

Municipal Development Fund of Georgia



Partial Compliance Report #2

On

**Sustainable Urban Transport Investment Program
(SUTIP – 2879-GEO) 3063**

**Tbilisi – Rustavi Urban Link – Section 2 Part B
SUB-SECTIONS: KM 5+300 to KM 5+400**

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ABBREVIATIONS

ADB	Asian Development bank
IA	Implementing Agency
Km	Kilometer
AP	Affected Person
AH	Affected Household
LARF	Land Acquisition and Resettlement Framework
LARP	Land Acquisition and Resettlement Plan
LE	Legal Entity
HH	Household
EA	Executing Agency
MDFG	Municipal Development Fund of Georgia
SPS	ADB Safeguard Policy Statement, 2009
CPR	Compliance Review Panel
MFF	Multitranchise Facility
SPS	Safeguard Policy Statement
SUTIP	Sustainable Urban Transport Investment Project
Sq. m.	Square Meter
PK	Picket
GEL	Georgian Lari
NAPR	National Agency of State Property
USD	United States Dollar

1. INTRODUCTION

1.1 Project Background

Sustainable Urban Transport Investment Program (SUTIP) is financed through the Asian Development Bank (ADB) Multitranches Financing Facility (MFF) and implemented by Municipal Development Fund of Georgia (MDFG) with an overall purpose to improve connectivity, reduce traffic congestion and promote sustainable, safe, reliable and efficient transport. Project is implemented in several Tranches. Tranche 3 will improve the urban transport system and infrastructure in urban areas and comprises two subprojects: (i) section 2 (km 4.0-10.8) of the international standard Tbilisi-Rustavi Urban Road Link (considered under this document); and (ii) phase 2 of Anaklia Coastal Improvement; both of which are in line with components of the Investment Program.

This Partial Compliance Report (PCR) # 2 for Section 2 Part B of Tranche 3 relates to sections Km5+300 to Km 5+400 of Tbilisi-Rustavi Urban Road Link.

1.2 Involuntary Resettlement

Section 2 of the Tbilisi-Rustavi Urban Road Link, with total length of 6.8 km, passes through housing and industrial areas, and generates significant displacement impacts as a result. The Sub-project is Category A for involuntary resettlement. Land Acquisition and Resettlement Framework was developed for the MFF and approved by the bank in December 2013.

Draft LARP for the whole Section 2 was prepared by Dohwa Engineering in April 2014. However, to facilitate LARP finalization and implementation later it was decided to split that into two parts.

- Part A (Km4+000 to Km5+300 and Km6+800 to Km10+755: the road section without impacts on multi-apartment houses, where LARP could be quickly finalized) and;
- Part B Km5+300 to Km6+800 (the section of the road with multi-apartment houses impact, where the impacts are being reassessed following finalization of the structural study of buildings).

MDFG with involvement of consultants supported Dohwa Engineering in preparation of LARPs for Section A and B. The LARPs were prepared based on the data from "implementation-ready" earlier version of LARP for whole section 2. Details on socio-economic survey and valuation were taken from the initial implementation-ready document, and then updated to reflect the impacts in each of the sections. The LARP for Section 2 Part B has been approved by the ADB in September 2015. Implementation of the LARP Section 2 Part B started in September 2015 and is almost completed except Km 6+400 - Km 6+600.

1.3 Objective and Scope of the Compliance Report

LARP implementation is subject to both internal and external monitoring. Internal monitoring is carried out by the MDFG and main findings are summarized in Semi-annual Social Monitoring Reports (SSMR) submitted to the ADB. External monitoring is carried out by LARMS. It implies compliance review and preparation and submission of Compliance Reports for each subsection. The objective of the external monitoring is to verify that the compensation program was implemented in compliance with the Project LARF/LARP provisions, and in adherence of the SPS (2009) and law of Georgia. Approval of the Compliance Report is a precondition for the start of physical civil works in corresponding subsection.

Based on the status/progress of LARP implementation Section 2 Part B can be considered in 2 parts:

- Section Km 5+300 to Km 6+400 LARP has been fully implemented;
- Section Km 6+400 - Km 6+600 where LARP implementation is ongoing.

The present Partial Compliance Report (PCR) #2 for Section 2 Part B covers sections Km5+300 to Km 5+400 and its objective is to monitor, check and provide assurance that all LAR activities per the approved LARP have been implemented in full compliance with the laws of Georgia and the principles of ADB's SPS (2009), project LARF and LARP.

1.4 Impact Summary

The impacts under the LARP Section 2 Part B are summarized in the Table 1 below:

Table 1. Summary Impact

	Affected under the LARP	Considered under CPR (as per LARP)
A. Land parcels to be acquired		
1. Privately owned lands	32	4
2. State owned lands	52	6
B. Fully affected land plots	60	10
C. Partially affected land plots	24	0
D. Permanently affected households losing property	133	44
E. Permanently affected legal entities	14	0
F. Permanently affected businesses	12	0
G. Temporarily affected businesses	1	0
H. Employees losing job	56	0
I. Residential relocate (AH)	60	44
J. Vulnerable households	24	16
K. Severely affected households	119	44
Total number of affected households/entities (D+F+H)	202	44

2. EXTERNAL MONITORING OBJECTIVE AND METHODOLOGY

2.1 Objective and Scope of the Review

LARMS started monitoring and evaluation in December 2017. The objective of the external monitoring is to conduct compliance review of LARP implementation and prepare a Compliance Report for each section of LARP for Sustainable Urban Transport Investment Program (SUTIP – 3063-GEO) Tbilisi – Rustavi Urban Link – Section 2 Part B. The compliance review includes:

- verification of numbers of AH/legal entities, including but not limited to vulnerable, severely affected households, residential relocates according to the LARP and actually implemented;
- verification of the impacts according to the LARP and actually implemented;
- assessment of the way the compensation process was conducted/timed in relation to LARP provisions and effectiveness parameters;

- verification that the unit compensation/allowance rates used in the contracts and agreements fit LARP provisions and valuation reports;
- verification that compensation was delivered to all AHs/legal entities and in the amounts defined in the contracts and agreements;
- assessment of the delivery of allowances to severely affected, vulnerable and physically relocated AHs;
- review of the status of ownership title of privately owned project affected land parcels and the validity of sales transaction registrations at the National Agency of Public Registry;
- assessment of institutional arrangements (to be discussed/revised);
- assessment of the conducting of legalization, expropriation cases;
- assessment of AP's satisfaction from the entitlements and LAR procedures;
- assessment of the conducting of public consultations, communication, information disclosure activities and citizen engagement;
- review of grievance cases including assessment of whether grievance resolution was carried out in accordance with LARP provisions and resulted in satisfaction of APs;
- Assessment of cases submitted to ADB GRM, OSPF, CRP and the implementation of the respective recommendations.

2.2 METHODS

The following supplementary methods have been applied for the compliance review:

- Desk Review;
- Households Sample Surveys;
- Participatory Rapid Appraisals including observations, qualitative interviews with people affected and not affected by the project, project team etc.

2.2.1 Desk Reviews

The purpose of desk review is to verify consistency and completeness of existing data, financial and non-financial project documentation (including ADB SPS-2009 Manual, LARF, and LARPs), as well as review of measures undertaken by the IA for LARP implementation, with particular attention to the compliance with LARP's provisions, OSPF/CRP recommendations. The following are the main type of documents and information which has been reviewed:

- **Description Protocols and valuation reports** - description of the affected assets (land plots and crops/trees, structures and buildings, business description), and results of the evaluation by the licensed evaluators;
- **Allowance Determination**, where licensed valutors present the calculation of rehabilitation allowances for Severe Project impact and Socially vulnerable APs/AHs;
- **Contracts on Acquisition of Property for Public and State Purpose** together with all the required provisions, lot-code, surveys, compensation amount and bank account, and the person's name (owner, leaseholder, informal tenant) are clearly mentioned;
- **Payment documents for the Property Acquisition Contracts and Agreements** (Payment Agreements) indicating compensation objective, date, amount (including allowances), bank account, person;
- **Extracting information from a Web Page of Public Registry office** - where registration of the land is completed and is in compliance with the area indicated under the agreements.

Overall, the 30% of all documentation (contracts and agreements) have been reviewed, which allows to confirm its completeness, accuracy, validity; verification of amount of compensations and other details.

In the meantime, the 100% of all payment/compensation records/bank transaction documents have been verified to make sure that compensation was delivered to all AHs.

2.2.2 Affected Households Satisfaction Survey

To supplement document review with assessment of satisfaction of AHs, household survey was conducted using face to face interview method 6December, 2017. The survey was conducted with household members, based on the questionnaire to review compliance of actual implementation of the LARP with the procedures described under the document. In case of inconsistencies, information was double checked with implementing agency and in the documents.

30% of all AHs have been randomly selected (Attached is the list of interviewed household with respective status). To ensure, that several specific groups have been interviewed, the following criteria have been considered:

- at least 100% of Vulnerable HHs
- at least 30% of residential relocates
- at least 30% of severely affected

The data was input in a database and analyzed. Table 2.2.2 shows number of interviewed APs as per type of impact

Table 2.2.2 Sample of satisfaction survey for compliance report

	Affected under the LARP	Affected under this section (as per LARP)	Interviewed
A. Permanently affected households losing property	133	44	20
B. Permanently affected businesses	12	0	0
C. Employees losing job	56	0	0
D. residential relocate (AH)	60	44	20
E. Vulnerable households	24	16	13
F. Severely affected households	119	44	20
Total (AH and LE) (without double count)	AH 190 LE 12	AH 44LE0	

2.2.3 Participatory Rapid Appraisals

This was an additional method for data collection and verification, which is very useful to understand the needs of specific AP groups and/or specific LAR issues. Particularly, the following have been applied:

- Case studies for grievance and expropriation cases.
- Meeting with people who leave near the RoW.
- In-depth review (13 Ahs 85%) of vulnerable HHs to identify level of awareness and assistance provided by Implementing Agency. MDFG's effort is expressed through the support in opening bank accounts and preparation of official letters to be submitted to MDFG for request of compensation.
- In-depth review of residential relocation in order to identify time frame provided to the APs for physical relocation, other efforts

3. IMPLEMENTATION FRAMEWORK AND PROCEDURES

3.1. Institutional Framework

Major tasks and objectives of MDFG was due implementation of the LARP. In order to fulfill the abovementioned objectives LARP recommended to create special resettlement unit made up by properly qualified and well-experienced personnel to perform resettlement activities and key tasks in accordance with the requirements of SPS (2009) and Georgian legislation, including: collaboration with project related parties responsible for data collection, maintenance of regular coordination and communication with APs and interested parties, disclosure of the LARP, public consultations and negotiations with APs, contract signature and compensation.

There also appear as involved parties Ministry of Finance, Ministry of Economy and Sustainable Development, National Agency of Public Registry and court in cases of expropriation.

Review finds out, that the resettlement unit has been created, which encompasses 5 highly-qualified and duly experienced employees working on full-time basis. They deal with negotiation, grievance redress mechanism and resolution, contract signature and compensation procedures. All the data and documents related to the implementation of the LARP are aggregated at this unit.

3.2. Public Consultations and Information Disclosure

In order to ensure involvement of APs and other stakeholders in the process of the LARP preparation public consultation process started from LARP preparation after a first alignment was available in end of June 2013, and were undertaken in parallel and concurrently with the surveys in July 2013. The consultation process included two key activities:

- Face to face interaction with APs during the surveys, where the Project and its LAR impacts were explained in one to one meetings to all APs, taking the opportunity of the survey and valuation exercise in July 2013; and
- Formal information and consultation meetings carried out concurrently with the survey process. Near 100 people participated in 7 consultation meetings organised in Ponichala and MDFG office in Tbilisi, and at the meetings the participants were informed about additional compensation to the APs who have documents on proving vulnerability. The venue was selected to be accessible for the participants. The following topics have been presented to the participants: leaflets in Georgian language indicating valuation approaches, compensation matrix etc. have been disclosed to all participants to support the information and consultation process. Separate public consultation meeting was organised with business owners and operators.

Based on the analysis of the Project LARP and the minutes of meetings, it could be concluded, that the issues raised during the PC have been properly met and addressed by MDFG in the prepared LARP and/or during its implementation

As required in the LARP, MDFG established a Resettlement Unit for the whole duration of this Project and one Resettlement Specialist within the Resettlement Unit was allocated the responsibility of public engagement and grievance management.

On the stage of LARP implementation MDFG continues the process of communication and consultation with AHs. During negotiations all the APs were given detailed explanations and clarifications and they were informed about the existence regarding Grievance Redress Mechanism in case of occurrence of disagreements and disputes. All AHs were requested to provide supporting documents on vulnerability, during interview all AHs were asked about need of support from MDFG on the arrangement of the necessary documents to get compensation, most of the APs confirmed that the documents were in order and they were able to obtain all compensations without any delay.

Meaningful information was timely disclosed to the AHs starting from LARP preparation period. Particularly,

- Information leaflet in Georgian was disclosed during consultation on LARP preparation stage.
- Information leaflet was provided and consultations were carried out during socio-economic survey and census team while interviewing APs to ensure that they are aware of proposed project and land acquisition and resettlement approached of ADB.
- The draft LARP document for whole Section 2 was developed and posted to the MDFG web-site in April 2014.
- Final LARP for section 2 part B have been disclosed after ADB and MDF approval in line with LARF/LARP requirements on ADB website in English and on MDF website in English and Georgian (<http://mdf.org.ge/?site-lang=en&site-path=documents/&year=2015&month=10&id=67>) ; (<https://www.adb.org/projects/documents/geo-sutip-t3-tbilisi-rustavi-urban-link-section-2-part-b-rp>)
- Information leaflet was provided to all AHs attending the meeting, AHs were provided with the contact details of the MDFG's staff involved in resettlement.

3.3. Complaints and Grievance Redress Mechanism

According to the LARP Grievance Redress Mechanism is aimed at providing support to all the APs and stakeholders through timely response to their questions, proper resolution of occurred problem issues. It was recommended to form two-level grievance redress mechanism. First level includes resolution of problem issues at the community level (informal). In case the agreement was not reached at the second level MDFG was to intervene for the resolution of the matter as well as the Court would be applied to as case might require.

Review confirmed that GRM developed under the project was done in accordance with LARP, which ensured record and consideration of each complaint and instant feedbacks. According to the requirements of the LARP, MDFG created grievance log where all kinds of written and verbal complaints are recorded. Also Grievance Redress Committee was formed to consider the issues, which were not resolved at the community level. Number of recorded and resolved issues clearly shows due operation of GRM (see Table 3.3 below). It should be noted that most of the cases were resolved without the involvement of the Court. During LARP implementation, based on the recommendations of Office of Special Project Facilitator (OSPF,

ADB), several procedures have been improved which increased transparency and efficiency of the GRM (order on establishment of Grievance Redress Committee is attached to the report).

Under the section 19¹ complaints were received, .Table 3.3 presents the information on the received complaints and describes process of their consideration and results.

Table 3.3 Grievance resolution table

#	Grievance type	Quantity	Note
1.	Request on re-evaluation	6	
1.1	Re-evaluated and compensation amount was increased	3	
1.2	Rejected	3	Based on re-evaluation compensation amount was not changed or it was rejected
2	Additional compensation/allowance request	3	
2.1	Accepted	3	
2.2	Rejected	0	
3	various	10	Accepted – 6, rejected - 4

In 6 cases APs required re-evaluation of the property under the impact. GRC reviewed all the grievances and 6 requests were considered as eligible and independent licensed evaluation company was involved in the re-evaluation process. As a result of re-evaluation compensation amount was not increased for 3 cases. All APs agreed to re-evaluation results and compensations were paid.

MDFG received 3 requests on additional compensation, such as vulnerability allowance, out of which 3 requests were satisfied.

In 9 cases the MDFG was unable to achieve agreement with the APs therefore court involvement become inevitable in 9 cases court hearing was completed and APs were compensated in accordance with court decision.

3.5. Process of Compensation Provision

There are 44 AHs affected by land losses, residential property losses etc. Compensation strategy for the land losses follows self-relocation principles and is provided in cash at replacement cost based on appropriate survey of market rates. The LARP also requires compensation not only for real estate but also compensation for perennials and any other improvements on land plots as well as allowances for vulnerable people, severely affected people, registration fees, relocation cost, etc. Analysis of payment orders, valuation reports and contracts signed with the AHs revealed that AHs have been compensated for: loss of agricultural and residential land, buildings and structures, compensation for crops and perennials, relocation and registration costs, vulnerability allowance etc. according to the LARP provisions.

Compensation was not deducted for salvageable materials, taxes and registration fees.

Review found out, that during the implementation of the LARP MDFG conducted face-to-face negotiations with the APs and performed procedures related to contract preparation and

¹ Particular grievances were submitted by several AHs, as the requests were cumulative and submitted collectively they were considered as one under the report

compensation according to the type of property Purchase agreement was signed in case of registered assets and compensation agreements were signed in case of compensations. In case of submission of proper documents registration fees were compensated as well as vulnerable people were given additional compensations under the LARP. According to payment receipts (bank document) within 10-14 days after signing the contract the compensations were paid in the amount stipulated by the contract.

3.6. Additional Support to the Affected Households

- Provision of support in legalization of unregistered plots, including support to absentee landowners (deceased, other succession situations, establishment of Powers of Attorney, etc.);
- Provision of support for relocation for physically displaced people
- Provision of support to vulnerable and severely affected people.

3.7. Expropriation and court cases

Expropriation procedure as the final stage of grievance resolution is applied in case the agreement cannot be reached. This procedure is more time-consuming and might take several months to several years. There was 9 case of expropriation under the section out of which all cases were completed and the payment was done accordingly.

4. PROJECT IMPACT, COMPENSATION PROVIDED AND LIVELIHOOD RESTORATION

4.1. Summary

According to the LARP total amount of 84 land parcels, in particular 32 privately owned and 52 state owned land plots fall fully or partially under the impact. 60 out of 84 land parcels are affected by 100%. The project involves 24 vulnerable households and 119 severely affected households, as well as 56 employed people, who might suffer loss of job.

Table 4.1 provides information about total impact under the LARP and information regarding impact covered under the compliance report.

Table 4.1 **Affected under the LARP vs. Affected under this section (as per LARP)**

	Affected under the LARP	Affected under this section (as per LARP)	Compensated	Difference
A. Land parcels to be acquired				
1. Privately owned lands	32	4	4	
2. State owned lands	52	6	6	
B. Fully affected land plots	60	10	10	
C. Partially affected land plots	24	0	0	
D. Permanently affected households losing property	133	44	44	
E. Permanently affected legal entities	14	0	0	
F. Permanently affected businesses	12	0	0	
G. Temporarily affected businesses	1	0	0	
H. Employees losing job	56	0	0	

Residential relocate (AH)	60	44	44	
I. Vulnerable households	24	24	16	
J. Severely affected households	119	44	44	
Total number of affected households/entities (D+F+H)	202	44	44	

Total budget for this section defined by the LARP was 2,643,329 GEL (excluding other compensations), while actual payments equals to 2,900,182 million GEL.

4.2. Residential relocates

The project covers the impact over 60 residential houses out of which 40 are located in 2-story multi-apartment building.

All residential relocate irrespectively of legal status have been compensated for structures loss based on the replacement cost.

It should be noted, that during the implementation of the LARP compensation for 3 residential houses was re-evaluated upon the recommendation of the OSPF ADB on one hand as per request of APs on the other hand to ensure that replacement value of the affected asset is paid to the APs. Table 4.2A shows results of reevaluation

Table 4.2A results of reevaluation

#	Item	Quantity
1	Residential houses under the section	44
2	Reevaluated	6
3	Cost was changed	3
4	Remain unchanged	3

In addition to the compensation for the affected assets, AHs who lost place of residence were entitled to provision of an allowance covering transport expenses (300 GEL x 44 structures) and livelihood expenses for a 3 months transitional period (322 GEL x 3 month x 44 households), as well as assistance in identification of a suitable replacement dwelling. Please refer to table 4.2b

Table 4.2b Allowances provided to Residential Relocates (planned under the LARP and actual)

	Compensation planned under the LARP for this section	Compensation of AH (actual after implementation)
Allowance covering transport expenses	300 GEL*44= 13200	13200
Livelihood expenses for a 3 months transitional period	322 GEL x 3 month x 44households = 42504	42504

4.3. Severely affected households

According to the LARP, 119 severely impacted households were identified out of which 44 are covered under this partial compliance report. The payment is done according to the LARP requirements. Payment calculation is as follows: 966*44=42504

4.4. Vulnerable households

In total 24 households were identified as vulnerable during the socio-economic survey and further verification with appropriate state entities. These include households with income below subsistence minimum, households having a disabled member, households led by single women, and households of internally displaced persons. Out of 24 HH already identified at the stage of the LARP preparation all of them were located in the section covered under this Partial Compliance Report.

However, during Implementation of the LARP only 16 vulnerable HHs (leaving below poverty line) was identified based on special document issued by the Social Service Agency of the Ministry of Labour, Health and Social Affairs of Georgia.

All 16HH were provided with an allowance of 966 GEL equivalent to 3 months of minimum subsistence income. Moreover they will get employment priority in project-related jobs after commencement of the civil works on the section. The latter will be monitored by the Supervision Consultant and reported in the semi-annual reports by the MDFG.

4.5. Businesses

13 businesses are affected by the Project, out of which 12 are fully impacted and 1 partially (with interruption of its activities for up to 6 months). None of them were located under this section

4.6. Employees

At the stage of LARP preparation it was identified that totally 56 employees will potentially lose their jobs due to the Project activities. Based on the LARP all workers losing their job are entitled to indemnity for lost wages equal to 3 months of minimum subsistence income. During implementation none of the employees lost a job due to the project

4.7 Findings of AHs' satisfaction survey

In order to assess the AP satisfaction with the LARP process, the LARMS conducted a field trip and surveyed 30 randomly selected APs. Random selection was done based on the following criteria:

- 85% of Vulnerable HHs
- at least 30% of residential relocates
- at least 30% of severely affected

Based on the answers:

- All interviewed AHs stated that they were content with the amount of compensation and considered that the approach was reasonable and fair.
- All APs stated that they were informed about the Project from local government representatives and various experts, consultants, IA officers, and local LAR team members.
- 16 interviewed APs confirmed that if not them personally, their adult family member attended Public Meeting and received additional information during question answer session.

- All interviewed APs were aware of their rights, responsibilities, and compensation entitlements under the LARP and voluntarily signed Sales and/or Compensation Agreements.
- All interviewed APs confirmed that IA paid the full amount of cash compensation as agreed in accordance to the LARP entitlements or as defined by the court.
- During interview APs were requested to evaluate adequacy of the compensation received with a score from 1 (low) to 5 (adequate), the results of evaluation is as follows: 15 APs confirmed that compensation provided to the was adequate and evaluated with a score above 3² and 5 APs expressed their dissatisfaction (mainly AHs whose property was expropriated) on the compensation.
- 16 out of 20 AHs evaluated effort of MDFG and MDFG's staff positively.

5. CONCLUSION AND RECOMMENDATIONS

MDFG carried out the resettlement procedures in accordance with the requirements of approved LARP and ADB SPS (2009) for the sections Part B Km 5+300to Km 5+400.

The Partial Compliance Report #2 provides detailed descriptions of the monitoring results of LARP, and assessment of the level of compliance of the implementation procedures with the stipulations defined in the LARP and corresponding safeguard document.

The undertaken activities and the results achieved during the LARP implementation process, permit assessing the LARP implementation results on the sections stated above as positive.

Based on the information provided above, I, External Monitoring Specialist, confirm that MDFG carried out the resettlement procedures in accordance with requirements of ADB SPS (2009) for the following sections: Km 5+300 to Km 5+400

² Dissatisfaction on the compensation amount was expressed only by the APs whose property was expropriated