

WORLD BANK FINANCED PROGRAM

Georgia Relief and Recovery for MSMEs and Jobs

Stakeholder Engagement Plan

DRAFT FOR CONSULTATION

17 March 2021

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Acronyms

EBRD	European Bank for Reconstruction and Development
EG	Enterprise Georgia
ESMF	Environmental and Social Management Framework
ESMS	Environmental and Social Management System
GEA	Georgian Employers' Association
GRC	Grievance Redress Commission
GRM	Grievance Redress Mechanism
HORECA	Hotel, Restaurant and Catering
IFC	International Finance Corporation
LEPL	Legal Entity under Public Law
MSME	Micro, Small and Medium-Sized Enterprises
PAP	Project Affected Person
PFIs	Participating Financial Institutions
SEP	Stakeholder Engagement Plan

1 Introduction

Enterprise Georgia (EG) is a government economic development Agency operating under the Ministry of Economy and Sustainable Development of Georgia.

Its ultimate mission is to support the achievement of long-term strategic goals of the Georgian economy through three major pillars. Namely:

- Enterprise Georgia – Business
- Enterprise Georgia – Invest
- Enterprise Georgia – Export

The agency focuses on increasing the competitiveness of private sector, enhancing country's export potential and promoting/supporting foreign direct investments in Georgia.

The Business division of the agency aims to develop entrepreneurship in Georgia by supporting entrepreneurs, creating new enterprises and promoting the expansion or re-equipment of existing enterprises.

The Export division is engaged in promoting the export potential of the country in order to increase the competitiveness of local products on international markets and the export volume of domestic products.

The Invest division plays a role of moderator between foreign investors and the Government of Georgia, ensuring that the investor gets different types of updated information and has means of effective communication with the Government bodies. The aim of the Invest division is to attract, promote and develop direct foreign investments in Georgia. It serves as a "One-stop-shop" for investors to support companies before, during & after investment process.

EG also has established a department for strategic development and communication in 2020 and its primary role is to communicate and cooperate with relevant business associations, organizations, and other stakeholders. The department also promotes cooperation between the beneficiaries of the Agency, development of cooperation mechanisms between different sectoral clusters and companies, as well as cooperation between local companies and foreign investors.

2 Purpose of SEP

The Stakeholder Engagement Plan (SEP) for the Relief and Recovery for Micro, Small and Medium-Sized Enterprises (MSMEs) Project is developed in accordance with the World Bank requirements. The objective of the SEP is to effectively engage with all stakeholders under component 1, who have an interest in or may be affected by the Project.

The involvement of the local population, MSME owners, as well as all other interested parties is essential to the success of the project, to ensure smooth collaboration between project staff and local communities, minimize and mitigate environmental and social risks related to the project, as well as expand project benefits to all targeted beneficiaries including ones that may be traditionally vulnerable, disadvantaged, disproportionately affected or excluded from partaking in benefits from local development projects.

The purpose of the present SEP is to outline the target groups and methods of stakeholder engagement and the responsibilities in the implementation of stakeholder engagement activities, under component 1. The intention of the SEP is to activate the engagement of stakeholders in a timely manner during project preparation and implementation. Specifically, SEP serves the following purposes:

- i. stakeholder identification and analysis;
- ii. planning engagement modalities and effective communication tools for consultations and disclosure;
- iii. defining role and responsibilities of different actors in implementing the SEP;
- iv. defining the Project's Grievance Mechanism (GRM); and
- v. providing feedback to stakeholders;
- vi. monitoring and reporting on the SEP.

The SEP seeks to define an appropriate approach to identify relevant stakeholders and achieve their full engagement. The goal of this SEP is to improve and facilitate decision making process and includes active involvement of stakeholders and other parties. The SEP is a useful tool for managing communications between EG and its stakeholders.

3 Project Description

The development objective of the Project is to contribute to the economic relief and recovery of micro, small and medium sized enterprises impacted by the COVID-19 pandemic crisis. This is an IBRD lending operation in the amount of EUR 85 million, equivalent to USD 100 million. The project is directly aligned to Pillar 3 (Ensuring Sustainable Business Growth and Jobs Creation) and Pillar 4 (Rebuilding Better) of the World Bank Group's COVID-19 Crisis Response Approach.

The project consists of the following components:

- a. Component 1 – Financial relief and recovery for MSMEs
- b. Component 2 – Digital payments & financial infrastructure upgrading
- c. Component 3 – Project management and monitoring
- d. Component 4 – Contingent Emergency Response Component

The Project will be implemented nationwide. Component 1 will provide micro-grants to finance working capital and fixed assets for MSMEs, as well as to co-finance interest rates charged on loans underwritten by participating financial institutions (PFIs) and underwrite loan guarantees for loans issued by PFIs. It will also support both the design and the provision of technical assistance for firms to adjust to the new normal via the adoption of relevant managerial, digital and other COVID-proofing practices.

Component 2 will finance TA and investments to facilitate innovations for new payment options for financial institutions and increase the speed of retail transactions, such as the introduction of instant payments system (IPS) and establishing consolidated Know-Your-Customer (KYC) registry. Component 2, will be implemented by National bank of Georgia and Ministry of Economy and Sustainable Development of Georgia, and will also finance TA aimed at strengthening the regime for moveable collateral registration and execution, so that the current collateral reliance of land and real estate can be relaxed for MSMEs allowing them to use other forms of collateral. An initially zero-funded Contingent Emergency Response Component (CERC) is also included in the Project design, to be activated upon Borrower's request in case of emergency surge of pandemic.

4 Summary of Prior Stakeholder Engagement Activities Relevant to the Project

EG has active engagement experience with its stakeholders. The table below summarizes the types of stakeholders, format, objectives, and outcomes of the engagement.

Table 1: Summary of prior stakeholder engagement activities relevant to the project

Date & Location	Stakeholders	Format and Objectives	Outcome
Pre-COVID 19 Consultations for original program design by EG.			
2014 – 2019. All Regions	Enterprises, Sole proprietorships	Informational meetings The objective was to provide information on the agency’s programs / support mechanisms	Information on EG programs was provided to more than 15,000 businesses and individuals
2014 – 2019. Tbilisi & Regions	Commercial Banks, Leasing companies on the regional level	Face-to-face workshops Present of EG’s Industrial and Hotel industry sectors	Awareness building of Component priorities and criteria. Workshop participants included approx. 2,500 bank and leasing company representatives
2014 - 2020	Relevant business associations	Provide information on the agency’s support mechanisms	Distribution of updated information among members of 20 business associations
2015 - 2020	EG beneficiaries	Workshops, Trainings and business-to-business meetings	Awareness building in business management, accounting, marketing and etc. More than 6,600 beneficiaries.
Consultations by EG on modifications to original program design, necessitated by COVID-19.			
2020 Jun - Jul	Business associations and beneficiaries	Informational meetings, EGs updated support program presentations, discussions	Awareness building on new programs, and consultations related to COVID-19
2020 Sep - Oct	LEPL Public Service Hall (employees of public service halls)	Online Workshops and trainings	Detailed training about Industrial Component and “Micro and Small Business Support program”
2021 Feb-Mar	Commercial banks (largest potential PFIs)	Virtual meetings with as many as 14 prospective PFIs to inform them of the E&S requirements of the project and obtain their feedback. Electronic circulation of draft ESMF for feedback.	Fourteen Prospective PFIs informed on ESMF requirements, and ESMF adjusted to reflect feedback from PFIs.

In June and July of 2020, EG facilitated virtual discussions with the business community and enterprise associations and the World Bank, in order to understand the key challenges firms were facing in the lockdown phase. These discussions included key associations of firms/associations in key sectors for the Georgian economy, including real estate and construction, health, hotel, restaurant, catering (HORECA), and exporting firms. These discussions have informed the design of Component 1 activities in particular, both with respect to access to finance, but also on possible COVID-proofing interventions to strengthen firm managerial practices and digitalization.

Between February 1 and March 10, 2021 Enterprise Georgia facilitated virtual discussions with 14 potential PFIs in the country with participation of the World Bank to inform them about the project, environmental and social requirements, find out more details about the readiness of the financial institutions to become PFIs under the project, and seek their feedback on the draft Environmental and Social Management Framework (ESMF) of the project. Overall, prospective PFIs were positive about the project and supportive of the environmental and social sustainability objectives of the project. Some of the PFIs have Environmental and Social Management Systems (ESMSs) based on the IFC Performance Standards and EBRD Performance Requirements. Others do not and they noted they would require technical assistance for the development of environmental and social management systems in order to comply with project requirements (including an external communication mechanism). Based on this, the project design includes an allocation for such technical assistance. A summary of persons and institutions consulted from financial institutions and the status of their internal environmental and social management systems and policies is presented in Annex I.

5 Stakeholder Identification and Analysis

Project stakeholders under component 1 are defined as individuals, enterprises, groups or other entities who:

1. are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as 'affected parties'); and
2. may have an interest in the Project ('other interested parties'). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

Cooperation and negotiation with the stakeholders throughout the Project development also requires the identification of persons within the groups who act as legitimate representatives of their respective stakeholder group, i.e. the individuals who have been entrusted by their fellow group members with advocating the groups' interests in the process of engagement with the Project. Community representatives may provide helpful insight into the local settings and act as main conduits for dissemination of the Project-related information and as a primary communication/liaison link between the Project and targeted communities and their established networks. Verification of stakeholder representatives (i.e. the process of confirming that they are legitimate and genuine advocates of the community they represent) remains an important task in establishing contact with the community stakeholders.

To meet best practice approaches in order to identify project stakeholders, the following principles for stakeholder engagement are used:

- Openness and life-cycle approach: public consultations for the project(s) will be arranged during the whole project life cycle, carried out in an open manner, free of external manipulation, interference, coercion or intimidation;
- Informed participation and feedback: information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholders' feedback, for analyzing and addressing comments and concerns;
- Inclusiveness and sensitivity: stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders are encouraged to be involved in the consultation process, to the extent the current circumstances permit. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups, in particular women, youth, elderly, persons with disabilities, and the cultural sensitivities of diverse ethnic groups.

The Project has stakeholders from government, private sector, citizens of the certain region/village and a range of other interested parties. For the purposes of effective and tailored engagement, stakeholders of the proposed project can be divided into the following core categories:

Affected Parties – persons, groups and other entities within the Project Area of Influence (PAI) that are directly influenced (actually or potentially) by the project and/or have been identified as most susceptible to change associated with the project, and who need to be closely engaged in identifying impacts and their significance, as well as in decision-making on mitigation and management measures. These will include, among others:

- Individual Entrepreneurs, including micro entrepreneurs (although there is no formal definition in Georgia for a micro entrepreneur)
- Small Enterprises and their employee workers
- Medium Enterprises and their employee workers
- Female Entrepreneurs and their employee workers
- MSMEs owned by disadvantaged groups, including physically disabled entrepreneurs and their employee workers
- Entrepreneurs in remote rural areas and mountainous regions and their employee workers
- Communities and general public where project investments are made, who may be potentially affected by the activities of project beneficiaries.

Other Interested Parties – individuals/groups/entities that may not experience direct impacts from the Project but who consider or perceive their interests as being affected by the project and/or who could affect the project and the process of its implementation in some way. This will include among others:

- Micro-finance organizations
- Associations of micro-finance organizations
- Commercial banks and leasing companies
- Community organizations, such as Local Action Groups in selected municipalities
- NGOs/Contractors
- Ministry of Economy and Sustainable Development of Georgia
- National Bank of Georgia

- Georgian Local Governments
- National Tourism Administration
- Public Service Hall
- Rural Development Agency
- Georgian Chamber of Commerce and Industry
- Banking association of Georgia
- Business Association of Georgia
- Georgian Small and Medium Enterprises Association
- Georgian Hotel and Restaurants Federation
- Georgian Distribution Business Association
- Georgia Tourism Association
- Georgian Producers' Federation
- Georgian Employers' Association (GEA)
- Georgian Cement Producers Association
- Georgian Association Women in Business
- Women business Council in Georgia
- Georgian Producers' Association
- Georgian Retailers Association Women for Tomorrow
- Georgian Farmers' Association
- Export Development Association
- Georgian Pharmacists Association
- Packaging Manufacturers Association of Georgia (PMAG)

Vulnerable Groups – persons who may be disproportionately impacted or further disadvantaged by the project(s) as compared with any other groups due to their vulnerable status and/or that may require special engagement efforts to ensure their equal opportunity to benefit from the Project, as well as equal representation in the consultation and decision-making process associated with the Project. These include among others:

- Women
- Youth
- Elderly
- Internally displaced persons
- Persons with disabilities
- Poor and unemployed persons
- Ethnic and language minorities
- Residents of remote and high mountain regions

Where other affected parties, interested parties, and vulnerable groups are identified in the course of the project implementation their needs will also be taken into consideration and reflected in the SEP document.

6 Stakeholder Engagement Plan

The SEP envisages that consultation meetings will take place with relevant interested parties prior to the commencement of the Project as well as during the project implementation, on an as-needed basis.

Consultation and engagement activities are required to address current stakeholder suggestions, ideas or concerns. For example, the platform programs.gov.ge, which is the part of state program “State your Partner”, offers different types of consulting services online or in more than 24 Public Service Halls and 86 Community Centers throughout Georgia. Additionally, consultations will take place using other online platforms, such as zoom and webex, following national guidelines on social distancing and other measures given the COVID-19 pandemic.

There are a variety of engagement techniques used to build relationships with stakeholders, gather information and consult with various parties. Below listed are some of the prominent techniques EG will utilize to engage with relevant stakeholders:

Table 2: Engagement techniques used by EG

Engagement Technique	Appropriate application of the technique
Correspondence (Phone, Emails, Official letters);	Distribute information to Government officials, NGOs, Local Government, commercial banks, leasing companies, beneficiaries and relevant business associations;
Meetings about the implementation of the program	Present the draft version of the program information to a group of stakeholders; Allow group to comment – opinions and views; Present Program information to a large group of stakeholders; Build relationship with potential stakeholders; Facilitate meetings with presentations and other communication methods;
Update information on the website	Present information and updates about the program Disclose relevant project documentation and one-pagers, annual reports and impact assessments
Program leaflet	Brief Project information to provide regular update

Records of all public consultations and its outcomes will be kept and short descriptions (one-pagers) will be created. Engagement with stakeholders will continue throughout the lifecycle of the Project, and records of environmental and social issues raised, and complaints received during consultations, field visits, informal discussions, formal letters, etc., will be followed up. The records will be kept in the project office at EG. The project will ensure that the different activities for stakeholder engagement, including information disclosure, are inclusive and culturally sensitive.

Measures will also be taken to ensure that the vulnerable groups outlined above will have the chance to participate and benefit from project activities. This will include among others, household-outreach through SMS, telephone calls, social media etc., depending on the social distancing requirements, in local languages, including Azerbaijani and Armenian, in communities with high concentration of these groups. Further, while country-wide awareness campaigns will be established, specific communications within the program “State your Partner” in every region will be timed according to the need, and also adjusted to

the specific local circumstances of the region. Where face-to-face meetings, consultations, workshops or trainings are conducted effort will be made to conduct them in convenient locations accessible by public and private transport, and in buildings accessible to persons with disability. Enterprise Georgia and the organizations contracted for the implementation of micro-grant activities under the project will ensure that outreach and consultation activities are age- and gender-balanced and conduct tailored outreach if women and youth-led businesses or entrepreneurs belonging to a potentially disadvantaged group are underrepresented in such events. For this purpose, EG and contractor organizations will include in their information dissemination plans civil society groups such as women’s associations, associations for persons with disabilities, minority groups, etc., as relevant in the particular region.

For engagement with all stakeholders and utilization of relevant mechanisms, EG has developed the below matrix, which showcases, each program, target stakeholders, methods and topics of engagement, period of communication.

Table 3: Stakeholder Engagement Plan

Target stakeholders	Topic(s) of engagement	Method	Location/frequency	Description of the relevant program component
Legal entity registered in accordance with the Law of Georgia and meets the criteria of the program defined by the Decree Private Sector Relevant Business Associations	Discussions about the draft version of the program; EG Program information; EG Program results and impacts; Grievance Redress Mechanism; Feedback about the program development; Provide information about annual reports and impact assessments;	Information meetings about the draft version of the program; Information meetings about the program; Correspondences (Phone, Emails); Information on the website; Program leaflets;	Every 6 (six) months; During drafting changes in the Decree; After program enters into force;	Industrial component - Co-financing of interest rates on loans and leased equipment approved by local commercial banks. The minimum qualified loan amount for the program is 50,000 Gel and the maximum loan is 10 million Gel, co-financing period is 36 months and co-financing amount covered is 11% (national bank refinancing rate +3%) of the loan interest rate and 13% for lease interest rate (national bank refinancing rate +5%).
Legal entity registered in	Discussions about the draft	Information meetings about	Every 6 (six) months;	• Industrial component - “Hotels industry”

Target stakeholders	Topic(s) of engagement	Method	Location/frequency	Description of the relevant program component
<p>accordance with the Law of Georgia and meets the criteria of the program defined by the Decree;</p> <p>Private Sector;</p> <p>Relevant Business Associations;</p> <p>Georgian National Tourism Administration</p>	<p>version of the program;</p> <p>EG Program information;</p> <p>EG Program results and impacts;</p> <p>Grievance Redress Mechanism;</p> <p>Feedback about the program development;</p> <p>Provide information about annual reports and impact assessments;</p>	<p>the draft version of the program;</p> <p>Information meetings about the program;</p> <p>Correspondences (Phone, Emails);</p> <p>Information on the website;</p> <p>Program leaflets;</p>	<p>During drafting changes in the Decree;</p> <p>After program enters into force;</p>	<p>Instruments – “Host in Georgia” include co-financing period for 36 months and co-financing of interest rate for 11% of the loan interest rate and 13% for lease interest rate for development of hotels in Georgia with more than 10 rooms, as well as co-financing for Franchise/Management contract up to 300,000 GEL (for international brand hotels).</p> <p>TOURISM SERVICES INDUSTRY - The goal of the tourism services industry component is to develop theme parks, tourist services and climate-resorts. These innovative trends will facilitate the replacement of traditional economic activities with modern business activities. The minimum qualified loan amount for the program is 50,000 Gel and the maximum loan is 10 million Gel, co-financing period is 36 months and co-financing amount covered is 11% (national bank refinancing rate +3%) of the loan interest rate and 13% for lease interest rate (national</p>

Target stakeholders	Topic(s) of engagement	Method	Location/frequency	Description of the relevant program component
				bank refinancing rate +5%).
<p>Legal entity registered in accordance with the Law of Georgia and meets the criteria of the program defined by the Decree;</p> <p>Commercial banks/Leasing Companies;</p> <p>Relevant Business Associations;</p>	<p>Discussions about the draft version of the program;</p> <p>EG Program information;</p> <p>EG Program results and impacts;</p> <p>Communication with National Bank of Georgia to provide best practice;</p> <p>Grievance Redress Mechanism;</p> <p>Feedback about the program development;</p> <p>Provide information about annual reports and impact assessments;</p>	<p>Information meetings about the project of the program;</p> <p>Information meetings about the program;</p> <p>Correspondences (Phone, Emails);</p> <p>Information on the website;</p> <p>Program leaflets;</p>	<p>Every 6 (six) months;</p> <p>During drafting changes in the Decree;</p> <p>After program enters into force;</p>	<p>Credit guarantee mechanism - aims to improve access to finance for small and medium size businesses, facilitate lending and ensure inclusive economic growth. The program gives opportunity for those small and medium size businesses, which do not meet the requirements of the loan collateral. The credit guarantee provided by the agency for up to 90% of the principal amount for each loan disbursed by commercial bank/microfinance organization and on restructuring/refinancing - 30% of the principal amount for each loan disbursed by commercial bank/microfinance organization. The maximum term of the credit guarantee is 10 years, minimum volume – GEL 50 000 and maximum volume GEL 5 000 000.</p>
<p>Individuals, citizens of Georgia who have reached the age of 18</p>	<p>Discussions about the draft version of the program;</p> <p>EG Program information,</p>	<p>Information meetings about the project of the program;</p>	<p>During drafting changes in the Decree;</p> <p>After program enters into force;</p>	<p>“Micro and Small Business Support program” - Financial assistance entails 30 000 GEL, which can be allocated as a grant for program beneficiaries.</p>

Target stakeholders	Topic(s) of engagement	Method	Location/frequency	Description of the relevant program component
Contractor organizations (such as NGOs)	<p>improvements to be overall designed during the implementation of the program;</p> <p>EG Program results and impacts;</p> <p>Communication with Local Government to distribute information about the program;</p> <p>Grievance Redress Mechanism;</p> <p>Feedback about the program development;</p> <p>Provide information about annual reports;</p>	<p>Information meetings about the program;</p> <p>Correspondences (Phone, Emails);</p> <p>Information on the website;</p> <p>Program leaflets;</p>	Every 6 (six) months;	At least 90% of the funding has to be spent on capital expenditures, while 10% of the grant can be used to cover operational expense. Beneficiary has to contribute 10% of the total grant, unless the project is being implemented in a mountainous region, in case of which the contribution amounts to 5%.

7 Resources for implementing stakeholder engagement

Planned activities 2021.

Planned Activities	Budget (GEL)
Producing videos about EG's programs	160,000
Posting videos about the programs of EG through the social media	105,000
Digital Campaign and Social Media Promotion	80,000

Printed materials about the programs, directions and beneficiaries	35,950
Information meetings with stakeholders about EG's support mechanisms and subprograms	47,050

Project State your Partner involves several government agencies such as: Enterprise Georgia; National Tourism Administration; Rural Development Agency; Public Service Hall.

Project - State your Partner	
Implemented Activity Paid by EG	Budget (GEL)
Administrative costs	18,137.90
Information and advertising products, Clipboards and Logistics	52,000
Educational and informative videos	9,000
Launching Event	66,563.80
Placing advertisements on TV	101,152

8 Grievance Redress Mechanism

The main objective of a Grievance Redress Mechanism (GRM) is to assist to resolve complaints and grievances in a timely, effective and efficient manner that satisfies all parties involved. Specifically, it provides a transparent and credible process for fair, effective and lasting outcomes. It also builds trust and cooperation as an integral component of broader community consultation that facilitates corrective actions.

Specifically, the GRM:

- Provides affected people with avenues for making a complaint or resolving any dispute that may arise during the course of the implementation of the projects;
- Ensures that appropriate and mutually acceptable redress actions are identified and implemented to the satisfaction of complainants;
- Supports accessibility and transparency in handling complaints and grievances;
- Manages time factor (avoids the need to resort to judicial proceedings (at least at first)).

Complaints and grievances are divided in this manner:

- Complaint: an expression of dissatisfaction that is related to an impact caused by a project activity, which has affected an individual or group. Adversely, the interests of an individual or group and the individual or group wants a proponent or operator (or contractor) to address and resolve it (e. g. problems related to dust deposition, noise or vibration). A complaint is normally of a less serious nature than a grievance; and
- Grievance: a claim raised by an individual or group whose livelihood, health and safety, cultural norms and heritage are considered to have been adversely affected (harmed) by a project activity which, if not addressed effectively, may pose a risk.

As a Legal Entity under Public Law, the grievance practice at EG is based on the General Administrative Code of Georgia. As part of the project, EG will modify the GRM practice to allow a PAP (Project Affected Person) to complain about any decision about concerns regarding the project. All types of grievances will be recorded by the GRM. Anonymous grievances will also be accepted, recorded, and investigated to the extent feasible.

Multiple channels for receiving grievances will be provided including by phone, email, mail, web-based comment box, and in person EG's contractor organizations. Written complaints/grievances will also be recorded and processed via the GRM. A project / GRM brochure will be prepared and allocated on EG website. Contractors organizations will be fully trained by EG on the grievance receipt and processing to ensure functioning of the Project GRM.

GRM will include following steps:

- **Step 1:** Submission of grievances either in writing via through telephone hotline/mobile, mail, social media (FB etc.), email, website, via a contractor organization, and directly to the EG. The GRM will also allow anonymous grievances to be raised and addressed.
- **Step 2:** Recording of grievance, classifying the grievances based on the typology of complaints and the complainants in order to provide more efficient response, and providing the initial response immediately as possible. The typology will be based on the characteristics of the complainant (e.g., vulnerable groups, persons with disabilities, people with language barriers, etc) and also the nature of the complaint.
- **Step 3:** Investigating the grievance and communication of the Response within 30 days. Complaints will be referred to a Grievance Redress Commission (GRC) within EG. The GRC will be established by order of the EG director and comprise at least 5 members, including lawyer and Stakeholder Engagement Manager. The GRC will investigate the complaint as needed and inform the PAP of the decision.
- **Step 4:** Complainant Response: either grievance closure or taking further steps if the grievance remains open. If grievance remains open, complainant will be given opportunity to appeal to the MoESD (according to Administrative Code of Georgia). If complainants are not satisfied with the outcome of the appeal, they will be able to resort to filing their case through the judicial system.

Handling of sexual exploitation and abuse and sexual harassment (SEA/SH) issues. Enterprise Georgia will prepare and adopt a protocol for handling SEA/SH grievances, putting in place mechanisms for confidential reporting with safe and ethical documenting of gender-based violence issues. Further, the GRM - including via contractor organizations and PFIs - will include requirements to immediately notify both EG and the World Bank of any gender-based violence (GBV) complaints, with the survivor's consent. The protocol will be accompanied by training for all project GRM focal points on using the protocol; this training will be integrated in any capacity building activities for contractor organizations and PFIs. The protocol and any related awareness-raising and training materials to GM focal points will be reviewed by the World Bank.

The GM will provide an appeal process if the complainant is not satisfied with the complaint's proposed resolution. Once all possible means to resolve the complaint have been proposed and if the complainant is still not satisfied, they should be advised of their right to legal recourse.

A detailed grievance log will be maintained and submitted to the Bank along with regular progress reports or upon request by World Bank team.

All information regarding the grievances submitted during the project implementation, received complaints and ways and means for their effective and timely solution will be collected in the annual reports prepared by EG and submitted to the World Bank.

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PFIs will develop and implementing an External Communication Mechanism (ECM) as part of their corporate ESMSs. The ECM will enable beneficiaries as well as those who believe they are adversely impacted by the grant or financing of beneficiaries' activities to submit complaints, feedback, inquiries, and suggestions such as violation of Project policies, guidelines, or procedures, including those related to child labor, health and safety of workers, workplace harassment. The ECM will also allow submission of anonymous grievances. The details of the ECM will also be presented in the POM.

9 Monitoring and Reporting of the SEP

The SEP will be periodically revised and updated as necessary in the course of project implementation in order to ensure that the information presented herein is consistent and is the most recent, and that the identified methods of engagement remain appropriate and effective in relation to the project context and specific phases of the development. The SEP will be monitored by the stakeholder engagement manager. Any major changes to the project related activities and to its schedule will be duly reflected in the SEP. Quarterly summaries and internal reports on public grievances, enquiries and related incidents, together with the status of implementation of associated corrective/preventative actions, will be collated by the designated GRM officer / Citizen and Stakeholder Engagement Manager, and referred to the senior management of the project. The quarterly summaries will provide a mechanism for assessing both the number and the nature of complaints and requests for information, along with the Project's ability to address those in an adequate, timely and effective manner. Information on public engagement activities undertaken by the Project during the year may be conveyed to the stakeholders in two possible ways:

- An annual report on project's interaction with the stakeholders.
- Monitoring of a beneficiary feedback indicator on a regular basis. The indicator will be determined in the updated SEP and may include: number of consultations, including by using telecommunications carried out within a reporting period (e.g., every 6 months or annually); number of public grievances received within a reporting period (e.g., every 6 months or annually) and number of those resolved within the prescribed timeline; number of press materials published/broadcasted in the local, regional, and national media.

Further details on the SEP will be outlined in the updated SEP, to be prepared and disclosed within 30 days after the project effectiveness date.

10 Annex I. Summary of the Consultations with the PFIs on ESMF

EG, with the support of the World Bank team, has undertaken three rounds of consultations with the PFIs. In December 2020, main objective was to understand whether PFI has an ESMS in place. In February 2021, detailed conversations were held with those PFIs that have an ESMS in place to understand their current system and differences with the World Bank's E&S requirements. Draft ESMF was shared with those Banks. In March 2021, follow up consultations took place with all Banks to gauge their interest to implement project ESMF. Latest version of the ESMF was also shared.

	PFI	Has ESMS	Dates of Consultations	Contact Person
Banks				
1	TBC Bank	Yes	9 December 2020 5 February 2021 5 March 2021	Ioseb Rostomashvili, Head of Corporate Business Portfolio Management Unit, Environmental and Social Risk Management Group
2	Bank of Georgia	Yes	12 December 2020 1 February 2021 5 March 2021	Ketevan Mumladze, Head of Social and Environmental Risk Unit, Credit Risk Department
3	Liberty Bank	No	18 December 2020 5 March 2021	Temo Jorbenadze, Deputy CEO Corporate Banking
4	VTB Bank Georgia	No	9 December 2020 10 March 2021	Giorgi Gvazava, Risk Department
5	ProCredit Bank	Yes	8 December 2020 2 February 2021 5 March 2021	Ketevan Kekelashvili, Head of Environmental Management Department
6	Basis Bank	Yes	8 December 2020 1 February 2021 9 March 2021	Sophio Sachaleli, Head of Compliance Unit
7	Cartu Bank	No	8 December 2020 9 March 2021	David Nikolaishvili, Director of Risk Management Department
8	Credo Bank	Yes	11 December 2020 1 February 2021 4 March 2021	Nato Ghudushauri, CSR Manager
9	Tera bank	Yes	15 December 2020 3 February 2021 4 March 2021	Giorgi Kartvelishvili, Head of Credit Risk and Portfolio Analysis Department
10	Halyk Bank	No	21 December 2020 9 March 2021	Paata Andriashvili, Head of Credit Risk Department
11	Pasha Bank	No	22 December 2020 9 March 2021	Maka Gvritishvili, Head of Product Development
12	Is Bank	Yes	8 December 2020 5 February 2021 9 March 2021	Khatia Babukhadia, Head of Financial Institutions Division
13	FINCA Bank	Yes	24 December 2020 3 February 2021 9 March 2021	Desman Lataria

	PFI	Has ESMS	Dates of Consultations	Contact Person
14	Ziraat Bank	No	21 December 2020 10 March 2021	Levan Vadachkoria, Credit Allocation and Management Officer
Leasing Companies				
1	TBC Leasing	Yes	16 December 2020	Tornike Egnatashvili, Head of Financial Department
2	Georgian Leasing Company	Yes	18 December 2020	Davit Gogoladze, head of business leasing
Microfinance Institutions (MFIs)				
1	Crystal	No	28 December 2021	Maya Kobalia, Head of Environmental and Social Division
2	Swiss Capital	No	31 December 2021	Giorgi Kereselidze, Senior Manager
3	Lazika Capital	No	29 December 2021	Besik Shengelia, General Director
4	MBC	No	29 December 2021	Nino Devdariani, Chief Risk Officer
5	Leader Credit	No	28 December 2021	Zaza Narakidze, General Director
6	Geocredit	No	28 December 2021	Giorgi Naskidashvili, CEO