrastructure such as forest roads, fire towers, fire breaks, etc. Namely, careless operation of construction machinery and equipment, improper clearance of vegetation, failure to manage generated excess material and organic waste and irresponsible behavior of workers may result in triggering of erosion and landslides, excessive damage to trees outside the clearance zone, disturbance of wildlife and outbreak of forest fire. Furthermore, provision of infrastructure and equipment for forest operations would improve accessibility to remote forests and enable forest authorities to undertake larger-scale operations in forests which, in case of poor planning or failure to adhere to good plans, may result in further deterioration of transformed ecosystems and/or damage to natural and/or critical habitats. improved network of forest roads may also stimulate spread of illegal harvesting in the areas previously protected from such practice due to difficulty of access. Supporting production of seeding and planting material for afforestation/reforestation purposes carries risks of introducing alien species and stimulating spread of forest pests and diseases. Operation of nurseries is likely to include use of pesticides which may be damaging for the human health and environment if not undertaken with caution.

Negative impacts on the natural/critical forest habitats and on the ecosystem services provided by forests that may be directly or indirectly caused by the project will have long-term impacts, some of which may be irreversible.



Management of some negative impacts expected from the operation of infrastructure and equipment to be provided to the State entities falls outside the project scope and will depend on a broader country context, including its good governance and viability of social protection systems. Although development of the present draft Forest Code has been a reasonably participatory process, overall Georgia has very limited past practice of public involvement into forest-related decision-making and management which is critical for achieving project objectives and at a higher scale - the objectives of sectoral reform supported by the project. Because of uncertainties related to ongoing political and legal developments capable of significantly affecting project implementation, close monitoring of risks - both internal and external to the project - would be critical for its adaptive management and successful achievement of PDO.

Social Risk Rating

Substantial

Social Risk is rated as Substantial due to potentially complex impacts on the availability and affordability of domestic heating as well as access to timber and non-timber forest products on the livelihoods of forest-dependent communities, related to the broader forestry management sector reforms to which the project will contribute. Specifically, impacts may arise from the expected elimination of the "social cutting" system, which provides 600,000 families with the right to harvest fuelwood under the supervision of the NFA. Also, support to strengthening forest law enforcement and supervision in target areas including on the strict enforcement of land use restriction associated with the zoning of forests, may also restrict access to timber and non-timber forest products especially for forest-dependent communities, with negative impact on their livelihoods. The social assessment should determine the potential risks and impacts due to the broader forestry management sector reforms to which the project will contribute, including potential social conflict or tensions that arise from this reform in addition to the risks and impacts mentioned above. Findings should provide direct input into awareness-raising and capacity building components of the project, as well as designing methodology for community engagement and formation of forest-based enterprises and business (under Component 3) for those who are currently dependent on wood obtained through social cutting for the purposes of domestic heating and cooking, or are economically dependent on timber and non-timber forest products. Social risks related to labor, community health and safety including labor influx and gender-based violence, are assessed as moderate. There is a potential that the support to strengthening of forest law enforcement and supervision, particularly with regard to the zoning of forest areas by type of predominant use allowed as proposed under the draft Forest Code, causes restriction of access affecting livelihoods. The project will invest in small and medium infrastructure, including construction of 100-200km new forest roads, upgrading of existing forest roads and arrangement of storage warehouses among others, which may require some land acquisition and physical displacement of a small scale.

Public Disclosure

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 main environmental and social impacts of the project are related to Components 2 and 3, including investments in new forest infrastructure and upgrading of its existing elements. The project will also support local community action to inform the population and ensure their constructive participation in forest management activities. The project would support capacity-building of the National Forest Agency (NFA) and local authorities in community engagement, ensuring equal and transparent management of fuelwood provision, etc. Primary social risks and impacts are related to potential loss of livelihood due to restriction of access to timber and non-timber forest



products among forest-dependent communities, and potential loss of domestic heating and availability of timber as a result of discontinuation of social cutting. While such risks and impacts will occur even without the project, since the Government is pursuing the forest sector reform independent of the project, many actions to be supported under the project will help contribute to the design and implementation of the reform process including the mitigation of potential negative impacts. For example, designing of the discontinuation of social cutting and of the measures to mitigate the associated negative impacts, e.g. social protection, direct delivery of fuelwood to households by the NFA, etc., does not fall within the scope of the project. However, the project, including Component 3, will contribute to mitigation of such negative impacts. It is considered critical that the project activities and staff are fully informed of the details and of the environmental, social and economic impacts of this reform in order to engage constructively with communities on issues related to forest management, be able to provide accurate information, and design activities related to NFA capacity-building and community action plans. The Government is still in the process of considering and designing social mitigation measures to address impacts of elimination of social cutting as well as the new forest zoning and the associated land use restrictions. Also, the Government is at an early stage of communicating the reform to citizens, discussing the possible socio-economic impacts and mitigation measures. Environmental risks are associated with any physical intervention into forests, because construction or rehabilitation of forest infrastructure, extraction of timber or non-timber forest resources and even afforestation/reforestation activities may cause pollution of sensitive ecosystems with mineral or organic waste; alter, fragment or otherwise damage natural or critical habitats; start forest fire; cause spread of forest pests and diseases; or go against historically established community use of forest land. Expanding operation of forest nurseries is likely to imply increased use of pesticides that carries risk to the human and environmental health. If imported, sawing/planting material may cause spread of pests and diseases as well as introduction of alien species.

The environmental and social assessment (ESA) process will determine what are the potential social impacts on various social groups whose livelihoods depend on social cutting and access to timber and non-timber forest products, including on specific vulnerable groups that may be disproportionately impacted; what would be their alternative energy and livelihood sources, and alternative modalities for providing them access to fuelwood. The ESMF, to be developed by the Borrower before the project appraisal, will provide further guidance for the preparation of site-specific ESMPs. Due to high diversity of forests, their conservation value and their ability to provide ecosystem services, each individual intervention to a specific location proposed for the project support will require assessing habitats and their sensitivity to the proposed project interventions, revealing community dependence on various types of forest ecosystem services, identifying potential local employment opportunities related to forest management and harvesting operations, identification presence of material cultural heritage in the vicinity of project sites and for existence of traditional land use practices. ESMF will carry guidance on screening project activities for the above risks and for including respective mitigation measures into the ESMPs. ESMF will provide principles of mitigation hierarchy to be applied and methodology for monitoring effectiveness of mitigation tools. The Borrower will disclose site-specific ESMPs and solicit stakeholder feedback prior to tendering of works. Forest Management Plans will be developed for individual investments aimed at influencing silviculture and forest use in the target areas.

There are also potential impacts associated with land acquisition and restriction of land use in relation to infrastructure investments. To address these risks the Borrower will prepare Resettlement Policy Framework (RPF), and potentially Process Framework (PF). The need for PF will be determined by appraisal. At the moment, the exact areas of project intervention have not been determined, therefore it is not known if ethnic or religious minorities are



known to be present in project areas. The ESA would identify this risk for specific project areas, as well as the extent to which such groups may be disproportionately impacted (heavily dependent) on fuelwood and forest resources and propose differentiated measures to ensure their inclusive engagement, including where necessary, bi-lingual information materials, and measures to ensure their proportionate representation in consultations, project decision-making bodies, etc. Households dependent on fuelwood (obtained through social cutting) for energy and cooking may constitute vulnerable people, in addition to residents of high mountainous villages, Internally Displaced Persons (IDPs), low income households, women headed households, and families with members with disabilities. Risks related to labor influx, Gender-Based Violence (GBV) and community health and safety are generally limited. A rigorous stakeholder mapping will be conducted to inform the Stakeholder Engagement Plan (SEP), as well as core project activities.

Banks's due diligence related to identification and assessment of environmental and social risks and impacts of the proposed project is based on the country knowledge and experience gained during years of implementing Georgia Forests Development Project; administering Forest Law Enforcement and Governance (FLEG) Program; undertaking PROFOR-financed household survey for understanding forests, livelihoods, and poverty linkages in the forest communities of Georgia; carrying out a study on Forests and Private Sector Development in the South Caucasus; expert review of the Borrower's working documents on the investment needs of Georgia's forest sector as well as by reviewing Georgia's National Forest Concept (2013), Third National Environmental Action Program (NEAP) including strategy and action for forest sector reform (2018), draft new Forest Code, concept-stage application to GCF for Enabling Implementation of Forest Sector Reform in Georgia to Reduce GHG Emissions from Forest Degradation and Build Ecosystem Resilience to Climate Change, and other relevant documents.

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

Borrower's E&S Framework will not be used for the project as a whole or for any of its parts.

ESS10 Stakeholder Engagement and Information Disclosure

Since the exact locations of the project are not known yet, the Borrower will prepare the SEF (Stakeholder Engagement Framework) which will include engagement for both project affected parties (PAPs) and other interested parties (OIPs). SEF will outline general principles and a collaborative strategy to identify stakeholders and plan for an engagement process in accordance with ESS10 that will be implemented once the locations are known. The initial assessment indicated that the direct stakeholders are MEPA, NFA, local municipalities involved in logging, people benefiting from forest employment, access to sustainable produced fuel wood and access to improved wood stoves, as well as small and medium enterprises (SMEs) involved in the forestry and harvesting. It is estimated that directly affected people are those whose livelihoods and sources of energy rely on social cutting as well as timber and non-timber forest products. Other potential stakeholders are Ministry of Economy and Sustainable Development, Ministry of Finance, Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs, local organizations and NGOs. The SEF and subsequent SEP (Stakeholder Engagement Plan) preparation process will identify additional direct and indirect stakeholders, particularly at the local level. Local level stakeholders will be known after targeted communities benefiting from the project are determined.



The SEF will lay out a strategy to identify and map key stakeholders. The SEP will present modalities of engagement that are tailored to the needs and characteristics of each stakeholder group. NFA will ensure that all consultations are inclusive and accessible (both in format and location) and through channels that are suitable in the local context. The SEF and site specific SEP will be disclosed to the public, but continue to be updated throughout the implementation phase. The SEF will be finalized and disclosed prior to appraisal. If major changes are made to the SEF, a revised SEF will be prepared and publicly disclosed. Identified vulnerable and disadvantaged groups will be described in the ESMF. The Borrower will commit to the preparation of the ESMF and site-specific ESMPs in the transparent and participatory manner. This would include disclosure of these environmental and social management instruments while in draft, public consultation and feedback solicitation in the format most suitable for project-affected people and other interested parties, incorporation of relevant feedback and re-disclosure of the finalized documents.

The SEF will include GRM procedures to address all types of grievances, both environmental and social, that relate to the project.

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

It is expected that the project will involve direct workers (PPMD members and consultants) and contracted workers engaged in infrastructure rehabilitation and small community investments. Engagement of community workers is not envisaged at this stage.

The ESA process will determine if any suppliers will meet the definition of primary suppliers. It will be determined by appraisal if workers engaged in activities under Component 3 would be categorized as project beneficiaries or as contracted workers. Risks related to child and forced labor are not expected. At this stage, it is not possible to determine the number of direct and contracted workers to be involved in project implementation.

The national Labor Code includes provisions on non-discrimination, freedom of association, minimum employment age, Operational Health and Safety (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.

A Labor Management Plan (LMP) will be developed for the project and LMP preparation process will outline the potential number and categories of workers involved. Civil works contractors will prepare contractors' LMP. The LMP will also include GRM for direct and contracted workers. Draft LMP will be prepared before appraisal.

While tendering of civil works, bidders will be required to submit Environment, Social, Health and Safety (ESHS) Code of Conduct prepared in line with Environment, Health and Safety Guidelines of the World Bank Group. Contractors engaged in the civil works will develop a Occupational Health and Safety Plans which will include procedures on incident investigation and reporting. Contractors will be contractually required to monitor and enforce safety plans.



ESS3 Resource Efficiency and Pollution Prevention and Management

Georgia has a decent Waste Code consistent with EU policies, but the waste management infrastructure is underdeveloped. While expensive and time-consuming improvement/creation of a system for managing solid, liquid, and hazardous wastes is ongoing in the country, location-specific smart planning of waste disposal is required at the project level. Construction waste to be generated during project implementation will not be vast in volume and will not include highly toxic substances. On-site management and final disposal of typical construction waste and organic waste from forest operations likely to result from project-supported operations will be undertaken following guidance to be included into the ESMF and site-specific ESMPs. If project-supported activities include purchase and/or application of pesticides in the forests and/or in the forest nurseries, the ESMPs will describe nature and scope of such operations and prescribe due measures for mitigating risks for human and environmental health. Development of Pest Management Plans will be required for individual investments that include handling of pesticides.

The project will undertake GHG accounting using an agreed methodology for sustainable forest management (e.g. FOREST Carbon Assessment Tool or EX-ACT) and apply a shadow price of carbon as part of the economic analysis, based on World Bank climate change corporate commitments and guidance on the recommended low and high carbon price.

ESS4 Community Health and Safety

The project support for forest law enforcement and supervision in target areas (Component 2) will likely impact existing ecosystem services and may result in loss of access to timber and non-timber forest products with significant negative impacts on the livelihoods of forest-dependent communities. Community-level action under Component 3 aims to support sustainable use of forests and its resources as well as at safeguarding communities from weakening capacity of forest ecosystems to support their livelihood with provisioning and protective services. ESA process to be carried out during preparation will identify potential project impacts (including those from activities of the Government associated with the project) on the livelihoods of forest-dependent communities through changes in available eco-system services. The ESMF, to be developed before appraisal based on the ESA process, will provide detailed steps to be taken under site-specific ESMPs to mitigate such risks and impacts. ESMF will also provide methodology for surveying community dependence on ecosystem services provided by forests targeted for the project interventions, assessing their potential impact on such service provision, and designing due mitigation measures.

Civil works contractors and Government entities implementing infrastructure improvement under Components 1, 2, and 3 will carry out community health and safety sessions during construction and rehabilitation works and will adhere to the requirements of site-specific ESMPs.

It is expected that the workforce to be used during project implementation would be local. Establishment of work camps is not expected. The GBV risk assessment conducted in line with the World Bank's GBV Guidance Note found that the project's GBV risk is Low. Preliminary mapping of GBV service providers in Georgia is available. Any community awareness-raising sessions related to GBV will be carried out within the scope of environmental and social sessions.



Workers will be made aware of and adhere to the Code of Conduct.

It is not expected that the project would engage security personnel. However, principles of the World Bank GPN on Use of security Personnel will be followed with respect to the forestry enforcement activities being supported under the project.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

While forests are located on State-owned land, impacts on privately-owned land and assets related to investments under Component 2 and 3 cannot be excluded. Rehabilitation and construction of roads, warehouses, and fire protection measures may include temporary or permanent land use restriction, land acquisition or removal of assets and structures from the land. The exact scale and scope of land acquisition required for infrastructure investments is currently not known, since the exact locations of the project activities have not been determined yet. The project will aim to minimize impacts on privately-owned land.

The RPF, to be prepared before appraisal, will include procedures for land acquisition, land use restriction, and associated compensation measures.

If the project support to strengthen forest law enforcement and supervision in target areas (Component 2) is found to result in restriction of access to timber and non-timber forest products in designated forests, a Process Framework (PF) will be prepared to address the associated risks and impacts.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Some 95-98% of Georgia's forests are natural. Areas of virgin forests carrying high conservation value for Europe are preserved in some remote parts of the country. At present, Georgia has 39 Emerald sites that are designated and up to 20 candidate or proposed sites to be included to the Emerald Network vast majority of which carry forest habitats. Value and sensitivity of forests in this country is, hence, undebatable. The Borrower will ensure that project implementation modality requires that any project-supported physical intervention into forests is built on a careful impact assessment and is subject to application of the hierarchy of negative impact mitigation. If the assessment reveals likelihood of individual project investments significantly affecting forest biodiversity, the Borrower will prepare site-specific Biodiversity Management Plans. The ESMF will also carry an explicit requirement for the impact assessment exercise to include analysis of potential impacts on ecosystem services. It will be established that no physical works will be undertaken outside the scope of sustainable forest management plans developed to the satisfaction of the Borrower and the Bank.

Because the project will support sustaining forest use through better organized and stronger regulated resource extraction, it is likely to influence present pattern of using ecosystem services by forest-dependent communities. The ESA process will include the assessment of potential project impacts on the livelihoods of forest-dependent communities through changes in utilization of ecosystem services. The ESMF will describe approach to be taken for mitigating such impacts as part of the site-specific ESMPs.



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

No Indigenous Peoples are known to be present in Georgia.

ESS8 Cultural Heritage

The project will not undertake any activities that target cultural heritage. However, there are two related aspects to be considered while its implementation. One is that many heritage monasteries and castles are located in beautiful and serene natural settings - often in forested landscapes. Therefore, it would be important to include into ESMF a requirement to screen sites selected for project intervention against presence of physical cultural monuments and to undertaken forest management planning in respectively informed manner. Secondly, mountainous communities - especially those residing in Tusheti and Svaneti regions of the country - respect ancient traditions received from their ancestors which limit certain types of activities in particular parts of the landscape (mountain slope, forest, river bank, etc.). Information on this type of traditional land use - which may also be viewed as a cultural ecosystem service - will be obtained through stakeholder engagement and consultation process and built into the forest management plans the way fully respecting intangible cultural heritage of local communities. Respective guidance will be provided in the ESMF and relevant mitigation measures included in the site-specific ESMPs. The Borrower will use cultural heritage experts for screening investments against potential impacts on cultural heritage and for conducting meaningful stakeholder consultations.

ESS9 Financial Intermediaries

No financial intermediaries are party to the project implementation modality

B.3 Other Relevant Project Risks

Some key institutional and regulatory decisions in Georgia' forest sector are currently put on hold in anticipation of the enactment of the new Forest Code. The Code has been submitted to the Parliament, currently undergoes committee reviews and is yet to be voted for in the plenary sessions. This important aspect of the sectoral context should be kept in mind when developing project implementation plan. By and large, proposed project activities consist of introducing much needed modern sustainable multipurpose forest management and therefore would not depend on new Forest Code (“no-regrets option”). However, some proposed individual actions would depend on the Code (e.g. drafting of subsidiary legislation and regulations is recognized in the PCN as conditional on the approval of the Code). Project implementation planning should be undertaken with due acknowledgement of this uncertainty and with adequate flexibility allowing demand-driven adjustments of detailed activity planning.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

Public Disclosure



III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

Based on the currently available information, a forestry project proposal may be submitted for funding to the Green Climate Fund in early 2020 and in case of its favorable treatment, the project may commence later the same year. The project aims to enable implementation of forest sector reform in Georgia to reduce GHG emissions from forest degradation and to build ecosystem resilience to climate change. Given extensive sector needs for investments, the GCF and the Bank-financed projects would be complementary.

The EU is providing assistance to Georgia in the sustainable forest management and conservation of high-value forest ecosystems through the ongoing support to implementation of the environmental provisions of the EU-Georgia Association Agreement and the upcoming regional EU4Environment: Eastern Partnership - Forest Program, which would be administered by several development organizations, including the World Bank. Therefore, full coordination between this program and the proposed FoRET project would be guaranteed.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

- Preparation, disclosure and consultation on the ESMF and RPF (and potentially PF - to be determined during project preparation). Social assessment will be carried out during preparation to assess social potential social risks and impacts of the project (including those from activities of the Government associated with the project)
- Preparation and disclosure of the Borrower's LMP
- Preparation, disclosure and consultation on the SEF
- Preparation, agreement between the Borrower and the Bank on- and disclosure of the ESCP

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

- Implementation of SEP
- Development, disclosure, consultation on - and implementation of site-specific ESMPs and Resettlement Action Plans, if required
- Preparation of contractors' LMP and adherence to it during performance of civil works
- Preparation of contractors Code of Conduct and adherence to its principles
- Preparation of contractors' ESMP (which may include Waste Management Plan, Occupational Health and Safety Plan, LMP and Community Engagement Plan along with GRM) satisfactory to the Borrower and the Bank prior to mobilization.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-Dec-2019

IV. CONTACT POINTS

World Bank

Public Disclosure



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Borrower/Client/Recipient

Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: Ministry of Environmental Protection and Agriculture

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Nina Rinnerberger, Tuukka Castren
Practice Manager (ENR/Social)	Kevin A Tomlinson Recommended on 28-Jun-2019 at 19:09:37 EDT
Safeguards Advisor ESSA	Nina Chee (SAESSA) Cleared on 01-Aug-2019 at 15:14:22 EDT