

## PARAVANI HYDROPOWER PROJECT: PCM COMPLIANCE REVIEW REPORT

### MANAGEMENT ACTION PLAN

While Management considers that the preparation of additional studies was appropriately established as a condition for disbursements under the EBRD loan, this proposed Management Action Plan proposes that the majority of the recommendations will be addressed as part of the ongoing process to review and revise the Environmental and Social Policy (ESP), which is planned to be completed in April 2014.

<b>Recommendation</b>	<b>Management Response</b>	<b>Resources/Timetable</b>
<p>1. “It is recommended that EBRD issue specific guidance to its specialist E&amp;S staff and to investment staff on the requirements of the Initial Environmental and Social Examination (IESE). This examination must (i) Identify the key E&amp;S issues which must be fully investigated (through appropriate baseline and predictive studies) as part of the ESIA in advance of the board decision to invest in principle, and (ii) Adequately convey these requirements to the project sponsors such that they can be integrated into the project timeline, stakeholders engagement planning and reporting.”</p>	<p>Management proposes that these recommendations will be accommodated by amending and clarifying the existing guidance for preparing the Environmental and Social Due Diligence (ESDD) Plans for projects requiring an Environmental and Social Impact Assessment (ESIA), as appropriate. Management notes that the Bank’s ESIA requirements already include a scoping stage to be undertaken at an early stage of the ESIA process to identify, in consultation with key stakeholders, as appropriate, all the potential impacts and issues, which must be investigated as part of the ESIA. For projects which have already been subject to a local environmental assessment and public consultation, the Bank commissions a Gap-analysis of existing documentation against the Bank’s requirements at the initial stages of the ESIA process to identify additional investigations required to meet the Bank’s ESIA requirements and prepare Terms of Reference for the</p>	<p>No additional resources needed. Environmental and Social Procedures and guidance for preparing ESDD Plans for ESIA’s will be revised in 2014, following Board approval of the revised ESP.</p>

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	<p>supplementary studies.</p> <p>Management notes that the IESE is used when insufficient information is available at the time of categorisation to determine the appropriate category and scope of due diligence and, therefore, the Management’s believes the proposal above would be a more appropriate way to implement these recommendations.</p>	
<p>2. “PCM recommends that EBRD issue legally derived advice (potentially integrated into the next version of the ESP) on how the relevant EU directives are interpreted for the purposes of undertaking biodiversity assessments under performance requirement 6 of the ESP. Whilst EU legislation of course changes, most of the relevant directives have been in place for many years and the underlying principles have not changed. In any case the ESP has a finite life (say 5 years) and the advice within it could be applicable for that period and then revised according to any changes in EU requirements.”</p>	<p>Management proposes to clarify the role of the Bank in relation to the EU Directives in the next version of the ESP and PR6.</p>	<p>No additional resources needed.</p> <p>ESP and PR 6 will be reviewed and revised as appropriate during the ongoing review of ESP.</p>
<p>3. “PCM recommends that EBRD review this issue [that is, whether certain characteristics of the Paravani project should have triggered a strategic assessment] and prepare guidance on how the strategic context of the project should be assessed at the IESE stage and under what circumstances the ‘exceptional’ requirement for additional strategic studies would be triggered. EBRD</p>	<p>Management notes that the current Environmental and Social Policy (ESP) does not place any obligation to EBRD or its clients to undertake strategic assessments. Strategic (environmental) assessments are undertaken of policies, plans or programmes and are, therefore, a tool for national or regional authorities. The Bank may thorough its policy dialogue with such authorities</p>	<p>No additional resources needed.</p> <p>Internal operational procedures and guidance will be refined in 2014, following Board approval of the revised ESP.</p>

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<p>should also advise on how existing strategic analysis should be integrated into documents disclosed as part of the project preparation process. Guidance should also be provided on the scope of analysis required within ESIA documentation on the analysis of project alternatives.”</p>	<p>support preparation of strategic assessments where they support the Environmental and Social Appraisal of the Bank’s projects, especially when there is a significant concern for the potential cumulative impacts of a number of similar projects in the same geographical area. The Bank also takes into consideration existing strategic assessments, when available, in its project-specific Environmental and Social Appraisal.</p> <p>Management notes that Paravani HPP project was part of a strategic hydropower sector review of Georgia led by the World Bank that was completed before the project development started and its findings were taken into consideration in the Bank’s due diligence of the project.</p> <p>Management proposes to clarify in its internal guidance the ways in which strategic assessments are taken into consideration in the Bank’s project-specific Environmental and Social Appraisal.</p>	
<p>4. “PCM recommends that in its review of the ESP EBRD integrate a requirement to this effect [that is, ESIA’s for “Category A and other projects which may have significant environmental and social impacts” should be “... available in an internationally accessible language”] and consider whether when it believes that such a requirement would be too great a financial burden</p>	<p>Management notes that the provision of an ESIA in English is neither a requirement of the 2008 ESP or the PIP. The ESP/PR10 requires the Bank’s clients to prepare a Stakeholder Engagement Plan (SEP) to identify who is affected or interested in a project and how communication will work. The SEP should also determine in what language documents will be prepared</p>	<p>No additional resources needed. Guidance for preparing Stakeholder Engagement Plans will be reviewed and amended, as appropriate, in 2014,</p>

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<p>to place on the project sponsor that it undertakes the translation itself and discloses it as part of its transition role. This would also enable consideration of the documents by EBRD staff not speaking Georgian. Where ESIA documents are prepared in a language which cannot be reviewed by the relevant EBRD staff PCM recommends that EBRD commission an independent consultant to review the documents against EBRD requirements and that EBRD disclose this report.”</p>	<p>and disclosed for public comment.</p> <p>Management proposes to review the guidance for SEPs to make sure it specifically advises clients to document language choices in accordance with the needs of affected stakeholders. Management proposes to review this recommendation during the Policy review, and include it in the Client Survey and in discussions with civil society.</p>	<p>following Board approval of the revised ESP.</p>
<p>5. This [requiring ESIA to be in English] would also enable consideration of the documents by EBRD staff not speaking Georgian. Where ESIA documents are prepared in a language which cannot be reviewed by the relevant EBRD staff PCM recommends that EBRD commission an independent consultant to review the documents against EBRD requirements and that EBRD disclose this report.”</p>	<p>Management proposes to review this recommendation for all ESIA to also be in the Working Language of the Bank during the ESP review and include it in the associated Client Survey. The review of the extent of information to be translated into an EBRD Working Language will take into consideration the ESP commitment that EBRD’s social and environmental appraisal will be appropriate to the nature and scale of the project, and commensurate with the level of its environmental and social risks and impacts.</p>	<p>No additional resources needed.</p> <p>ESIA language requirements will be reviewed and amended as part of the ongoing review of ESP.</p>
<p>6. “PCM recommends that in addition to effectively monitoring implementation of the Environmental and Social Action Plan EBRD should work with GUE to prepare and disclose a comprehensive annual report which updates the ESIA/ESAP on which consultation can take place and which can inform future HPP</p>	<p>ESP/PR10 requires GUP to keep the ESIA in the public domain throughout the life of the project, and amend it, from time to time, with additional relevant information. GUP is also required to disclose relevant project performance and information to public periodically as well as maintain a constructive relationship with</p>	<p>No additional resources needed.</p> <p>Current client obligation in the financing agreements, which is being monitored by Bank</p>

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<p>developments within Georgia. At a generic level, EBRD should also consider as part of its policy review, how important elements of the environmental and social appraisal which are undertaken after disclosure of the ESIA are made available publicly as they form an important element of third party review of EBRD projects.”</p>	<p>stakeholders on an ongoing basis through meaningful engagement during project implementation. GUP has identified the information to be released to public and the frequency of such disclosure in the Stakeholder Engagement Plan for the project.</p> <p>Management proposes that the Bank will discuss with GUE to agree the specific information to be disclosed to address the issues raised by the CSOs and affected communities.</p> <p>Management notes that the ongoing reviews of ESP and Public Information Policy include reviewing disclosure requirements by clients and by the Bank.</p>	<p>staff. The Bank staff will review the client’s disclosure plans and agree with the client specific information to be disclosed.</p> <p>Disclosure requirements will be reviewed and amended as part of the ongoing review of ESP.</p>